

April 19, 2001

Business Consolidation of Mitsui Chemicals and Sumitomo Chemical

---An Update on Concrete Studies about Polyolefin Business Integration, etc.---

Mitsui Chemicals, Inc.
Sumitomo Chemical Company, Ltd.

In November 2000, Mitsui Chemicals, Inc. ("Mitsui") and Sumitomo Chemical Company, Ltd. ("Sumitomo") announced their basic agreement to consolidate all the businesses of the two companies by around October 2003, pursuing "global leadership in the chemical industry of the 21st century" and to integrate the polyolefin businesses by around October 2001, preceding the entire business consolidation.

Since the announcement was made, Mitsui and Sumitomo have been vigorously carrying out thorough studies toward the business consolidation through a number of sub-committees formed under the Business Consolidation Study Committee headed jointly by the Presidents of both companies. The two companies are pleased to report the result of such studies including certain specifics regarding the ultimate entire business consolidation as well as an outline of the polyolefin business integration that will precede.

I. Entire Business Consolidation

The method, structure, etc. of the entire business consolidation is as summarized below:

1. Company Name
Sumitomo Mitsui Chemical Company, Limited
2. Head Office
Minato-ku, Tokyo (planned to be in Shiodome City Center)
3. Consolidation Timetable and Method
After a Holding Company is formed on October 1, 2003 by means of joint share transfer, Mitsui, Sumitomo and Sumitomo Mitsui Polyolefin Company, Limited (hereinafter stated) will then be merged into the Holding Company at the end of March 2004 to establish a single entity

corporation. During this half-yearly transitional period, corporate service functions will be transferred to the Holding Company to finalize any outstanding arrangement for the business consolidation by commencing the operation of new schemes, systems, etc. to be adopted by the consolidated single entity.

4. Business Organization Structure

The organization that will be formed ultimately will have 7 internal companies, consisting of "Petrochemicals", "Basic Chemicals", "Specialty Polymers", "Specialty Chemicals", "IT & Electronic Materials", "Agricultural Chemicals" and "Pharmaceuticals". The internal company structure will enable a great diversity of businesses to be conducted flexibly according to the specific nature of respective businesses, with the responsibility and authority of business management and operation delegated to each company. In line with this organization, both Mitsui and Sumitomo will re-align their businesses by October 2003, which will then be fully consolidated into the single entity at the end of March 2004 (See Attachment 1).

5. Organization of Business Consolidation Study

Under the Business Consolidation Study Committee are formed 12 functional subcommittees such as financing/accounting, personnel/labor relations and information systems and 9 business subcommittees that correspond to the above internal company structure, etc. These subcommittees are carrying out concrete studies about the entire business consolidation (See Attachment 2).

6. Others

Other matters such as consolidation ratio, capital and senior management will be announced as soon as they are determined.

II. Consolidation of Polyolefin Businesses

Mitsui and Sumitomo will consolidate their polyolefin businesses in October this year by establishing a joint venture and transferring the businesses thereto. The two companies are currently in talks with the Japanese Fair Trade Commission and, upon clearance by the Commission, will initiate taking concrete steps for the joint venture formation.

The outline of the joint venture currently under study is as follows:

1. Company Name

Sumitomo Mitsui Polyolefin Company, Limited

2. Head Office

Tokyo Sumitomo Twin Building
27-1, Shinkawa 2-chome, Chuo-ku, Tokyo

3. Business Commencement Date

October 1, 2001

4. Initial Paid-in Capital (shareholding ratio)

¥ 7 billion (Sumitomo:Mitsui = 50:50)

5. Scope of Business to be transferred

Polyethylene (LDPE, LLDPE, HDPE) and polypropylene (PP)

6. Production capacity (See Attachment 3)

7. Board members

Other Directors	8 (4 from each of Mitsui and Sumitomo)
Statutory Auditors	3 (1 from Mitsui and 2 from Sumitomo)
Chairman	Ryuichi Sonoda (Sumitomo Chemical)
President	Yoshiyuki Sakaki (Mitsui Chemicals)

The new polyolefin company has the fundamental mission to generate the maximum possible consolidation synergies as early as possible by integrating the two companies' polyolefin businesses throughout the world, including their subsidiaries and affiliates, from every strategic perspective in production, marketing and research.

The polyolefin company will eventually be merged into Sumitomo Mitsui Chemical Company, Limited, upon the consolidation of all their businesses. To avoid procedural complexities, both parent companies agreed to leave intact at each company all of their production and research facilities as well as shares held in their subsidiaries and affiliate. As a result, the new company will entrust polyolefin production to both parent companies and undertake research & development on its own with research facilities leased from each parent company.

The new company organization will be structured as stated below, with the cooperation of both parent companies, to yield the maximum possible synergies in production, marketing and research.

- Production

The new company will undertake by itself all production management such as production planning and will have the authority to decide investments and rationalization programs relating to production facilities.

- Marketing

The new company will strengthen the existing marketing networks of Mitsui and Sumitomo, both in Japan and abroad such as Singapore, Thailand and China, to better meet the needs of customers in the growing Asian market. The PP and PP compound businesses will be undertaken also in the U.S. and Europe.

- Research

The new company will formulate strategies relating to R&D and technology management, incorporating the polyolefin researches of both Mitsui and Sumitomo. Capitalizing on the extensive technical expertise and know-how of both companies in polyolefins, the new company will accelerate new resin development, such as metallocene catalyst-based polymers, to satisfy the sophisticated needs of customers and support their efforts to develop new applications.

In order to build the above organization, the new company needs to work in collaboration with existing joint ventures between each parent company and third parties (See Attachment 4). Parties will work to develop appropriate mechanisms for such collaboration.

The marketing and research functions of the polyolefin business will be concentrated in the new company, while Grand Polymer Company, Ltd., a polypropylene joint venture between Mitsui and Ube Industries, Ltd., will retain production function only.

The combined size of the two companies' polyolefin businesses is estimated to be ¥ 300 billion in net sales in fiscal 2004, which includes Sumitomo's The Polyolefin Company (Singapore) Pte. Ltd. in Singapore (TPC: its shareholding 67%) and Mitsui's Mitsui Hi-Polymer (Asia) Ltd. in Hong Kong (MHP: its shareholding 50%) (Its corresponding figure in fiscal 2000 is ¥ 250 billion).

During the period prior to the entire business consolidation, the synergistic effect of the business integration that the polyolefin company is expected to generate domestically in Japan amounts to the annual sum of ¥ 26 billion in fiscal 2004 (as against a comparable figure of fiscal 2000), which will derive from improved efficiency in production, logistics, purchasing, etc., reduced expenses of duplicate personnel and R&D, rationalization due to decreased corporate overhead expenses etc., as well as increased income from new developments attributable to the technological synergies of the two companies, etc. (See Attachment 5)

Given the ever-intensifying competitive climate of the polyolefins business,

there is a highly pressing need for the enhancement of international competitiveness through the industry-wide restructuring. The new polyolefin company will combine all the capabilities of both parent companies to realize the benefits of the business integration and will make every effort to meet the needs of customers globally by promoting the scrap and build programs in Japan and undertaking the capacity expansions of the Asia's most powerful ethylene complex in Singapore, etc.

Mitsui and Sumitomo will appreciate the utmost support to Sumitomo Mitsui Polyolefin Company from all shareholders, customers and other stakeholders so that the new company can commence operation successfully as a first step for Mitsui and Sumitomo to become a global leader of the chemical industry in the 21st century.

III. Consolidation Synergies

Mitsui and Sumitomo will continue to work, through business subcommittees and functional subcommittees, to define more specifically the expected synergies of the entire business consolidation. Below mentioned are some of the expected synergistic effects that are currently envisaged.

1. Overall effect

At the time of the joint announcement made in November last year, the two companies posted certain financial targets of the new company in fiscal 2006, which were ¥3 trillion in net sales and ¥250 billion in recurring income, among others. After the announcement, Mitsui and Sumitomo respectively published their medium term plan for fiscal 2001 through 2003. The combined figures of both companies in fiscal 2003 as spelled out in the medium term plans are approximately ¥2.4 trillion in net sales and approximately ¥210 billion in recurring income. Accordingly, if each company's medium term plan is successfully implemented, the above financial target of the new company will well come in sight (See Attachment 6).

Synergistic effect of the business consolidation will consist of 1) the effect of expansion and growth owing to the synergies of products, technologies and markets, and 2) the effect of greater efficiency from eliminating the duplicate corporate resources of the two companies.

1) Synergies for Expansion and Growth

- Accelerating developments of new technologies and new products by the fusion of research/technology platforms

- Capturing and expanding new markets, both at home and abroad, by the integration of marketing networks.
- Strengthening core businesses and promoting vigorously M & As, etc. by focused infusion of increased cash flow

2) Synergies for Greater Efficiency

- Rationalizing services/administrative departments at headquarters and branch offices
- Optimizing logistics systems, reducing logistics costs, centralizing purchasing, etc.
- Integrating production bases and facilities, establishing optimum production organization, integrating/rationalizing production facilities, etc.
- Focused investments of R&D resources by the integration of research subjects, etc.
- Re-building businesses by the realignment /consolidation of the Group companies

2. Consolidation Synergies in Each Business Sector (See Attachment 8)

1) Petrochemicals

Expansion and enhancement of olefin and polyolefin businesses

2) Basic Chemicals

Enhanced business developments of synthetic fiber raw materials and phenols

3) Specialty Polymers

Business expansion by the fusion of technologies in which Mitsui and Sumitomo have strengths

4) Specialty Chemicals

Business enhancement by the fusion of organic synthesis technologies

5) IT & Electronic Materials

Expansion of business domains by capitalizing on the fusion of technologies

6) Agricultural Chemicals

Strengthening of business by enhancing product lines

7) Pharmaceuticals

Enhancement of research base for drug discovery

3. Workforces and Human Resources Management

Mitsui and Sumitomo will respectively make every effort to downsize their workforces in accordance with its medium term plan by the time of the entire business consolidation. After the business consolidation is realized, the new company will, from the standpoint of stronger competitiveness, continue to rationalize thoroughly the duplicate departments and sections of the two companies, resulting in the significant curtailment of personnel.

While a detailed study in this regard is yet to be done, assuming, only for the sake of reference, that the manufacturing departments basically remain unchanged as they stand now and rationalization is conducted, to a significant extent, with respect to corporate departments, other administrative sections, etc., it is estimated that approximately 2,000 personnel, which account for about 20% of a total employee number at the time of the business consolidation, i.e. approximately 10,000, will become available for better utilization of human resources. Such workforces will be deployed effectively in exploring new business fields or seeking new businesses opportunities. Since there will be a number of employees leaving the company each year owing to a retirement age, etc. after the business consolidation, the new company will be fully able to manage such workforce utilization within a couple of years, while keeping new recruitments.

4. Work to be Done Before Entire Business Consolidation

Mitsui and Sumitomo will define the goals and tasks to be realized at their respective responsibility and those to be accomplished jointly through cooperation and will attain them prior to the entire business consolidation so that the expected consolidation effect can be generated immediately after the entire business consolidation. The management and operation systems of the new company should be those effectively viable in a global competition and those ahead of the times being adaptable to future possible changes.

1) Integration of management systems

Establishment of organization and management systems that emphasize efficient and speedy management

2) Integration of human resources systems and various schemes relating to organization and personnel management

- Establishment of salary, promotion and other reward systems that emphasize job grading and performance evaluation
- Designing of optimum organization and positions, and establishment of an organization with the proper minimum number of personnel

- 3) Integration of financing and accounting systems
 - Unification of significant accounting policies
 - Setting of financial targets to improve financial soundness and strengthen financial structure
- 4) Integration of ERP (Enterprise Resource Planning) software packages
Joint development and establishment of SAP R/3 for the consolidated company.

[Attachments]

1. Business Consolidation Timetable/Method and Organization Structure of Internal Companies
2. Organization of Business Consolidation Study Initiative
3. Polyolefin Production Capacities of Mitsui and Sumitomo
4. Global Network of Sumitomo Mitsui Polyolefin Co., Ltd.
5. Business Plan of Sumitomo Mitsui Polyolefin Co., Ltd.
6. Sumitomo & Mitsui's Medium Term Plans (FY 2001 to FY2003) and Consolidated Company's Performance Target (FY 2006)
7. Overall Consolidation Synergies
8. Consolidation Synergies in Each Business Sector

For further information, please contact:

Mitsui Chemicals, Inc.

Corporate Communications

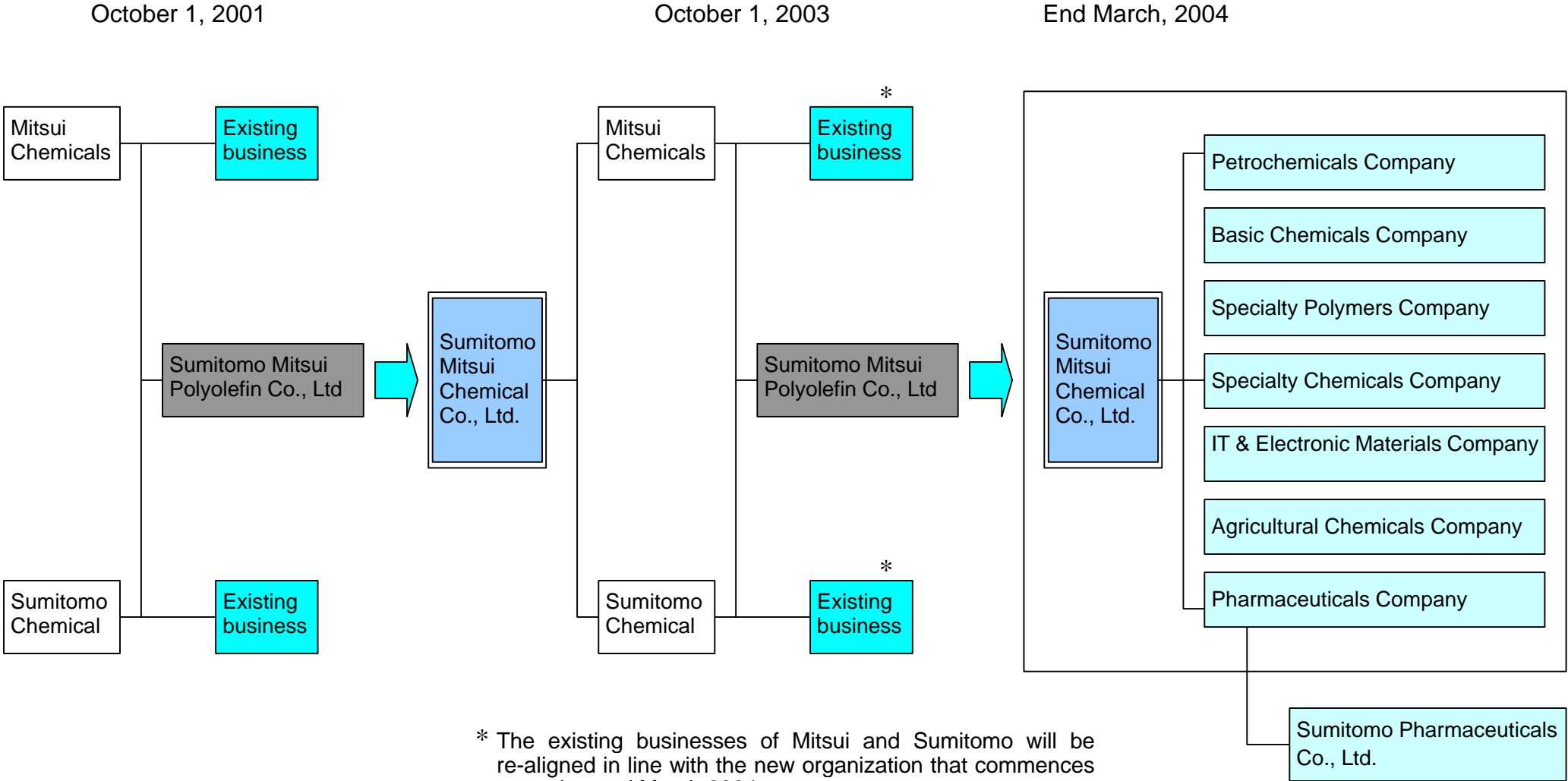
Tel: 03-3592-4060

Sumitomo Chemical Co., Ltd.

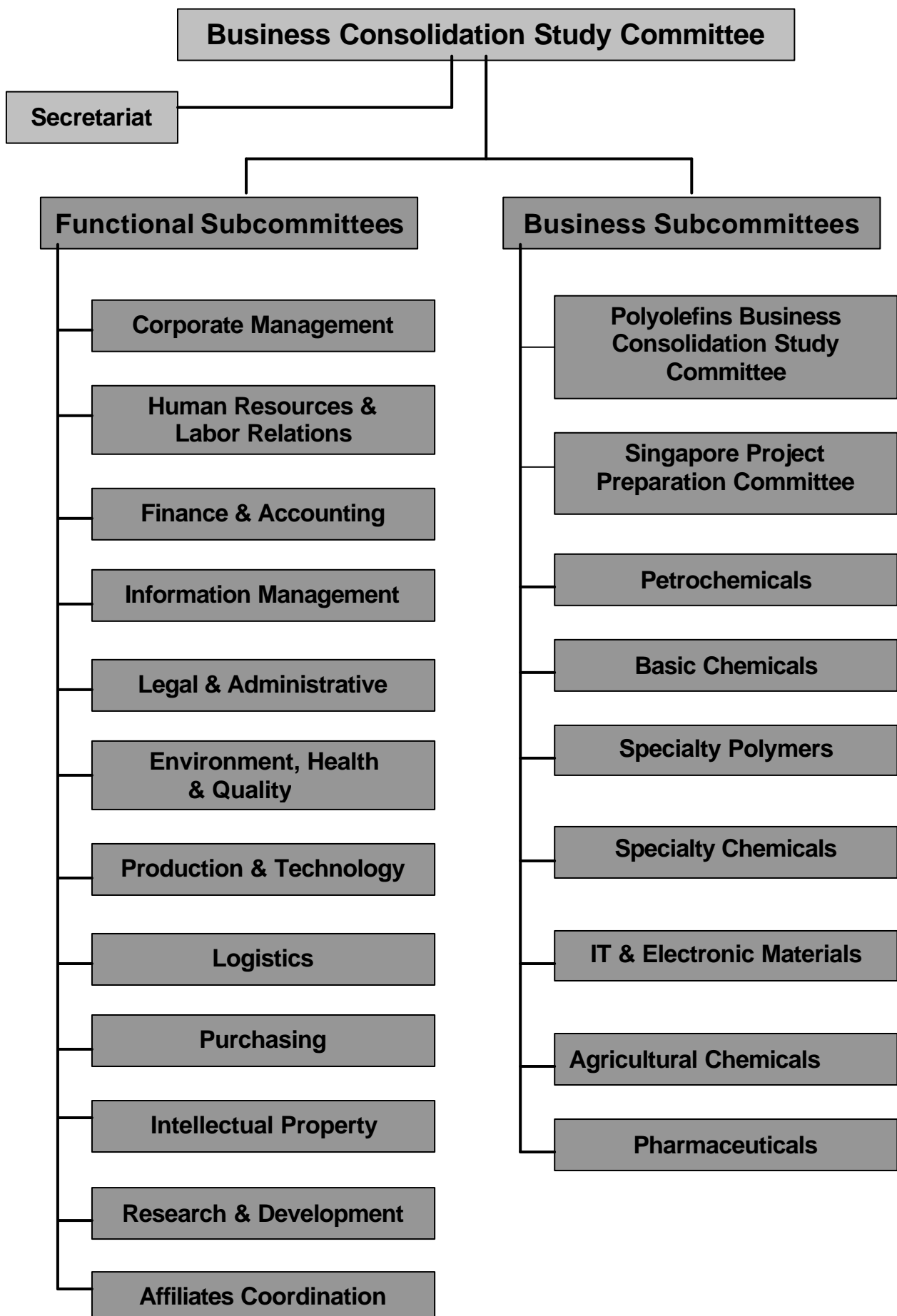
General Affairs Dept.

Tel: 03-5543-5102

Business Consolidation Timetable/Method and Organization Structure of Internal Companies



Organization of Business Consolidation Study Initiative



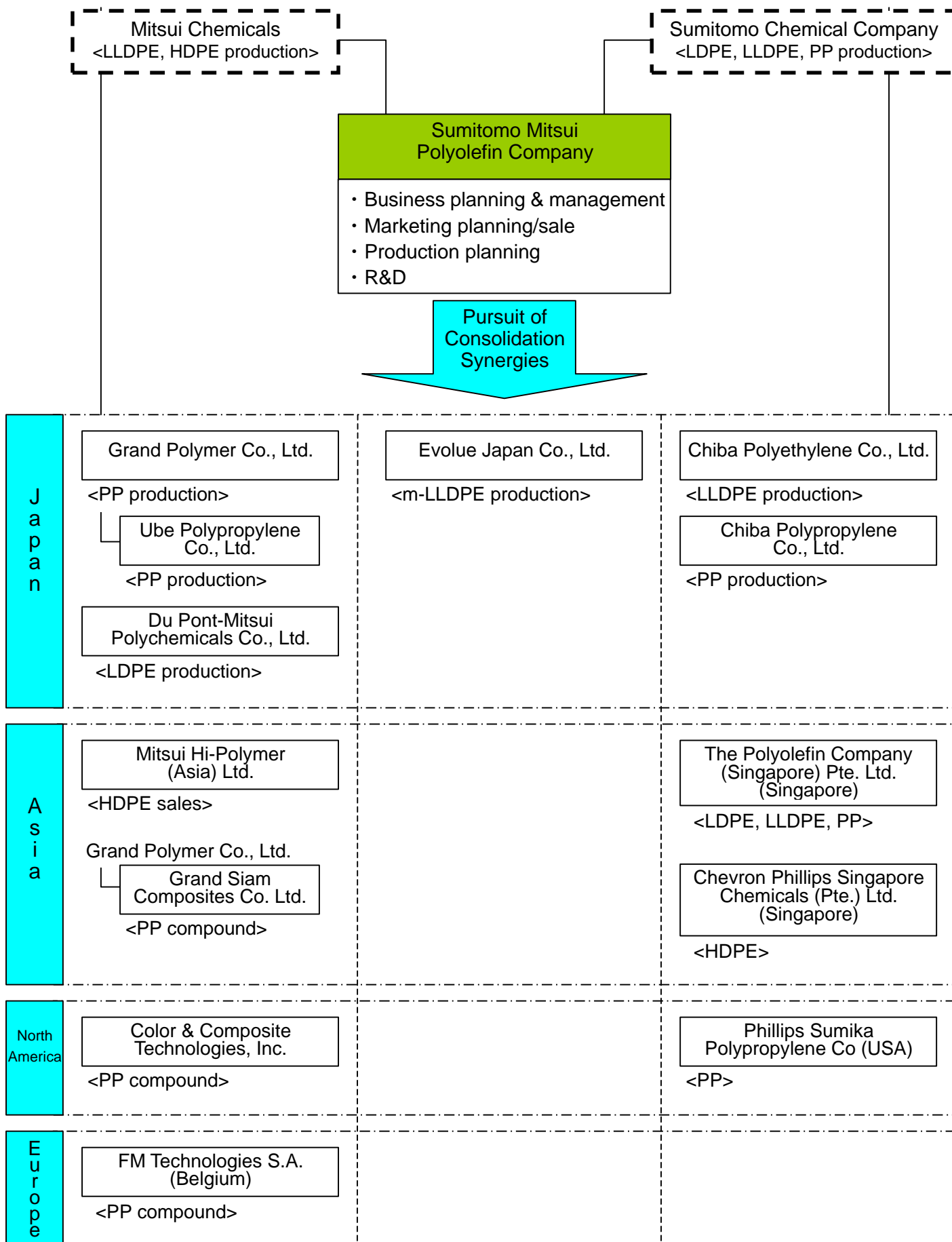
POLYOLEFIN PRODUCTION CAPACITIES OF MITSUI AND SUMITOMO

(Unit : 1,000 ton/yr)

Product	Japan			Overseas			Global Total
	Production Contractee (or Subcontractee)	Production		Producer	Resident Country	Prod'n Capacity	
		Capacity	Domestic Share (%)				
LDPE	Sumitomo Chemical	172		The Polyolefin Company Singapore	Singapore	230	
	DuPont-Mitsui Polychemical	170					
	Total	342	25.2	Total		230	572
LLDPE	Sumitomo Chemical	33		The Polyolefin Company Singapore	Singapore	150	
	Chiba Polyethylene	75					
	Evolve Japan	200					
	Mitsui Chemicals	91					
	Total	399	35.4	Total		150	549
HDPE	Mitsui Chemicals	206		Chevron Phillips Singapore Chem.	Singapore		
	Total	206	15.5	Total			206
PP	Sumitomo Chemical	200		The Polyolefin Company Singapore	Singapore	355	
	Chiba Polypropylene	66		Phillips Sumika Polypropylene	USA	360	
	Grand Polymer	671					
	Total	937	31.6	Total		715	1,652
Polyolefins Total		1,884				1,095	2,979

Note: 1. The PE production capacity of 1.33 mil t/y is about 10th among world PE makers. No.1 is 8.2 mil t/y by Dow and No.2 is 6.5 mil t/y by Exxon Mobil
2. The PP production capacity of 1.65 mil t/y is 4th among world PP makers. No.1 is 5.75 mil t/y by BASSELL and No.2 is 2 mil t/y by BP.

Global Network of Sumitomo Mitsui Polyolefin Company, Ltd.



Business Plan of Sumitomo Mitsui Polyolefin Co., Ltd.

Sales Plan

(Unit : ¥ billion)

Plan	Item	Sumitomo/ Mitsui Total(FY2000)	FY 2004 Bus. Plan	Remarks
Sales Plan*	HDPE	22	22	
	LDPE	33	36	
	LLDPE	40	57	
	PP	121	133	
	Total	216	248	
Including major overseas companies		250	300	

Personnel Plan

(Unit : Persons)

Personnel Plan	Head office indirect	90	45	50% Reduction
	Sales	230	160	30% Reduction
	R&D	330	230	30% Reduction
	Production	[570]	[520]	10% Reduction
	Total	650 (1,220 including production)	435 (955 including production)	Personnel (except production) at the new company

Consolidation Synergy Plan (FY 2004; Comparison with FY 2000)

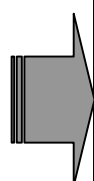
(Unit: ¥ billion)

Rationalization	Production	8.0	Scrap & Build plan, optimized production, Product grade consolidation/reduction
	Logistics	3.4	Establish optimized transportation & storage setup
	Purchasing	0.9	Establish optimized purchasing setup
	Manpower	1.8	Reduce duplicate sales/R&D personnel
	R&D	0.7	Reduce R&D materials & equipment cost
	Head office expenses, etc.	5.2	Reduce related headcount by outsourcing
	Subtotal	20.0	
New developments through technological synergies		6.0	Promote new market development for products such as metallocene LLDPE.
Total		26.0	

**Sumitomo & Mitsui's Medium Term Plans (FY 2001 ~ 2003)
and
Consolidated Company's Performance Targets (FY 2006)**

	Sumitomo Chemical		Mitsui Chemicals	
Sales	FY '99 Actual	950.3 ¥ bln	FY '99 Actual	884.2 ¥ bln
	FY '00 Publ'd Estimate	1,030.0	FY '00 Publ'd Estimate	950.0
	FY '03 Med. Term Plan	1,230.0	FY '03 Med. Term Plan	1,150.0
Recurring Income	FY '99 Actual	68.5 ¥ bln	FY '99 Actual	55.9 ¥ bln
	FY '00 Publ'd Estimate	84.0	FY '00 Publ'd Estimate	50.0
	FY '03 Med. Term Plan	115.0	FY '03 Med. Term Plan	92.0
Personnel Nonconsol'd	End Mar/'00	5,721 Pers.	End Mar/'00	5,792 Pers.
	End Mar/'04	5,388	End Mar/'04	5,100
Investments & Loans Consol'd	3 years	340 ¥ bln	3 years	260 ¥ bln
Cash Flow From Operations	3 years	330 ¥ bln	3 years	290 ¥ bln

Sumitomo/Mitsui Medium Term Plan Simple Total (FY 2003)	
Sales	2,400 ¥ bln
Recurring Income	210 ¥ bln



Sumitomo Mitsui Chemical (FY 2006)	
Sales	3,000 ¥ bln
Recurring Income	250 ¥ bln

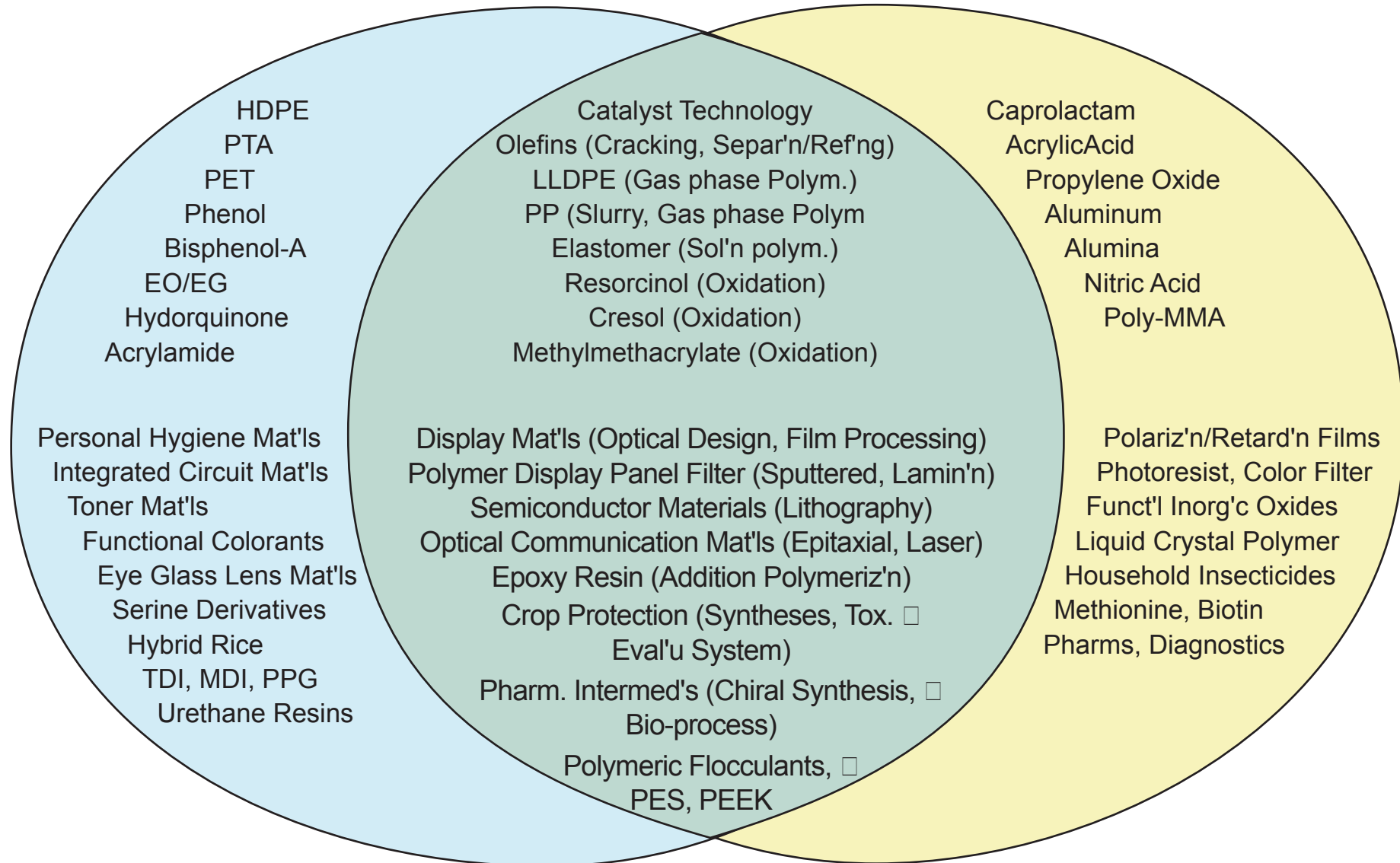
Note: Assume sales growth rate : 8%/yr (FY'03 - '06)
Assume recurring income growth rate : 6%/yr (FY'03 - '06)

Expansion/Growth Synergies	Efficiency Synergies
<p><u>Marketing network</u></p> <p>Strengthening of marketing capability by the integration of both companies' global marketing networks</p> <p style="text-align: center;">Both companies' overseas business/marketing bases (See Figure 2)</p> <p><u>Cash flow</u></p> <p>Focused investments of increased cash flow</p> <ul style="list-style-type: none"> Strengthening of core businesses, vigorous promotion of M&As. 	<p><u>Production organization</u></p> <ol style="list-style-type: none"> Establishment of an optimum production organization under the internal company structure (See Figure 3) Consolidation of production bases and facilities <ul style="list-style-type: none"> Establishment of optimum production organizations for each product, integration of production facilities <p><u>R&D organization</u></p> <ol style="list-style-type: none"> Establishment of an optimum R&D organization under internal company structure Integration of duplicate research subjects <p><u>Group companies</u></p> <p>Improvement in efficiency and enhancement of business foundation by re-organizing/consolidating the Group companies</p> <ul style="list-style-type: none"> Integration and enhanced collaboration of the Group companies that have duplicate business fields

Business Fields Based On Competent Technologies

Mitsui Chemicals

Sumitomo Chemical



Global Network of Mitsui and Sumitomo

Figure 2

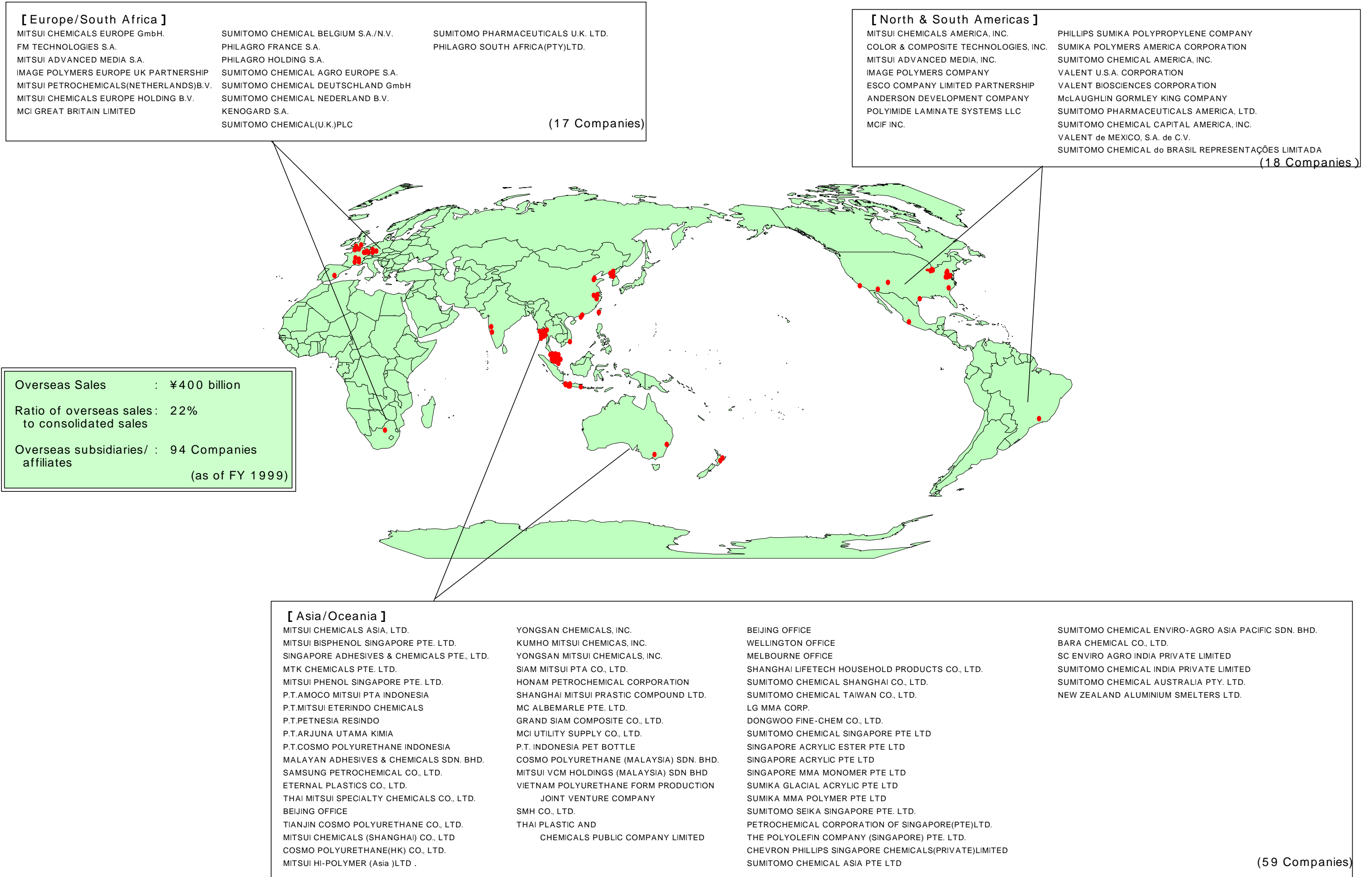
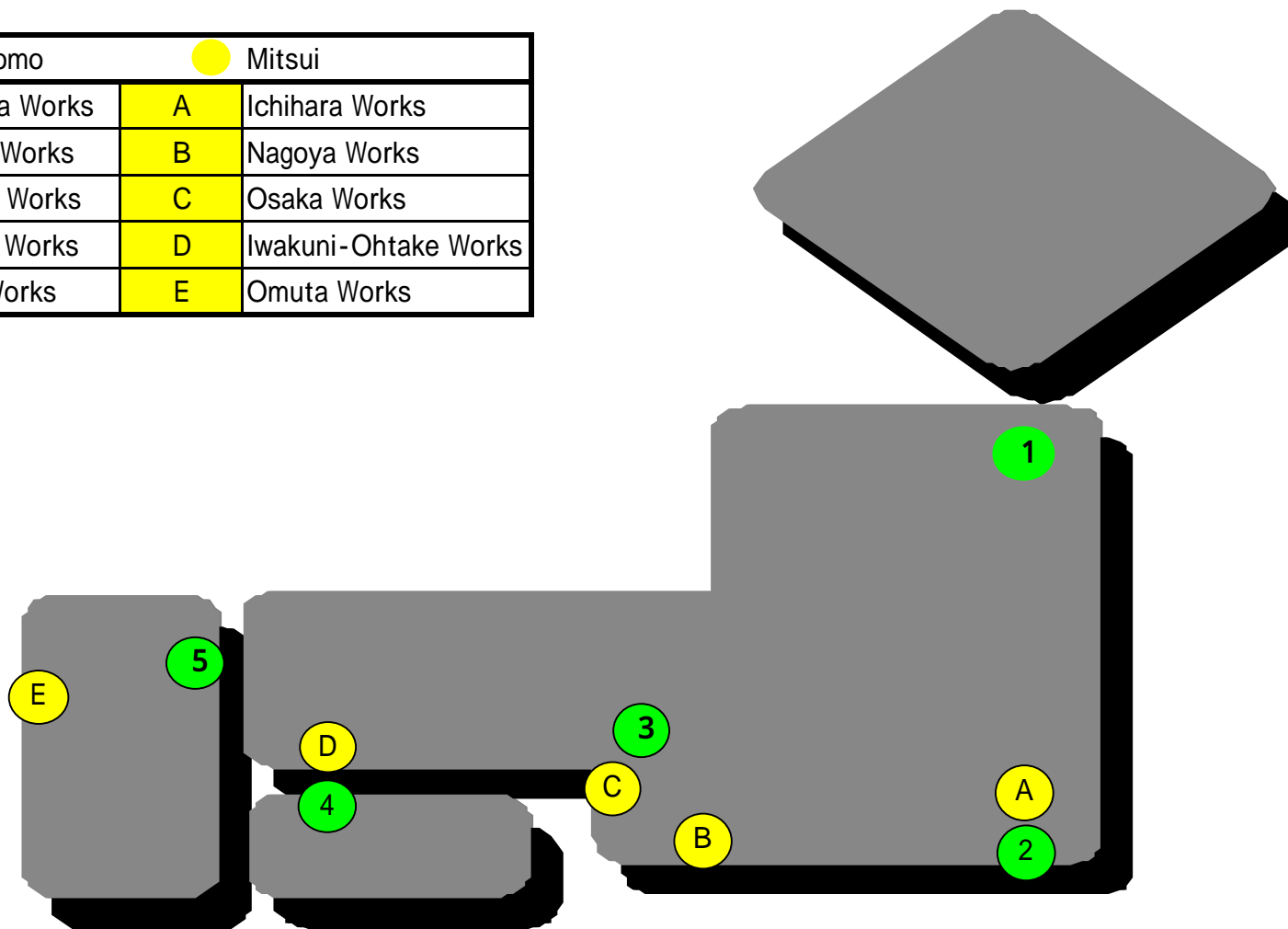


Figure 3

Domestic Manufacturing Sites of Sumitomo and Mistui

	● Sumitomo	● Mitsui	
1	Misawa Works	A	Ichihara Works
2	Chiba Works	B	Nagoya Works
3	Osaka Works	C	Osaka Works
4	Ehime Works	D	Iwakuni-Ohtake Works
5	Oita Works	E	Omuta Works



Consolidation Synergies in Each Business Sector

1) Petrochemicals

Expansion/Growth Synergies	Efficiency Synergies
<ol style="list-style-type: none"> 1. Strengthened and expanded polyolefins business <ul style="list-style-type: none"> • Strengthening of market presence under the global 3.0 million-t/y production setup • Firm establishment of competitive advantage through cost reduction by Scrap & Build • Business expansion into Asia with TPC playing the central role, and securing of the top market share • Promotion of new products/new application development through pursuit of technological synergies 2. Promotion of Singapore Third Expansion Project <ul style="list-style-type: none"> • New construction of 1 million-t/y ethylene cracker to achieve a 2 million-t/y setup • Realization of a highly profitable complex by extending out to phenol, propylene oxide and other derivatives in addition to polyolefins 3. Strengthened development of methyl methacrylate business <ul style="list-style-type: none"> • Renewed vigorous expansion of MMA monomer business in Asia (130 K t/y in Japan and 140 K t/y Overseas [Korea & Singapore]) • Comprehensive business expansion in step with PMMA, by capitalizing on Sumitomo-Mitsui's presence as Asia's largest monomer maker 	<ol style="list-style-type: none"> 1. Optimized operation of domestic ethylene centers <ul style="list-style-type: none"> • Two units (Chiba and Osaka) totaling 1.7 million ton/yr, the largest domestic operation. • Future studies include relocating derivatives plants to promote optimized operation, targeting a competitive petrochemical business in Japan. 2. Higher efficiency in procuring major feedstock <ul style="list-style-type: none"> • Strengthened purchasing power through increased purchase volume (naphtha, olefins, aromatics) • Reduction of logistics cost (mutual utilization of staging warehouses and tanks) 3. Restructuring of styrenics business

Consolidation Synergies in Each Business Sector

2) Basic Chemicals

Expansion/Growth Synergies	Efficiency Synergies
<ol style="list-style-type: none"> 1. Phenol Chain Business Expansion in Asia <ul style="list-style-type: none"> • Strengthened business expansion with the Singapore Third Expansion Project at the core. • Further expansion of phenol derivatives business in Asia 2. Enhanced Competitiveness of Synthetic Fiber Raw Materials Business <ul style="list-style-type: none"> • Taking advantage of PTA and caprolactam market synergy • Strengthening of caprolactam business based on the newly developed process 3. Fusion of Sumitomo/Mitsui HCl Oxidation Processes <ul style="list-style-type: none"> • Firmly established superiority through technology refinements • Expanded licensing opportunities and strengthened hydrochloric acid business 	<ol style="list-style-type: none"> 1. Enhanced Purchasing Power for Major Raw Materials <ul style="list-style-type: none"> • Combined methanol purchase : 600 K t/y • Combined sulfuric acid purchase : 500 K t/y 2. Reorganization of Formalin business including those of Group Companies <ul style="list-style-type: none"> • Restructured production setup • Consolidation of multivalent alcohols business 3. Strengthened HCN Derivatives Business <ul style="list-style-type: none"> • Optimal production setup established for HCN derivatives 4. Enhancement of Aniline Competitiveness <ul style="list-style-type: none"> • Optimal production setup and rationalized logistics established for Ehime and Ichihara sites

Consolidation Synergies in Each Business Sector

3) Specialty Polymers

Expansion/Growth Synergies	Efficiency Synergies
<ol style="list-style-type: none"> 1. Enhanced cost competitiveness through integrated production of propylene oxide (New Process), propylene glycol and processed products 2. Expanded and strengthened super-engineering plastics business by fusion of technologies in which each company has strengths <ul style="list-style-type: none"> • New product development based on intermediates owned by Sumitomo & Mitsui (e.g. hydroquinone) • Downstream business expansion based on polymer fabrication/processing technologies (e.g. alloys, compounds, films) 3. Expanded sales through enlarged super-engineering plastics product line <ul style="list-style-type: none"> • Line-up variety: Liquid crystal, crystalline and amorphous products • Liquid crystal polymer, polyether sulfone, polyether-ether ketone, modified polyamides, polyimides 4. Business expansion by enriching the line-up of various dispersions & coating materials <ul style="list-style-type: none"> • Acrylic resins, EVA emulsions, amide resins, melamine resins 	<ol style="list-style-type: none"> 1. Integrated production of processing resins 2. Substitution of purchased raw materials & products with self-produced items <ul style="list-style-type: none"> • PES • Melamine, glyoxal (as processing resins) • Acrylamide (for polymeric flocculants) • Acrylic acid (for acrylic emulsion)

Consolidation Synergies in Each Business Sector

4) Specialty Chemicals

Expansion/Growth Synergies	Efficiency Synergies																		
<p>1. Strengthened pharmaceutical intermediates business through fusion of Sumitomo/Mitsui technology competencies and enhanced R&D staffing</p> <ul style="list-style-type: none"> Mitsui : Biochemical synthesis, fluorination technology Sumitomo : Production technology of optically active substances (asymmetric synthesis, optical resolution, biochemical synthesis) <p>2. Strengthening of polymer additives business</p> <ul style="list-style-type: none"> Broadening of Sumitomo/Mitsui's polymer additives line-up Speedy application evaluation and expansion into applications in engineering plastics <p>3. Strengthening of key pharmaceutical intermediates business through fusion of both companies' technology competencies</p> <ul style="list-style-type: none"> Resorcinol, hydroquinone, etc. Promotion of development of resorcinol derivatives (tire adhesives) and hydroquinone derivatives (photographic chemicals) 	<p>1. Utilization of overseas business sites</p> <ul style="list-style-type: none"> Mitsui : USA, Europe, Southeast Asia Sumitomo : USA, Europe, Southeast Asia, Korea <p>2. Rationalization through plant consolidation & reorganization, etc.</p> <ul style="list-style-type: none"> Synthetic cresol <table border="1" data-bbox="1317 699 2072 869"> <thead> <tr> <th></th> <th>Mitsui</th> <th>Sumitomo</th> </tr> </thead> <tbody> <tr> <td>Synthesis</td> <td>Iwakuni</td> <td>Oita</td> </tr> <tr> <td>Derivatives</td> <td>Affiliate</td> <td>Oita</td> </tr> </tbody> </table> Resorcinol derivatives <table border="1" data-bbox="1263 960 2072 1168"> <thead> <tr> <th></th> <th>Mitsui</th> <th>Sumitomo</th> </tr> </thead> <tbody> <tr> <td>Meta-aminophenol</td> <td>Iwakuni</td> <td>Chiba</td> </tr> <tr> <td>Heat-sensitive pigments, intermediates</td> <td>Affiliate</td> <td>Affiliate</td> </tr> </tbody> </table> 		Mitsui	Sumitomo	Synthesis	Iwakuni	Oita	Derivatives	Affiliate	Oita		Mitsui	Sumitomo	Meta-aminophenol	Iwakuni	Chiba	Heat-sensitive pigments, intermediates	Affiliate	Affiliate
	Mitsui	Sumitomo																	
Synthesis	Iwakuni	Oita																	
Derivatives	Affiliate	Oita																	
	Mitsui	Sumitomo																	
Meta-aminophenol	Iwakuni	Chiba																	
Heat-sensitive pigments, intermediates	Affiliate	Affiliate																	

Consolidation Synergies in Each Business Sector

5) IT & Electronic Materials

Expansion/Growth Synergies	Efficiency Synergies
<p>1. Business enhancement and expansion by capitalizing on the product/technology synergies of the two companies</p> <ul style="list-style-type: none"> • Semiconductor materials <ul style="list-style-type: none"> Mitsui : Gas for semiconductor manufacture, ICROS tape (super clean protective tape), pellicles Sumitomo : High-purity chemicals, photoresists compound semiconductors • Display materials (esp. for LCD and PDP applications) <ul style="list-style-type: none"> Mitsui : Silver reflectors, transparent conductive films, PDP optical filters Sumitomo : Color filters, polarizing films, retardation films, PDP optical filters • IC materials <ul style="list-style-type: none"> Mitsui : Epoxy resins, PES, various kinds of polyimides, IC substrates Sumitomo : Epoxy resins, PES, liquid crystal polymer, wiring materials <p>2. Enhancement of compound semiconductor-related businesses by fusing the technologies in which each company has strengths and by reinforcing researchers</p> <ul style="list-style-type: none"> Mitsui : Laser technology Sumitomo : Epitaxial technology 	<p>1. Integration and enhancement of overseas business bases</p> <ul style="list-style-type: none"> Europe & USA : Mutual utilization of each company's regional headquarters/operating companies Asia : Mutual utilization of each company's affiliates and regional headquarters/operating companies (Singapore, Thailand, China, Korea, Taiwan) <p>2. Utilization of logistics infrastructure for electronic chemicals</p> <p>Logistics infrastructure: Stock points in major locations throughout Japan</p>

Consolidation Synergies in Each Business Sector

Expansion/Growth Synergies	Efficiency Synergies
<p>3. Acceleration of new product development owing to technological synergies</p> <p>Low di-electric film materials, next generation photoresists (Si base), new Si-based gas</p>	

Consolidation Synergies in Each Business Sector

6) Agricultural Chemicals

Expansion/Growth Synergies	Efficiency Synergies
<p>1. Sales expansion by enhancing product lines Sumitomo's broad product line-up plus Mitsui's unique products</p> <ul style="list-style-type: none"> • Agricultural insecticides <ul style="list-style-type: none"> Development of combination products of both companies' compounds • Household insecticides <ul style="list-style-type: none"> Meeting diverse needs of customers <p>2. Domestic market: Enhanced presence by reinforcing marketing network</p> <p>Sumitomo/a commercial route plus Mitsui/an agricultural cooperatives' route</p> <ul style="list-style-type: none"> • Pesticides, fertilizers, irrigation materials <p>3. Overseas markets: Sales expansion of Mitsui products by utilizing Sumitomo's overseas business bases</p> <ul style="list-style-type: none"> • Pesticides development/registration promotion and sales expansion • Sumitomo's overseas business bases Valent (USA), Phillagro France (France), Kenogard (Spain), Phillagro South Africa (South Africa), Sumitomo Chemical Australia (Australia), Sumitomo Chemical do Brazil (Brazil) 	<p>1. Research promotion and efficiency improvement</p> <ul style="list-style-type: none"> • Technology fusion in the production of optically active substances and plant biotechnology • Elimination of duplicate research subjects • Focused infusion of resources into priority fields <p>2. Rationalization by the integration, re-alignment, etc. of production facilities</p> <ul style="list-style-type: none"> • Fertilizers Sumitomo/Ehime, Mitsui/Affiliates <ul style="list-style-type: none"> • Enhancing cost competitiveness by concentrated production • Efficient renewal investments • Crop Protection Chemicals Formulations <p>3. Reduction in overseas distribution costs of Mitsui products by utilizing Sumitomo's overseas business bases.</p> <ul style="list-style-type: none"> • Shifting to a direct marketing system

Consolidation Synergies in Each Business Sector

7) Pharmaceuticals

Expansion/Growth Synergies	Efficiency Synergies						
<p>Enhancement of research foundation for drug discovery</p> <ul style="list-style-type: none"> • Expansion of foundation for genomics research <table style="margin-left: 20px; border: none;"> <tr> <td style="padding-right: 10px;">Sumitomo : Pharmaceuticals-related biotechnology research</td> <td style="font-size: 2em; padding: 0 10px;">}</td> <td style="vertical-align: middle;">Shared basic technologies</td> </tr> <tr> <td>Mitsui : Plant-related biotechnology research</td> <td></td> <td></td> </tr> </table> <p>Expansion of target fields where collaboration with ventures can be effectively utilized.</p> <p>Enhancement of biotechnology researchers</p> <ul style="list-style-type: none"> • Expansion and enhancement of a compound library Sumitomo's compound library plus Mitsui's compound library 	Sumitomo : Pharmaceuticals-related biotechnology research	}	Shared basic technologies	Mitsui : Plant-related biotechnology research			<p>Diversification of supply sources for bulk pharmaceuticals and their intermediates</p> <ul style="list-style-type: none"> • Enhancement of organic synthesis research by the fusion of technologies in which each company has strengths • The possibility of strengthening cost competitiveness by self-manufacturing bulk pharmaceuticals and intermediates that are currently purchased from third parties
Sumitomo : Pharmaceuticals-related biotechnology research	}	Shared basic technologies					
Mitsui : Plant-related biotechnology research							