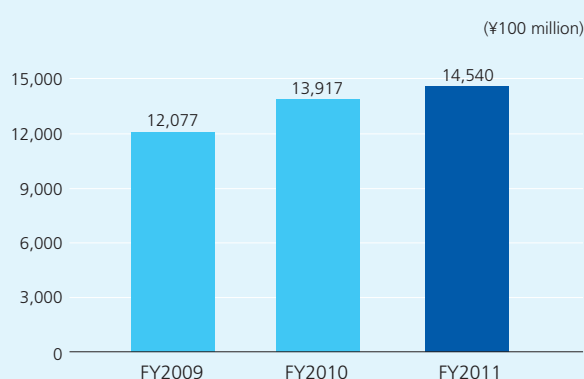


Business Performance of Mitsui Chemicals in Graphs

Introduction

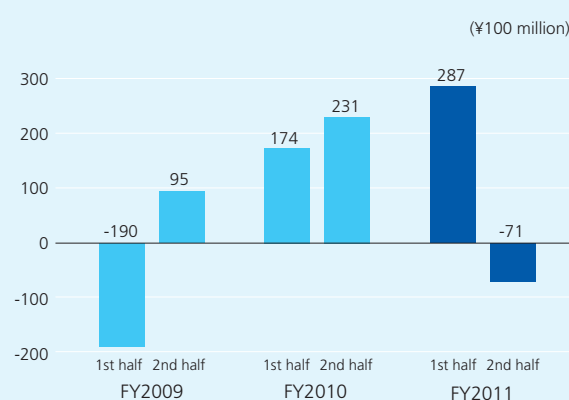
The current state of our business is detailed in the "Business Report" attached to the Convocation Notice for the 15th Ordinary General Meeting of Shareholders. However, we have also prepared this document so that shareholders can understand our business more easily. We hope that you find this helpful and informative.

Net sales



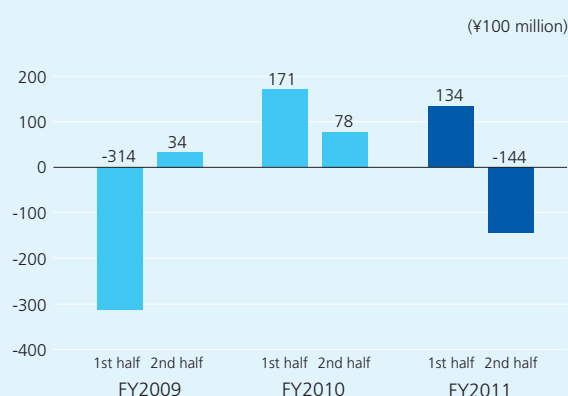
We posted net sales of ¥1,454.0 billion for fiscal 2011, up ¥62.3 billion from the previous fiscal year. This was mainly resulted from the revision of our sales prices due to price hikes of raw materials and fuels such as naphtha, and an increase in sales prices of basic chemicals due to improved market conditions in the first half of fiscal 2011.

Operating income and loss



Despite a steady increase in operating income during the first half of fiscal 2011, we posted an operating loss of ¥7.1 billion in the second half due to a persistent difficult operating environment for our polyurethane business and falling market prices of basic chemicals. As a result, operating income for the entire fiscal year was ¥21.6 billion, down ¥18.9 billion from the previous fiscal year.

Net income and loss



We had a net loss of ¥1.0 billion for fiscal 2011, down ¥25.9 billion from the previous fiscal year, mainly due to the recognition of an impairment loss on production facilities relating to our polyurethane business in the second half. For details on the restructuring of this business sector, please see the column "Restructuring of the polyurethane business sector" on the right.

COLUMN

Restructuring of the polyurethane business sector

Initiatives to improve the profits in the polyurethane business

Our polyurethane business has been facing serious constraints and challenges due to the sluggish market conditions and over-supply of polyurethane associated with additional production bases in China. As a result, an impairment loss on production facilities was recognized in fiscal 2011. To address the restructuring of this business sector, we have been implementing the following initiatives.

First, we have completed a license agreement on our manufacturing technologies of TDI and MDI, the raw materials of polyurethane, with Saudi Basic Industries Corporation ("SABIC"). This business alliance will enable us to procure the raw materials of polyurethane from SABIC at more competitive prices. Thus, we are now considering further alliances with the company for the polyurethane business in the future. In addition, the license fee to be paid by SABIC will improve the profits in this business sector.

Second, we have determined to terminate the production of polypropylene glycol (PPG), one of the raw materials of polyurethane, at our subsidiary's production site in June 2012. After this rationalization, we will concentrate on two domestic PPG production bases, thereby achieving more cost-effective operations in Japan.

In addition, we plan to use TDI and MDI mainly manufactured at overseas production bases in the future, while accelerating our efforts to rationalize the existing domestic production bases and invest in the development of high value-added products. We have also been implementing vigorous cost-cutting initiatives ahead of schedule, targeting more than ¥8.0 billion reduction in costs by fiscal 2015 compared to the level of fiscal 2010. We have already achieved cost-cutting of more than ¥3.0 billion as of the end of fiscal 2011.

With these initiatives mentioned above, a steady earnings recovery is currently in progress. We expect that this business sector will return to profitability during fiscal 2012 at the earliest.

Basic Strategies of the 2011 Mid-Term Business Plan

Expansion of businesses more resilient to changing economic conditions

Global expansion of highly competitive businesses

Creation of core businesses for the future

Drastic cost reduction and restructuring

Global expansion of highly competitive businesses

Optical lens monomer April 2011

The 100% share acquisition of ACOMON AG, a Switzerland-based manufacturer and distributor of plastic optical lens materials



We have acquired ACOMON AG who globally distributes low- and medium- refraction products. This acquisition will enhance our product lines ranging from low and medium to high refractive index monomer, which is our strength. The distribution channels will also be added with that of ACOMON around the world, thereby achieving the top global market share in optical lens monomers.

Global expansion of highly competitive businesses

Elastomer December 2011

Conclusion of an agreement to establish a new joint company for ethylene-propylene-diene terpolymer (EPT) with China Petroleum & Chemical Corp. (Sinopec) in China

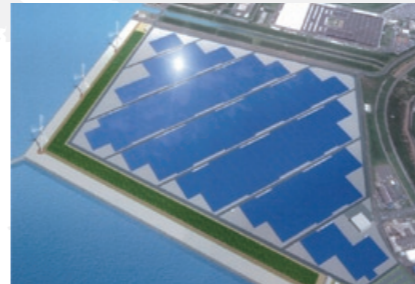


We have concluded a joint venture agreement with Sinopec to establish a joint company to manufacture EPT, which is widely used in industrial products including automotive parts, and whose demand is expected to continue to increase significantly. The new plant is scheduled for commercial operation in the first quarter of fiscal 2014, and will be the world's largest state-of-the-art plant in EPT production.

Creation of core businesses for the future

October 2011

Participation in the Tahara Solar-Wind Joint Project for renewable energy generation, aiming to promote the development of new materials



We have determined to carry out the Japan's largest solar/wind power generation project in Tahara city, Aichi prefecture, through collaboration with Chubu Electric Power Co., Ltd. and several other companies who have expertise and experience of renewable energies. We are currently examining the feasibility of the project.

Global expansion of highly competitive businesses

Polypropylene Compound May 2012

Establishment of a new production base in Brazil for polypropylene (PP) automotive materials



With our subsidiary Prime Polymer Co., Ltd., we have established a new company to manufacture and distribute PP automotive materials in Brazil, in order to capture the increasing demand for the products. This will strengthen our world's largest supply capacity of the products. By sufficiently taking advantage of such a growing demand, we will strive to further enhance our business of PP automotive materials.

Drastic cost reduction and restructuring

February 2012

Conclusion of a license agreement with Saudi Basic Industries Corporation ("SABIC") for manufacturing technology of TDI and MDI, the raw materials used to produce polyurethane

(For details, please see "Column" on page 1.)



Our manufacturing technology of TDI and MDI receives high acclaim from SABIC for its capabilities to manufacture high quality products steadily and safely. We are also considering further business alliances with SABIC in the future.

Expansion of businesses more resilient to changing economic conditions

Functional films April 2012

Establishment of a joint company in Thailand for production and distribution of highly functional packaging films



Our wholly-owned subsidiary Mitsui Chemicals Tohcello, Inc. (MCTI) is a leading manufacturer of highly functional packaging films in Japan. We plan to start manufacturing the product in 2014 in Asia where markets have been expanding along with its economic growth.

Expansion of businesses more resilient to changing economic conditions

Agrochemical products August 2011

Acquisition of the preferential negotiating rights for the large-scale gas chemical project in Brunei



We plan to launch the manufacturing of ammonia, a raw material used to produce fertilizers, using high quality materials at low cost through collaboration with Mitsui & Co., Ltd. and a government-run company in Brunei. The demand for fertilizers is expected to increase due to the increasing global demand for food.

Expansion of businesses more resilient to changing economic conditions

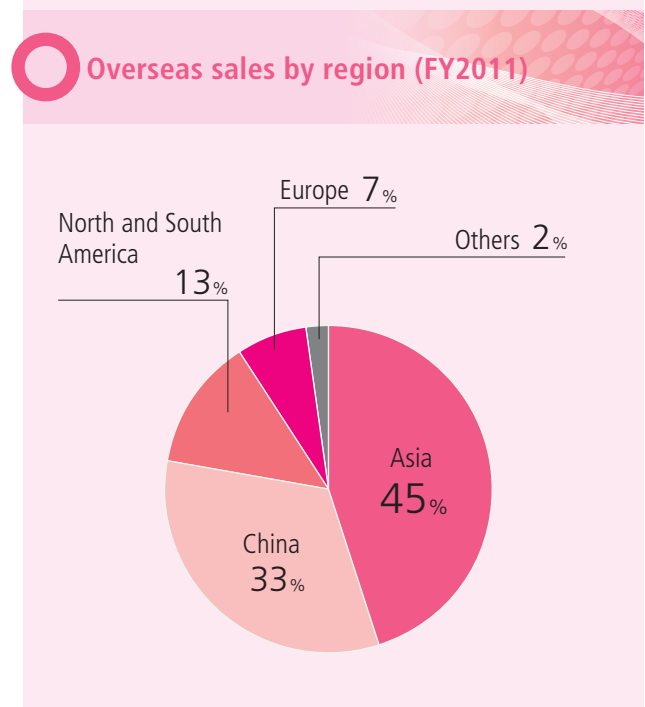
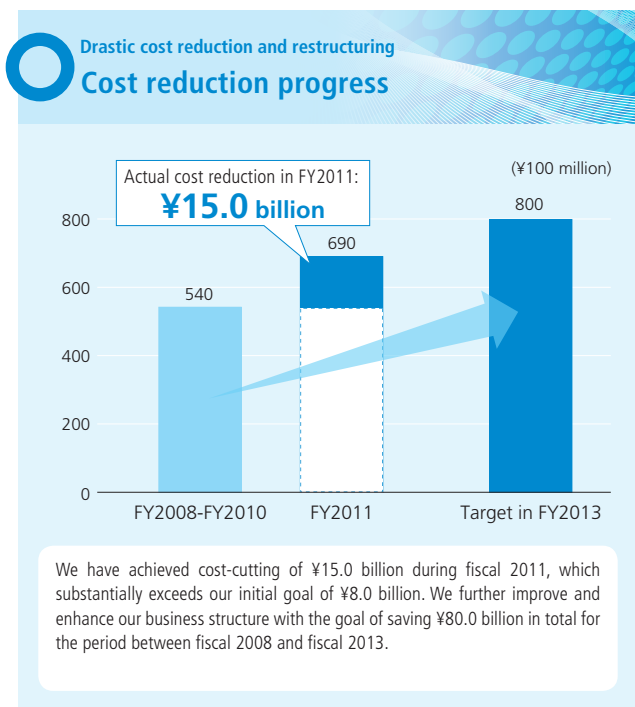
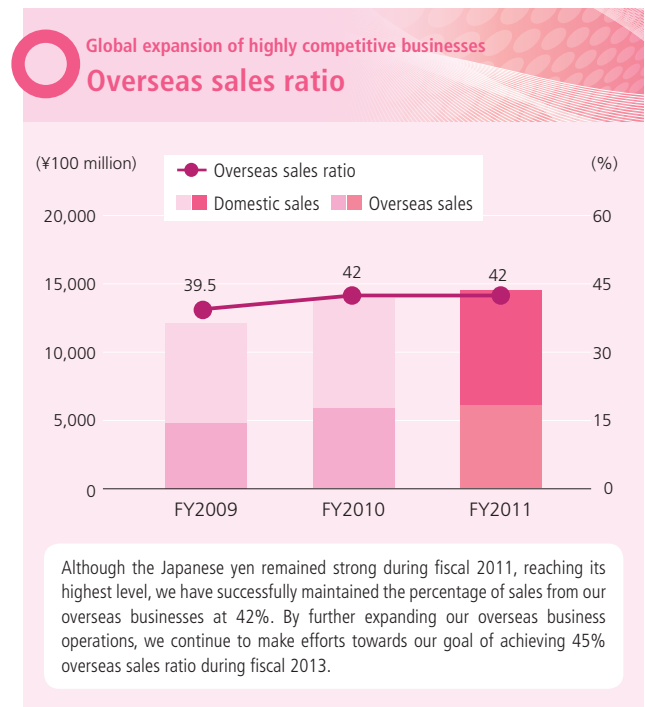
Agrochemical products May and September 2011

Investment in agrochemical manufacturing and distribution companies in Thailand and Brazil



Our wholly-owned subsidiary Mitsui Chemicals Agro, Inc. has acquired a 10% stake in Sotus International Co., Ltd. in Thailand and an 11.89% stake in Iharabras S.A. Indústrias Químicas in Brazil. We plan to expand our agrochemical business, which we regard as resilient to economic fluctuations, in these two countries where there have been economic booms.

Towards the Success of the 2011 Mid-Term Business Plan



Conclusion

During fiscal 2011, the global economy has been facing extremely tough challenges due to the economic slowdown triggered by the European financial crisis and the tightening of monetary policies among emerging countries, in addition to the Japanese yen soaring to its highest level and the effect of the floods in Thailand. Under such circumstances, the Group continues to make united and concerted efforts to become a globally renowned chemical company through the steady implementation of the basic strategies of its 2011 Mid-Term Business Plan. We hope that all of our shareholders will extend even greater support and encouragement to the Group.