



Business Performance of Mitsui Chemicals in Graphs

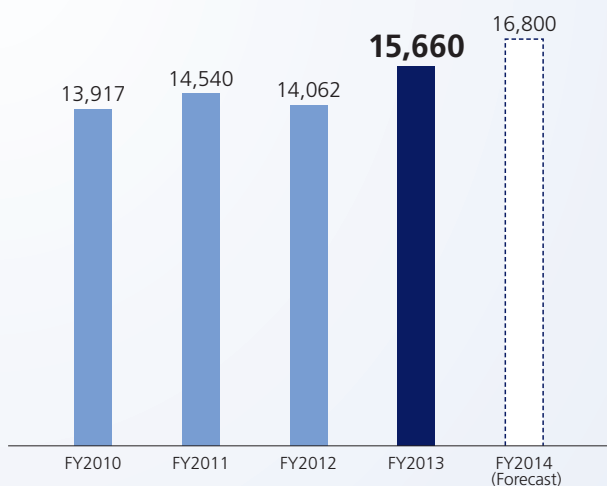


Introduction

The current state of our business is detailed in the "Business Report" attached to the Convocation Notice for the 17th Ordinary General Meeting of Shareholders. However, we have also prepared this document so that our shareholders can understand our business more easily. We hope that you find this helpful and informative.

Net sales

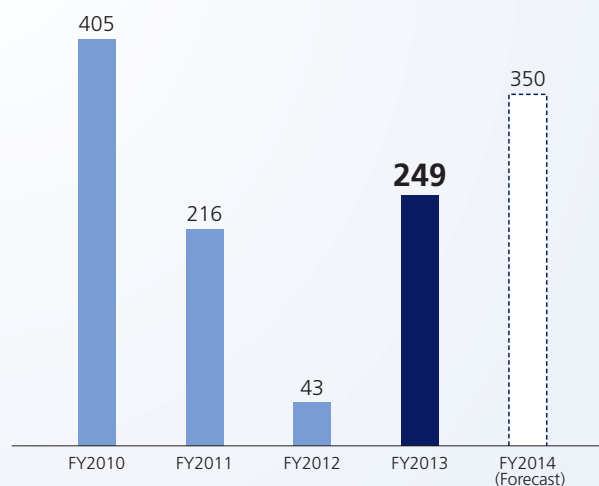
(¥100 million)



We posted net sales of ¥1,566.0 billion for fiscal 2013, up ¥159.8 billion from the previous fiscal year. This was mainly resulted from the following factors: the succession of the dental materials business under the functional chemicals business; increased sales in the functional polymeric materials business; higher prices of raw materials and fuels such as naphtha; and higher selling prices due to the impact of the weakening yen.

Operating income

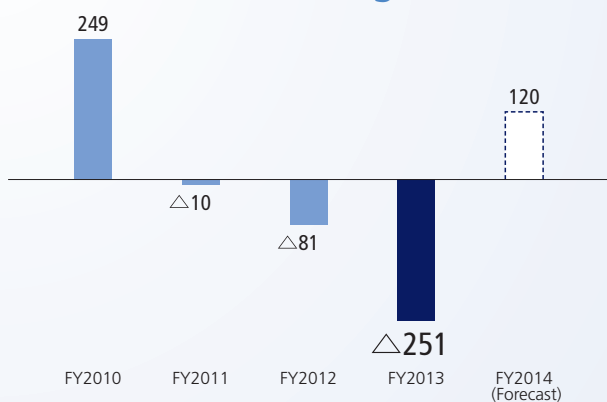
(¥100 million)



We posted operating income of ¥24.9 billion for fiscal 2013, up ¥20.6 billion from the previous fiscal year. This was mainly resulted from increased sales volumes in the businesses of functional chemicals and functional polymeric materials, as well as improved trading conditions for the petrochemicals business.

Net income and loss ; business restructuring costs

(¥100 million)



Business restructuring costs
 △¥13.9billion △¥9.9billion △¥36.8billion
 ← Aggregate total for three years: ¥60.6billion →

We had a net loss of ¥25.1 billion for fiscal 2013, down ¥17.0 billion from the previous fiscal year, mainly due to the recognition of extraordinary loss on a drastic restructuring of the bulk & commodity product businesses including polyurethane business and phenols business.

Achieved solid profit growth in the functional product businesses, while accelerating drastic restructuring measures

In fiscal 2013, the final year of our 2011 Mid-Term Business Plan, we achieved solid profit growth in the businesses of high functional products and high-value-added polymers by intensively inputting our management resources, in order to accelerate the restructuring of business portfolio. Meanwhile, we have recorded the costs of business restructuring on a continuous basis since fiscal 2011 as shown in the chart on the left. In fiscal 2013, we have determined to implement the drastic restructuring ahead of schedule, including the suspension of plants and the closing of works. This decision was made taking into consideration the continued harsh business environment for the bulk & commodity product businesses, resulting from a rapidly worsening balance of supply and demand triggered by new construction of facilities in China and other countries. As a result, we recorded a net loss of ¥25.1 billion in fiscal 2013. Therefore, we regretfully determined to omit the payment of a year-end dividend for the year. In fiscal 2014, we will make our utmost efforts towards a V-shaped turnaround as early as possible and resume the payment of dividends. We would like to ask for your continuous support in the years to come.

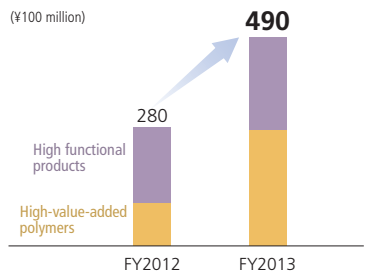
Aiming to become "New Mitsui Chemicals" that seeks solutions for social challenges through business activities



The final year of the 2011 Mid-Term Business Plan The progress of strategic measures in fiscal 2013

► Solid growth in the businesses of functional products

In fiscal 2013, as a result of our aggressive efforts to expand the high functional products businesses such as healthcare and agrochemicals as well as the high-value-added polymer businesses such as elastomers and polypropylene (PP) compounds, operating income for both of the fields was ¥49.0 billion, up 75% from the previous fiscal year. In addition, we have implemented strategic measures to strengthen the following businesses.



High functional products

- Acquisition of the dental materials business of Heraeus Holding GmbH (Germany, June 2013)
- Acquisition of DENTCA, Inc. (the U.S., June 2013)
- Established the operating site of SDC Technologies, Inc. (Singapore, October 2013)
- Decision on the construction of the world first, large-scale XDI plant (December 2013)
⇒ Further expanding the businesses of ophthalmic lens materials, coatings & engineering materials
- Commencement of commercial operations of high functional nonwoven fabrics (China, December 2013)



High-value-added polymers

- Expansion of production capacity of PP compounds (the U.S. and Mexico)
⇒ Aiming to achieve the world largest annual production capacity of one million tons by the end of fiscal 2014
- Expansion of production capacity of TAFMER™ (Singapore, February 2014)
- Ongoing construction of EPT plant (China)
- Ongoing construction of ADMER™ and MILASTOMER™ plant (China)
- Ongoing construction of Evolve™ plant (Singapore)
- Commencement of commercial operations of high functional packaging film T.U.X™ (Thailand, January 2014)



► Determining the acceleration of drastic measures for business restructuring

We have decided to implement drastic restructuring for the underperforming bulk & commodity product businesses (polyurethanes, phenols, and purified terephthalic acid), ahead of schedule, including the suspension of plants and the closing of works in Japan. We have also been actively working on the restructuring of the petrochemicals business.

Polyurethanes

- Suspension of TDI plant at Kashima Works (slated in around December 2016)
⇒ Closing of Kashima Works; Integrating TDI production at Omuta Works
- Conclusion of a basic agreement on the transfer of the organic acids business (May 2014) (production by contract until closing of Kashima Works)
- Suspension of MDI plant at Omuta Works (slated in around December 2016)



Phenols

- Suspension of phenol plant at Chiba Phenol Co., Ltd. (September 2014)
- Suspension of bisphenol A plant at Ichihara Works (March 2014)
⇒ Shift to production capability that matches the current domestic demand



Purified terephthalic acid

- Transfer of shares in P.T. Amoco Mitsui PTA Indonesia (February 2014)

Restructuring of the petrochemicals business

- Withdrawal from the business operations of Keiyo Ethylene Co., Ltd. (the end of fiscal 2014)
- Suspension of two polyethylene plants in Ichihara (April 2013 and December 2014)
- Suspension of one polypropylene plant in Ichihara (July 2013)

New Mid-Term Business Plan 2020

Creating new customer value

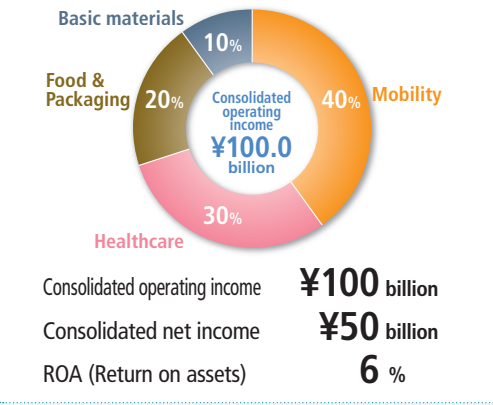
We have formulated a new Mid-Term Business Plan starting from fiscal 2014. First we established a Future Image of the Mitsui Chemicals Group, and then formulated a three-year mid-term business plan ending fiscal 2016 that serves as the first steppingstone to achieve the Future Image.

► Future Image of the Group

We aim to become a company that contributes to society through its business activities by combining our three dimensional activities of economy, environment and society to solve social challenges. To achieve this, we identified three targeted business domains that offer growth potential: that is, "Mobility" consisting mainly of automotive materials, "Healthcare" consisting of ophthalmic lens monomers, dental materials and nonwoven fabrics, and "Food & Packaging" consisting of food packaging materials and agrochemicals. We will also deploy business domain of "Basic Materials" consisting of commodity chemicals such as petrochemicals and basic chemicals that will support society and industries.



Image of business portfolio for around 2020



► 2014 Mid-Term Business Plan

Policies

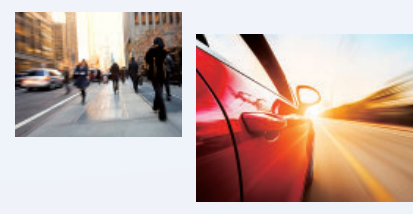
- Recover the earning power through vigorous restructuring of the bulk & commodity product businesses
- Recover growth investments planned and executed under the 2011 Mid-Term Business Plan
- Intensively input management resources in the targeted domains of "Mobility", "Healthcare" and "Food & Packaging" towards business portfolio transformation
- Accelerate the creation of new businesses and products
- Improve and strengthen the financial structure

Basic Strategies

Mobility

Achieving solid income growth by leveraging integrated strength

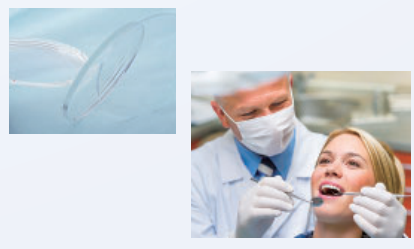
- Major businesses
- PP compounds
 - Coatings and engineering materials
 - Functional compounds
 - Functional polymers
 - Elastomers



Healthcare

Establishing a new growth platform

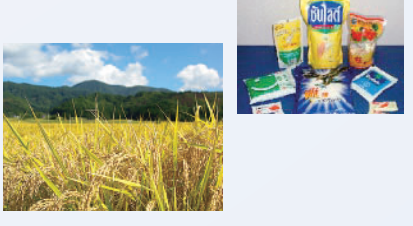
- Major businesses
- Ophthalmic lens monomers
 - Medical materials
 - Nonwoven fabrics
 - Dental materials



Food & Packaging

Securing business opportunities for a third earnings pillar

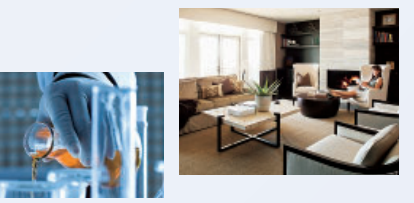
- Major businesses
- Evolve™
 - Agrochemicals
 - Films and sheets



Basic materials

Securing stable profits through restructuring

- Major businesses
- Olefin
 - Polyurethanes
 - Basic chemicals
 - Fine chemicals
 - Commodity polyolefin



Goals of fiscal 2016

Consolidated operating income: **¥60 billion**
Consolidated net income: **¥30 billion**
ROA (Return on assets): **4% or more**

Topics

High functional nonwoven fabrics

New facility in China started operations, aiming to capture the top share in Asia

In the disposable diaper markets of East and Southeast Asia, a significant increase in demand for high-quality, high functional nonwoven fabrics is expected, backed by the rapid pace of economic growth and high birth rates.

We started commercial operations of a new facility in China (Tianjin) for manufacturing high functional nonwoven fabrics in December 2013. In addition to the existing production bases in Japan and Thailand, the new plant will serve as a component of the tri-polar production system established in Asia.

As a result, the integrated production capacity achieved 94,000 tons per year, which enables the Mitsui Chemicals Group to strengthen its top share in Asia.



High functional film

Expanding the business of T.U.X™/Evolue™

Our new plant in Thailand for high functional packaging film "T.U.X™", which had been under construction, started commercial operations in January 2014. The product has excellent transparency, intensity and sealing performance, and is used to package frozen foods, liquids, and refills. The demand for T.U.X™ is expected to grow in Asia and other countries.

We will strive to increase our presence in the Asian market by steadily capturing growing demand in the region through the operations of the new plant.

In addition, we are constructing a new plant in Singapore for high performance polyethylene "Evolue™", one of our core products and the raw material of T.U.X™.

We expect to expand our business by making use of synergy effects through an established supply system ranging from raw material plastics to films produced by these two plants.



New T.U.X™ plant

Messages from the former and new presidents



Member of the Board (will assume the role of Senior Advisor on June 24, 2014)

Toshikazu Tanaka

On April 1, 2014, I retired from the position of president of Mitsui Chemicals. Based on our Mid-Term Business Plan, we have substantially expanded the businesses of high functional products and high-value-added polymers, taken the difficult decision to drastically restructure underperforming bulk & commodity product businesses, and built the foundation for our V-shaped turnaround.

In light of these developments, I have determined that it would be the best way to implement our new Mid-Term Business Plan under a new management team, and transferred my role to new president Tsutomu Tannowa. We have established a more effective management system by eliminating the post of chairman which gives the president full authority in order to accelerate the pace of decision-making process as well as reducing the number of directors (less one director). Under the new management system, we plan to conduct the re-engineering of corporate structure and culture.

Since my accession to office in 2009, we have encountered various challenges. Taking this opportunity, I would like to extend my sincerest thanks and appreciation to the shareholders who have offered their unfailing support for Mitsui Chemicals over these years.



President

Tsutomu Tannowa

I have succeeded the post of president from the former president Tanaka.

Mitsui Chemicals is now facing the need of reform that breaks all conventional rules, such as the restructuring of the bulk & commodity product businesses. I will make every effort to accomplish our restructuring measures at the earliest stage possible and maintain the pace of business growth, by motivating all employees to consistently contribute their best.

We kindly ask for our shareholders' continued cooperation and support while we together build a brighter and more prosperous future.

Career summary

- 1976 Joined Mitsui Toatsu Chemicals, Inc.
- 2005 General Manager of Industrial Chemicals Division
- 2007 Executive Officer, General Manager of Human Resources & Employee Relations Division
- 2010 Managing Executive Officer, Business Sector President of Basic Chemicals Business Sector
- 2012 Member of the Board and Managing Executive Officer
- 2013 Member of the Board and Senior Managing Executive Officer
- 2014 President & CEO