

Kumho Mitsui Chemicals to Augment MDI Production Capabilities

Mitsui Chemicals Polyurethanes Inc. (“MCPU”) and Korea Kumho Petrochemicals Co., Ltd. (“KKPC”), a subsidiary of Kumho Asiana Group, have reached a final agreement to augment the MDI (Diphenylmethane diisocyanate) production capacity of Kumho Mitsui Chemicals, Inc. (“KMCI”) from 65,000 tons/yr to 130,000 tons/yr. KMCI is a 50:50 joint venture company between MCPU and KKPC, which manufactures and sells MDI in Korea. Kumho Asiana Group is a large conglomerate in South Korea, with subsidiaries in a variety of industries such as chemicals, logistics, automotive, airline, and etc.

< Overview of the Augmentation >

1. Products: MDI (Diphenylmethane diisocyanate)
2. Site: Yeosu-City, Jeollanamdo-Province, Korea
3. Production Capacity: 130,000 tons/yr
(from 65,000 tons to 130,000 tons)
4. Completion: To be completed in June 2009

MDI is one of the major polyurethane materials which is applied to a variety of products, including automobile interior components, insulator for refrigerators, construction materials, SPANDEX® (elasticity textile), cold insulator used in LNG tankers in Korea. MDI market demands are expected to continuously grow going forward.

This augmentation will strengthen KMCI’s infrastructure enabling more stable supply to customers in Korea, and provide the company the best opportunity to consolidate its business stronghold in the Korean MDI Market.

Under the newly developed Grand Design (the basic framework of the MCI group management), MCI established its new corporate target (“Chemistry, Innovation, Dreams’ ~ The Mitsui Chemicals Group is Constantly pursuing innovation and materializing dreams with the wonder of chemistry ~.”) and its Long-term Management Target. To realize these new goals, MCI has made a fresh start with a new business portfolio (Performance Materials Business, Advanced Chemicals Business and Basic Chemicals Business). MCPU, as a member of the MCI group, aspires to strengthen the business of Performance Materials Business Sector.

<Overview of Kumho Mitsui Chemicals, Inc.>

1. Company Name: KUMHO MITSUI CHEMICALS, INC.
2. Businesses: Manufacturing and sales of MDI in Korea
3. Finalized Date for JV Establishment:
May 1988
4. Capital: 35,000 million Won
5. Equity Interest: Mitsui Chemicals Polyurethanes, Inc. 50%
Korea Kumho Petrochemical, Co., Ltd. 50%
6. President: Kim, Wan Jae
(executive vice president : Tadao Nakagawa)
7. Employees: 144