

May 11 2009  
Idemitsu Kosan Co., Ltd.  
Mitsui Chemicals, Inc.

## Joint Study by Idemitsu and MCI of Production Optimization in Chiba-Area

On May 11, Idemitsu Kosan Co., Ltd. (hereinafter "IKC") with its Head Office in Tokyo (President : Akihiko Tembo) and Mitsui Chemicals, Inc. (hereinafter "MCI") with its Head office in Tokyo (President & CEO: Kenji Fujiyoshi) entered into an agreement to commence a joint study to optimize production at their complexes in Chiba Prefecture, a bayside industrial zone east of Tokyo, to further strengthen competitiveness.

The Japanese petrochemical industry is confronted by sharp drops in market demand resulting from the global financial crisis and growing competition from large-scale petrochemical plants starting up in the Middle East and China. Due to such hard situation, Japanese petrochemical industry is being required to strengthen its international competitiveness.

After the announcement of the comprehensive study in February 2004, IKC and MCI have reinforced the international competitiveness of their petroleum refining/petrochemical complexes in Chiba through the following collaborations:

- Integration of polyolefin business(establishment of Prime Polymer Co., Ltd.)
- New off-take arrangement of benzene from light naphtha reformer (LNR) at IKC's Chiba Refinery
- Participation in RING: Research Association of Refinery Integration for Group-operation (a project under the auspices of the Ministry of Economy, Trade, and Industry)

At present, IKC and MCI successfully agreed to further intensify collaborative efforts of the production optimization in order to secure top class competitiveness in Japan. The two companies will employ their current strengths in the field to study optimal production at their Chiba facilities in the following areas:

1. Production optimization mainly focusing on naphtha crackers in both companies
2. Production optimization including a refinery at IKC's Chiba complex
3. Production optimization of petrochemical derivatives, except polyolefin and phenol in which the two companies have already collaborated
4. Study the best organization structure for the project such as a Limited

## Liability Partnership (LLP).

Expected results of the collaboration:

1. The establishment of the most optimized production centering on naphtha crackers, and the realization of top-class competitiveness marketing in Japan.
2. Enhancement of the competitiveness by further effective utilization of refinery products for petrochemicals.

The two companies will pursue feasibility studies for a period of 6 to 12 months. Upon successful agreement subject to the conclusion of the studies, the companies will start any collaborative operation by establishing a LLP for the joint project.

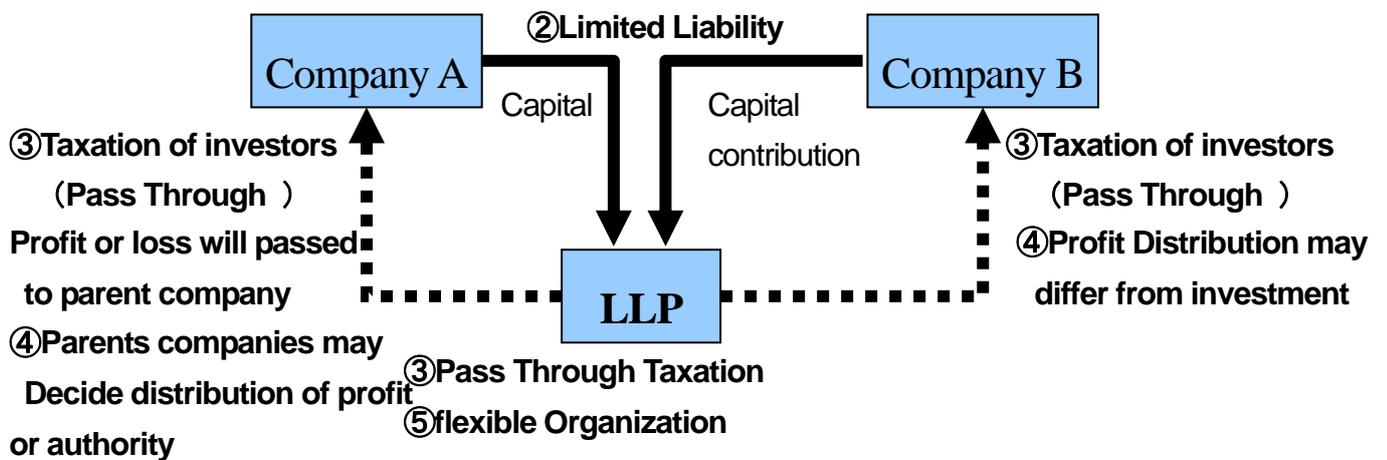
IKC and MCI will also continue to pursue collaboration possibilities in other various areas such as specialty chemical products which are suited to the high technology possessed by the two companies.

**【Reference on Limited Liability Partnerships (LLP)】**

-- LLPs were introduced in 2005 to promote start-ups, joint ventures, and collaborative operations between companies.

-- Features of LLPs versus stock company

Category	Stock company	L L P
1. Legal Status	Corporate status	Non-corporate status
2. Liability	Limited	Limited
3. Taxation	Corporate Tax	Pass-Through Taxation Prevention of double taxation
4. Capital Contribution & P/L Allocation	P/L allocation basically pro rata with member capital contribution	P/L allocation flexible
5. Governance	Subject to laws, e.g., Board of Directors/Voting rights	Subject to the agreement of partners
6. Startup Cost	Registration 0.7% of capital	Registration 60,000 yen



1. Outline of both companies' refinery, plant and works

**(1) Idemitsu Kosan Co., Ltd. Chiba Refinery**

Location: 2-1 Anesaki Kaigan, Ichihara-shi, Chiba

Refinery manager: Kiyotsugu Suita

Site area: About 2.7 million m<sup>2</sup>

Date of start-up: January 1963

Crude processing capacity: 220,000 BD

Major products: Petroleum products and lubricants

**(2) Idemitsu Kosan Co., Ltd. Chiba Plant**

Location: 1-1 Anesaki Kaigan, Ichihara-shi, Chiba

Plant manager: Ryuhei Masumoto

Site area: About 1.08 million m<sup>2</sup>

Date of start-up: February 1975

Ethylene production capacity: 374,000 t / Y

Major products: Petrochemical products and plastics

**(3) Mitsui Chemicals, Inc. Ichihara Works**

Location: 3 Chigusa Kaigan, Ichihara-shi, Chiba

Works manager: Gen Takemoto

Site area: About 1.42 million m<sup>2</sup>

Date of start-up: March 1967

Ethylene production capacity: 553,000 t / Y

Major products: Petrochemical products and plastics

2. Location of both companies' refinery, plant and works

