

December 19, 2008

Company Name: Mitsui Chemicals, Inc.
(Tokyo Stock Exchange Section 1 Company Listing: 4183)
Representative Kenji Fujiyoshi, President & CEO
:Contact: CSR & Corporate Communications General
Manager
Makoto Yamasaki (Phone: 03-6253-2100)

Company Name: Tohcello Co., Ltd.
(Tokyo Stock Exchange Section 2 Company Listing: 3971)
Representative Kouichi Tominaga, President & CEO
:Contact: Administrative General Manager
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Notice of TOHCELLO CO., LTD. Becoming a Wholly Owned Subsidiary of MITSUI CHEMICALS, INC. through a Share Exchange

Mitsui Chemicals, Inc. (hereinafter called "MCI") and Tohcello Co., Ltd. (hereinafter called "TOHCELLO") announce that each of their Boards of Directors at meetings held December 19, 2008 has resolved to conduct a share exchange to be effective on April 1, 2009, through which TOHCELLO becomes a wholly owned subsidiary of the MCI (hereinafter called "Share Exchange"). The two companies have entered into a Share Exchange Agreement .

As a result of the Share Exchange, TOHCELLO will be delisted from the Tokyo Stock Exchange on March 26, 2009. Pursuant to the delisting rule, the last trading day will be March 25, 2009.

I. Purpose for Making TOHCELLO a Wholly Owned Subsidiary through the Share Exchange

1. Purpose of the Share Exchange

MCI is currently in its 4-year Mid-term Business Plan which commenced in fiscal year 2008. The Performance Materials Business Sector is aiming to enforce and expand its functional film·sheet business through consistent integration of the process of converting resins to films.

TOHCELLO (53.39% MCI owned) has its main business in packaging films used for foods, in which assurance of profit for continued investment is aimed, and high-performance industrial films such as silicone-coated films and heat resistant release films, in which expansion of profit is aimed by introducing new products mainly in the new fields.

Through the Share Exchange, TOHCELLO will become a wholly owned subsidiary of MCI and both companies will strengthen their alliance and further increase their corporate value as follows:

- a. Reinforcing product development capability and cost-competitiveness through consistent system encompassing resins to films.
- b. Implementing flexible and effective management through timely decision making and the sharing of management strategies
- c. Maximizing group synergy with TOHCELLO at the core of MCI group's film sheet operations

2. Delisting of TOHCELLO on Tokyo Stock Exchange

Through this Share Exchange, TOHCELLO will become a wholly owned subsidiary of MCI on April 1,

2009. Pursuant to Tokyo Stock Exchange delisting regulations, TOHCELLO will be delisted on March 26, 2009 (scheduled last trading day is March 25, 2009). TOHCELLO shareholders, with exception of MCI, will be required to exchange such stock with that of MCI in accordance to exchange procedures outlined in the section II-2 below pursuant to the Share Exchange Agreement.

3. Reasons for Delisting and Alternative Measures

The reason for the Share Exchange is as described in above section I.1, and the delisting itself is not the main reason.

Although the delisting of TOHCELLO is not the main purpose of the Share Exchange, TOHCELLO shares are scheduled to be delisted on March 26, 2009 pursuant the delisting rule.

MCI's common stock to be allotted and delivered in exchange for TOHCELLO shares in the Share Exchange are listed on the Tokyo Stock Exchange, therefore shareholders who have TOHCELLO shares of 767 or more can trade these in the market. On the other hand, shareholders who have TOHCELLO shares of less than 767 will be allocated less than one trading unit (1,000 shares) of MCI shares which cannot be traded on the market, however, such shareholders may use the Special Dealing Service (hereinafter defined). (For details, see note (iii) of Section II-2. For information about shares of less than one share unit, please refer to note (iv) of Section II-2)

TOHCELLO shares can be traded according to standard procedures on the Tokyo Stock Exchange until the (tentative) last trading date, March 25, 2009 as indicated in above Section I-2.

4. Measures to Ensure Fairness

Since MCI is TOHCELLO's major shareholder with 53.43% of its shares, to ensure fairness, both companies have respectively assigned an independent and disinterested third party, to evaluate the Share Exchange ratio. Based on such evaluations, MCI and TOHCELLO negotiated and agreed on the Share Exchange ratio at which the Share Exchange is to be conducted.

5. Measures to Prevent Conflicts of Interest

No TOHCELLO directors holds position of directors or employees with MCI. Accordingly, it has been determined that there is no conflict of interest and therefore particular measures to prevent conflicts of interest are not taken.

II. Outline of the Share Exchange

1. Schedule

Board of Directors Meeting for resolution of the Share Exchange	December 19 2008 (Fri)
Execution of the Share Exchange Agreement	December 19 2008 (Fri)
Public notice setting the record date of the extraordinary general shareholders meeting (TOHCELLO)	December 20 2008 (Sat) (tentative)
Record date for the extraordinary general shareholders meeting (TOHCELLO)	January 4, 2009 (Sun) (tentative)
Extraordinary general shareholders' meeting to approve the Share Exchange (TOHCELLO)	February 27, 2009 (Fri) (tentative)
Date of delisting of TOHCELLO shares	March 26, 2009 (Thu) (tentative)

Scheduled effective date of the Share Exchange

April 1, 2009 (Wed) (tentative)

(Note: In accordance with Company Law of Japan Article 796 Section 3 on simplified procedures of Share Exchange, Mitsui Chemicals, Inc. will not hold a Shareholder Meeting to Vote on the Share Exchange.)

2. Details of the Share Exchange

Company	Mitsui Chemicals, Inc. (Parent Company)	Tohcello Co., Ltd. (Wholly owned subsidiary)
Share Exchange Ratio	1	1.305
New Shares Issued for the Share Exchange	No new shares will be issued for the Share Exchange	

Notes:

i. Share allotment ratio

1.305 shares of MCI share will be allotted and delivered in exchange for each share of TOHCELLO shares to each TOHCELLO shareholder on the day prior to the effective date of the Share Exchange. For TOHCELLO shares held by MCI (18,635,000 shares) there will be no allotment.

ii. Shares allotted for the Share Exchange

MCI will not issue new shares for the Share Exchange. MCI expects to use its treasury shares(*) 21,211,231 shares (estimate) for the Share Exchange.

(*)The number of shares for allotment maybe changed if TOHCELLO purchases its shares from its shareholders through the Special Dealing Service stipulated in (iii) below or purchases according to request from shareholders opposing the Share Exchange and then TOHCELLO erases these shares by the Share Exchange.

iii. Exchange of shares less than one trading unit

TOHCELLO shareholders with MCI shares less than one trading unit of 1,000 shares after the Share Exchange will hold the right to receive dividends, but not be able to trade their shares on the stock exchange market. Such shareholders may, however, use the following special dealing services (the "Special Dealing Services") provided to MCI shareholders:

a. Additional of MCI shares to make a trading unit of 1,000 shares.

Shareholders with less than a trading unit of 1,000 shares can use MCI's Special Dealing Service to purchase the required number of shares to make a trading unit of 1,000 shares.

b. Sale of shares of less than a trading unit of 1,000

Pursuant of Company Law of Japan Article 192 Section 1, shareholders with shares of less than a trading unit of 1,000 shares can request MCI purchase such shares by delivering the shareholder a cash payment.

iv. Fractional shares

If the number of the MCI shares to be allotted to TOHCELLO shareholders includes a fraction of less than one share, MCI shall sell the number of shares equivalent to the total sum of the fractions (in cases where the total sum includes a fraction of less than one, such fraction shall be rounded off) and shall deliver the proceeds of that sale to such shareholders in accordance with Company Law of Japan Section 234 Article 1.

3. Basis for the Share Exchange Ratio

-Background

To ensure the fairness and reasonableness of the Share Exchange, both companies separately retained independent and disinterested third parties to calculate the Share Exchange ratio. MCI appointed Mizuho Securities Co., Ltd. (hereinafter called "Mizuho") and TOHCELLO appointed Daiwa Securities SMBC Co., Ltd. (hereinafter called "Daiwa SMBC") to evaluate a Share Exchange ratio for MCI and TOHCELLO shares.

Mizuho used Market Stock Price Method and Discount Cash Flow Method ("DCF") to calculate MCI and TOHCELLO Share Exchange ratio. In the Market Stock Price Method, the range of Share Exchange ratios was calculated based on: 1) the average of closing prices of Tokyo stock exchange market (the "Closing Price(s)") for the period from November 4, 2008 (the day after the announcement of results during the second quarter of FY2008) to December 17, 2008 (the "Base Date"), 2) the average of the Closing Prices for the period from November 18, 2008 to the Base Date, and 3) the average of the Closing Prices for the period from September 18, 2008 to the Base Date.

Range of Share Exchange ratios (one (1) value per MCI common share):

Market Stock Price	0.926	~	0.956
DCF	0.805	~	1.776

Mizuho's evaluations are based on the assumption that information disclosed by the two companies and information in the public domain are accurate and complete, and that there is no information that the two companies have not provided and that may have an effect on such evaluations etc. Mizuho did not conduct its own evaluation or assessment on each asset and liability of both companies. Also, Mizuho referred to financial forecast of both companies for such calculations under assumption that both companies have rationally prepared such forecast to the best of their forecast and judgment available for them at the moment and that such calculations reflect economic conditions and information as of December 17, 2008.

Daiwa SMBC used Market Stock Price Method and Discount Cash Flow Method ("DCF") to evaluate MCI and TOHCELLO Share Exchange ratio. In the Market Stock Price Method, the range of Share Exchange ratios was evaluated based on the volume weighted average price for: 1) one month from November 18, through December 17, 2008, (the "Base Date"), 2) three months from September 18, through December 17, 2008, and 3) six months from June 18, through December 17, 2008.

Range of Share Exchange ratios (one (1) value per MCI common share):

Market Stock Price	0.915	~	0.934
DCF	1.050	~	1.416

Daiwa SMBC's evaluations are based on the assumption that information disclosed by the two companies and information in the public domain are accurate and complete, and that there is no information that the two companies have not provided and that may have an effect on such evaluations etc. Daiwa SMBC did not conduct its own evaluation or assessment on each asset and liability of both companies. Also, Daiwa SMBC referred to financial forecast of both companies for such calculations under assumption that both companies have rationally prepared such forecast to

the best of their forecast and judgment available for them at the moment and that such calculations reflect economic conditions and information as of December 17, 2008.

MCI and TOHCELLO carefully reviewed, negotiated and discussed repeatedly on the calculation results received from the above companies and agreed to the fair and reasonable exchange rate for the shares of the two companies, which was submitted at the respective Board of Director meetings held on December 19, 2008.

-Relationship with Advisors

Neither MCI nor TOHCELLO have concurrent members or relationships with Mizuho or Daiwa SMBC.

4. Share Option and Corporate Bonds of TOHCELLO

TOHCELLO has not issued share option or corporate bonds with share option.

III. Company Outline (September 30, 2008)

(1)	Name	Mitsui Chemicals, Inc.	Tohcello Co., Ltd.
(2)	Business	Manufacture, processing, and sales of automotive & industrial materials, packaging & engineering materials, living & energy materials, information & electronics materials, fine & performance chemicals, agrochemicals, feedstocks, phenols, PTA & PET, industrial chemicals	Manufacture, processing, and sales of packaging films, high performance industrial films
(3)	Establishment	July 25 1947	January 19 1929
(4)	Head Office	5-2, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo	3-3 Kyobashi 1-chome, Chuo-ku, Tokyo
(5)	Representative Officer	Kenji Fujiyoshi ,President & CEO	Kouichi Tominaga, President & CEO
(6)	Capital	103,226 million yen	3,450 million yen
(7)	Total Number of Issued Shares	792,020,076 shares	34,900,000 shares
(8)	Net Assets	543,070 million yen (consolidated)	23,554 million yen (consolidated)
(9)	Total Assets	1,477,783 million yen (consolidated)	56,192 million yen (consolidated)
(10)	Fiscal Year end	March 31	March 31
(11)	Employees	13,124 (consolidated)	886 (consolidated)
(12)	Major Clients	(Sales)Mitsui & Co., Ltd., Marubeni Corporation, Mitsubishi Corporation (Purchase) Mitsui & Co., Ltd., Kyokutou Petroleum Industries, Ltd.	(Sales)Inabata & Co., Ltd., Toppan Printing Co., Ltd., Mitsui & Co., Ltd. (Purchase)Prime Polymer Co., Ltd., Panac Corporation, Mitsui Chemicals, Inc.
(13)	Major Shareholders & Percentage of Holdings	The Master Trust Bank of Japan (Trust Account) 6.15% Japan Trustee Services Bank, Ltd.(Trust Account) 5.01%	Mitsui Chemicals, Inc. 53.39% The Master Trust Bank of Japan (Trust Account) 4.98%

	Japan Trustee Services Bank, Ltd. (Toray Industries Inc. Retirement Benefit Trust Account re-entrusted by Chuo Mitsui Asset Trust and Banking Company, Ltd.)	4.72%	Toppan Printing Company 4.87%
(14) Major Banks	Sumitomo Mitsui Banking Corp., Chuo Mitsui Trust and Banking Co., Ltd., Mizuho Corporate Bank, Ltd.		Sumitomo Mitsui Banking Corp., Bank of Tokyo-Mitsubishi UFJ, Ltd., Chuo Mitsui Trust and Banking Co., Ltd.,
(15) Relation between concerned two companies	Capital	MCI owns 53.39% of Tohcello's issued stock. Tohcello is one of MCI's consolidated companies.	
	Personnel	MCI sends employees to Tohcello.	
	Transactions	MCI sells materials to Tohcello and purchases products from Tohcello.	
	Relationship	MCI is Tohcello's parent company	

(16) Financial Results for 3 Years

Term	Mitsui Chemicals, Inc. (Parent Company) (consolidated)			Tohcello Co., Ltd. (Subsidiary) (consolidated)		
	FY2006	FY2007	FY2008	FY2006	FY2007	FY2008
Net Sales	1,472,435	1,688,062	1,786,680	56,540	63,194	66,322
Operating Income	58,705	91,678	77,176	3,690	5,602	5,054
Recurring Income	61,989	95,478	66,146	3,312	5,208	4,713
Net Income	44,125	52,297	24,831	1,512	2,293	2,757
Net Income Per Share (yen)	56.20	66.68	32.22	42.27	65.74	79.04
Dividend Per Share (yen)	8	10	12	9	11	13
Shareholder Equity Per Share (yen)	592.42	653.84	649.63	525.04	578.92	642.07

(Unit : million yen)

4. Condition after the Share Exchange

(1) Name	Mitsui Chemicals, Inc.
(2) Business	Manufacture, processing, and sales of automotive & industrial materials, packaging & engineering materials, living & energy materials, information & electronics materials, polyurethane materials, fine & performance chemicals, agrochemicals, feedstocks, phenols, PTA & PET, industrial chemicals
(3) 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) Total Assets	Minor influence from this Share Exchange
(7) Net Assets	Minor influence from this Share Exchange
(8) Fiscal Term	March 31
(9) Accounting	This Share exchange is a group transaction. Minor goodwill depreciation is expected but the figure is expected to have minimal

	impact on business performance.
(10) Financial Impact	Tohcello is a consolidated subsidiary accordingly this share exchange is expected to have minimal impact on business performance.