

Mitsui Chemicals, Inc. to Merge with Mitsui Chemicals Polyurethanes, Inc.

Mitsui Chemicals, Inc. (“MCI”) decided at a Board of Directors Meeting held on December 19, 2008, to merge its wholly-owned subsidiary, Mitsui Chemicals Polyurethanes, Inc. (“MCPU”) on April 1, 2009.

MCPU decided to split its Shimizu Factory and MC Industries, Ltd., MCPU’s wholly-owned subsidiary, succeed to the rights and obligations of Shimizu Factory on April 1, 2009, prior to the merger.

1. Purpose of Merger

MCPU is a wholly-owned subsidiary of MCI, and engaged in manufacture, sales and R&D of polyurethanes. MCI’s Performance Materials Business Sector upholds the basic strategy as “Expansion of Functional Polymers” and considers polyurethane business, which is one of its functional polymers business, as the company’s core business. MCI is hereby executing a merger with MCPU in order to strengthen its competency in the polyurethane business, a market which is expected to continuously grow, by intensifying operations and maximizing synergy effects between MCI and MCPU.

2. Outline of Transaction

(1) Date of Merger

Board of Directors Meeting for Resolution of the Merger Agreement December 19, 2008

Execution of Merger Agreement December 19, 2008

General Shareholders Meeting to Approve Merger Agreement

Mitsui Chemicals, Inc.
(Surviving Company) The merger will be executed without obtaining the approval of the General Shareholders Meeting in accordance with the provisions of Article 796.3 of the Corporate Law of Japan.

Mitsui Chemicals Polyurethanes, Inc.
(Absorbed Company) The merger will be executed without obtaining the approval of the General Shareholders Meeting in accordance with the provision of Article 784.1 of the Corporate Law of Japan.

Date of Merger Scheduled for April 1, 2009

(2) Method of Merger

MCI will be the surviving company. MCPU will be the absorbed company.

(3) MCPU Share Option and Corporate Bond with Share Option

No share option or corporate bonds with share option have been issued by MCPU.

3. Outline of Parties to Merger (as of September 30, 2008)

(1) Company Name	Mitsui Chemicals, Inc. (Surviving Company)	Mitsui Chemicals Polyurethane, Inc. (Absorbed Company)
(2) Business	Manufacture, processing, sale of automotive & industrial materials, packaging & engineering materials, living & energy materials, information & electronics materials, fine chemicals, agrochemicals, feedstock, phenol and synthetic/PET resin and heavy chemical, including other related businesses.	Manufacture, sales and R&D of polyurethane materials, polyurethane resins.
(3) Date of Establishment	July 25, 1947	October 11, 1971
(4) Location of Head Office	5-2, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo	5-2, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo
(5) Representative Officer	Kenji Fujiyoshi (President & CEO)	Nobutaka Kuwabara (President)
(6) Paid-in Capital	103,226 million yen	20,008 million yen
(7) Total Outstanding Shares	792,020,076	80,000
(8) Net Assets	543,070 million yen (consolidated)	57,493 million yen (non-consolidated, forecast)※
(9) Total Assets	1,477,783 million yen (consolidated)	110,111 million yen (non-consolidated, forecast) ※
(10) Settlement of Accounts	March 31	March 31
(11) Largest Shareholders and Holding Ratio	The Master Trust Bank of Japan, Ltd. (account in trust) 6.15%	MCI 100.00%
	Japan Trustee Service Bank, Ltd.(account in trust) 5.01%	
	Japan Trustee Service Bank, Ltd. (account trusted by Chuo Mitsui Asset Trust and Banking Company, Limited and account trusted by Toray Pension Trust) 4.72%	

※ 1. MCPU's net assets and total assets are forecasts based on its balance sheet released on September 30, 2008.

2. MCPU owns six subsidiaries. The sum of net assets and total assets are as follows (as of September 30, 2008):

Net Assets: 70,074 million yen, Total Assets: 141,860 million yen

4. After Completion of Merger

(1) Company Name	Mitsui Chemicals, Inc.
(2) Businesses	Manufacture, processing, sale of automotive & industrial materials, packaging & engineering materials, living & energy materials, information & electronics materials, polyurethane materials, fine chemicals, agrochemicals, feedstock, phenol and synthetic/PET resin and heavy chemical, including other related businesses.
(3) Location of Head Office	5-2, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo
(4) Representative Officer	Kenji Fujiyoshi (President & CEO)
(5) Paid-in Capital	103,226 million yen
(6) Settlement of Accounts	March 31
(7) Impacts on Business Performance	This merger will have minimal impact on MCI's business performance as it is a merger with its wholly-owned subsidiary. (Non-consolidated extraordinary profit is expected to be gained on extinguishment of tie-in shares.).