October 28, 2010

Mitsui Chemicals, Inc.
China Petroleum & Chemical Corp.

Establishment of New EPT Joint Venture Company and Production Plant in China

Mitsui Chemicals, Inc. (hereinafter referred to as “MCI”) with its Head Office in Tokyo, Japan (Toshikazu Tanaka, President & CEO) and China Petroleum & Chemical Corp. (hereinafter referred to as “Sinopec”) with its head office in Beijing, China (Wang Tianpu, President) signed a Letter of Intent in December 2009 agreeing to conduct a study to form a joint venture for EPT (ethylene-propylene-diene terpolymer. See “Note” below) business in China.

MCI and Sinopec announced a formal agreement to establish a new joint venture company and construct an EPT plant with the capacity of 75,000 tons in Shanghai, China. This new plant will adopt metallocene catalyst technology a first in China. It will be the most advanced and one of the world’s largest plants.

A high value added ethylene-propylene rubber, EPT is mainly used in automotive applications (seals, hoses, etc.) and its demand is expected to increase significantly at rates of approx 10% per year driven by the rapidly growing Chinese automobile industry.

MCI and Sinopec will enhance the synergy of both companies’ strengths ---- MCI’s advanced EPT production technology, R&D capabilities and sales network, and Sinopec’s highly competitive raw materials, infrastructure and highly skilled human resources ----- to secure a share of the rapidly growing Chinese market and actualize a globally competitive EPT joint venture whereby contributing greatly to the profitability of both companies.

＜ Outline of EPT Joint Venture＞

1. Location: Shanghai Chemical Industry Park, Shanghai, China
2. Name (tentative): Shanghai Sinopec Mitsui Elastomers, Co., Ltd. (50:50 investment)
3. Production Capacity: 75,000 tons/year
4. Production Process: Mitsui Chemicals technology
5. Establishment of Joint Venture: Second Half of 2011
6. Commercial Operation: First Quarter of 2014
7. Total Investment: approximately 27 billion yen

The phenols and acetone joint projects of the two companies have resulted in a 250,000 tons per annum plant for phenol, and a 150,000 tons per annum plant for acetone in August this year and scheduled for commercial operation in the second quarter of 2013.

Note: EPT, which has good resistance to heat/cold, UV rays, and chemicals, in addition to good electric insulation and other superior properties, is widely used in automotive parts, electric cables, and in other industrial materials.