

March 30, 2006

## Mitsui Chemicals to Expand Capacity of PP Spunbonded Nonwoven Fabrics in Thailand

Mitsui Chemicals, Inc. (MCI) today announced that it has decided to expand production facilities at Mitsui Hygiene Materials (Thailand) Co., Ltd. (MHM), a wholly owned subsidiary engaged in the manufacture and sale of polypropylene (PP) spunbonded nonwoven fabrics (PSNF) in Thailand. This move is being made to strengthen MCI's position as a leader in the hygiene materials business and to respond to rapid expansion of the disposable diaper market in East and Southeast Asia.

### <Summary of Facility Expansion>

1. Product: Spunbonded nonwoven fabrics for hygiene materials
2. Location: Eastern Seaboard Industrial Area, Rayong Province, Thailand
3. Additional MHM Production Capacity: 16,000 ton/yr (Increase from 14,000 ton/yr to 30,000 ton/yr)
4. Total Investment: approx. ¥5.0 billion

#### 5. Schedule:

Start of Construction	April 2006
Completion	December 2007
On-stream	January 2008

In its Medium-term Business Plan, MCI aims to expand and grow the Performance Materials Sector consisting of businesses including functional polymers, information and electronics materials and health-care materials. In this context, MCI aims to expand the hygiene materials business, part of health-care materials, by putting in place a framework capable of supplying high-quality products in Japan as well as in East and Southeast Asia in step with increased market penetration by disposable diaper manufacturers in Asia.

Demand for PSNF is growing steadily in Japan on the back of growth in the adult disposable diaper market. Meanwhile, in East and Southeast Asia demand is expected to grow by more than 20% by 2010, particularly in China. Today's announced facility expansion is in response to higher production by

disposable diaper manufacturers in East and Southeast Asia, in light of these market conditions.

MCI currently has one of Japan's largest PSNF production facilities at wholly owned subsidiary Sunrex Industry Co., Ltd. in Yokkaichi, Mie Prefecture. With a capacity of 34,000 tons per year from 5 production lines, this facility underpins MCI's ability to sell PSNF to manufacturers of hygiene materials and industrial materials. In 2003, MCI started producing PSNF at MHM as a market emerged for disposable diapers in East and Southeast Asia outside Japan. MHM's 14,000 ton/year facility continues to operate at full capacity.

By ramping up MHM's output, MCI is determined to further cement its standing as Asia's top manufacturer of PSNF.

#### <Reference 1: MCI Group PSNF Production Capacity>

	Pre-expansion	Post-expansion
Sunrex Industry (Yokkaichi, Mie Prefecture, Japan)	34,000 ton/yr (5 lines)	34,000 ton/yr, Japan (5 lines)
MHM (Eastern Seaboard Industrial Area, Rayong Province, Thailand)	14,000 ton/yr (1 line)	30,000 ton/yr (2 lines)
Total	48,000 ton/yr	64,000 ton/yr

#### <Reference 2: MHM Overview>

Company	Mitsui Hygiene Materials (Thailand) Co., Ltd.
Business	Manufacture and sale of hygiene materials, particularly PSNF. In addition, MHM is currently manufacturing breathable film for disposable diapers on a trial basis, with plans to commence commercial production in June 2006.
Established	August 1, 2001 (Start of commercial operations: March 2003)
Capital	862 million Thai Baht
Shareholder	Mitsui Chemicals, Inc. (100%)
President	Fumio Yoshitomi
No. of Employees	107
Net Sales	1,250 million Thai Baht (Fiscal 2005)