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June 11, 2004

**Mitsui Chemicals, Inc.**  
5-2, Higashi-Shimbashi 1-chome,  
Minato-ku, Tokyo, Japan  
Hiroyuki Nakanishi,  
President

**CONVOCAION NOTICE FOR  
THE 7TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

Notice is hereby given that the 7th Ordinary General Meeting of Shareholders will be held as detailed below, and your attendance is cordially requested.

In the event that you are unable to attend the meeting, you are kindly requested to examine the attached reference materials, indicate your preferences on the enclosed ballot, affix your signature (or registered seal) on the ballot and send it to us by June 28, 2004 by return mail.

\*Please note there is no ballot attached to this translation.

1. Date: Tuesday, June 29, 2004, 10 a.m.
2. Place: Zenshakyō Nadao Hall, Lobby floor of Shin-Kasumigaseki Bldg.,  
3-2, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo, Japan

3. Agenda:

- A. Reports Reports of the business report, the balance sheet and the statement of income for the 7th fiscal year (April 1, 2003 to March 31, 2004)
- B. Proposals
  - No. 1 Approval of the Proposed Appropriation of Retained Earnings for the 7th fiscal year
  - No. 2 Partial amendment of the Articles of Incorporation  
Details of this proposal are described in the "Reference Materials Concerning the Exercise of Voting Rights" attached hereto.
  - No. 3 Election of one (1) Statutory Auditor
  - No. 4 Presentation of retirement bonus to a retiring Director

End

Attendees are kindly requested to submit the enclosed ballot, completed, at the reception desk at the entrance to the meeting hall.

## REFERENCE MATERIALS

### CONCERNING THE EXERCISE OF VOTING RIGHTS

#### **1. Total number of voting rights held by shareholders: 757,456**

#### **2. Proposals and reference matters:**

##### **No. 1: Approval of the Proposed Appropriation of Retained Earnings for the 7th fiscal year**

The contents of the proposal are as stated on page 7.

As the year-end cash dividend for this term, the Company proposes ¥3.00 per share, in line with its policy of paying a steady dividend, bearing in mind the internal reserves needed to strengthen the Company's business foundation. Combined with the interim dividend of ¥3.00 per share that was already paid, this would result in total cash dividends for the term of ¥6.00 per share, the same as in the previous term.

As bonuses to Directors and Statutory Auditors, the Company proposes to allocate ¥42,660,000 for bonuses to Directors and ¥3,840,000 for bonuses to Statutory Auditors.

##### **No. 2: Partial amendment of the Articles of Incorporation**

###### **1. Reasons for the amendments**

- (1) With the implementation of the "Law Amending Part of the Commercial Code and the Law Concerning Special Measures under the Commercial Code with respect to Audit, etc. of Corporations" (Law No. 132 of 2003) on September 25, 2003, the acquisition by a company of its own shares by resolution of the Board of Directors, pursuant to the Articles of Incorporation, shall be permitted. Accordingly, it is proposed to establish a new provision as Article 6 (Acquisition of the Company's Own Shares) so that the Company can execute a flexible capital policy in response to changes in economic conditions.
- (2) To improve management flexibility through greater adaptability in the terms of office of Directors, the Company will change the terms of office of all members of the Board of Directors to end at the same time, and among newly appointed Directors, only the terms of office of Directors newly appointed to take the place of a retired Director shall be until the end of the term of office of the retired Director. For this purpose, it is proposed to amend Article 18 (Term of Office of Directors) of the present Articles of Incorporation.
- (3) With the implementation of the "Law Amending Part of the Commercial Code, etc." (Law No. 128 of 2001) on April 1, 2002, "convertible bonds" were abolished and "bonds with stock acquisition rights" were created. As a result, it became unnecessary to stipulate in the Articles of Incorporation when the new shares to be issued upon exercise of stock acquisition rights shall be deemed issued with respect to dividend payments. Furthermore, all of the convertible bonds issued prior to the enforcement of the Law were redeemed at maturity by March 31, 2004. Accordingly, it is proposed to delete Article 31 (Exception to Dividends) of the present Articles of Incorporation.
- (4) Article numbers will be changed in accordance with the establishment of new articles.

2. Contents of the amendments

It is proposed that the present Articles of Incorporation be amended as follows:

(Underlines show amended portions)

Present Articles of Incorporation	Articles of Incorporation after Amendment
<p style="text-align: center;">(New article)</p> <p><b>Article 18 - (Term of Office of Directors)</b>            The term of office of a Director shall be up to the closing of the ordinary general meeting of shareholders held with respect to the last settlement of accounts within two (2) years after the assumption of office. <u>Provided, however, that in the event of an election of only a part of the Directors, the term of office shall be the same as the remainder of the term of office of the other Directors then in office.</u></p> <p><b>Article 31 - (Exception to Dividends)</b>  <u>For the purposes of the first dividend or the interim dividends set forth in the immediately preceding Article payable upon the shares issued upon conversion of the convertible debentures, such conversion shall be deemed to have been effected on April 1 in case the request for conversion is made between April 1 and September 30 and on October 1 in case such request is made between October 1 and March 31 of the following year, and such dividends shall be paid accordingly.</u></p>	<p><b>Article 6 - (Acquisition of the Company's Own Shares)</b>  <u>The Company may, by resolution of the Board of Directors, acquire its own shares as provided in Article 211-3, Section 1, Sub-section 2 of the Commercial Code.</u></p> <p>(The present Articles 6 through 17 will each be brought down one article.)</p> <p><b>Article 19 - (Term of Office of Directors)</b>  <u>The term of office of a Director shall be up to the closing of the ordinary general meeting of shareholders held with respect to the last settlement of accounts within two (2) years after the assumption of office. Provided, however, that the term of office of a Director newly appointed to take the place of a retired Director shall be until the end of the term of office of the retired Director.</u></p> <p>(The present Articles 19 through 30 will each be brought down one article.)</p> <p style="text-align: center;">( Omitted )</p>

**No. 3: Election of one (1) Statutory Auditor**

The term of office of Statutory Auditor Kazuhiro Asano will expire at the close of the 7th Ordinary General Meeting of Shareholders. The Company therefore proposes the election of one (1) Statutory Auditor.

The consent of the Statutory Auditors has been obtained for this proposal.

The Statutory Auditor candidate is as follows:

Name (Date of Birth)	Career Summary and Status as Company Representative	Number of Shares of the Company Owned
Kazuhiro Asano (October 28, 1937)	1997 Standing Auditor of the Company (to present)	22,105

Note: There are no special interests between the Statutory Auditor candidate and the Company.

**No. 4: Presentation of retirement bonus to a retiring Director**

Masafumi Kataita will retire as Director at the close of the 7th Ordinary General Meeting of Shareholders.

The Company proposes to present a retirement bonus to this Director in reward for his service during his term of office.

The presentation will be made in accordance with the rules for Directors' retirement bonuses decided by the Board of Directors on May 26, 1999. The exact amount of the bonus, the time and method of presentation, and other details will be entrusted to the Board of Directors.

A career summary of the retiring Director is as follows:

Name	Career Summary
Masafumi Kataita	1997 Director of the Company 2001 Managing Director of the Company 2003 Senior Managing Director of the Company (to present)

End

**Balance Sheet**  
As of March 31, 2004

(Millions of yen)

Item	Amount	Item	Amount
<b>ASSETS</b>	<b>880,265</b>	<b>LIABILITIES</b>	<b>526,104</b>
<b>Current Assets:</b>	<b>288,278</b>	<b>Current Liabilities:</b>	<b>287,113</b>
Cash and time deposits	6,911	Trade accounts payable	99,799
Trade notes receivable	613	Short-term bank loans	53,607
Trade accounts receivable	147,448	Commercial paper	26,000
Finished goods	57,838	Current portion of bonds	50,000
Work in process	2,654	Accounts payable—other	26,322
Raw materials	15,580	Income taxes payable	2,637
Supplies	11,130	Accrued expenses	13,417
Prepaid expenses	986	Deposits received	13,330
Advance money	24,244	Reserve for periodic repairs	1,875
Deferred tax assets	8,204	Other	126
Other	13,406		
Allowance for doubtful accounts	(736)	<b>Long-term Liabilities:</b>	<b>238,991</b>
		Bonds	140,000
<b>Fixed Assets:</b>	<b>591,987</b>	Long-term debt	38,995
Property, plant and equipment	346,245	Accrued retirement benefits	57,221
Buildings	59,577	Reserve for periodic repairs	1,707
Structures	28,154	Other	1,068
Machinery and equipment	78,795		
Transportation equipment	163	<b>SHAREHOLDERS' EQUITY</b>	<b>354,161</b>
Tools, furniture and fixtures	5,820	<b>Common Stock</b>	<b>103,226</b>
Land	159,404		
Construction in progress	14,332	<b>Capital Surplus:</b>	<b>66,912</b>
Intangible fixed assets	19,576	Capital reserve	66,901
Patent and technology licenses	546	Other capital surplus	11
Licenses	1,466	Gain on disposal of treasury stock	11
Software	17,564		
Investments and other assets	226,166	<b>Retained Earnings:</b>	<b>172,815</b>
Investment securities	58,690	Legal reserve	12,494
Investment in common stock of affiliated companies	131,552	Voluntary reserves	143,822
Investment in affiliated companies	612	Reserve for reduction of acquisition cost of fixed assets	5,280
Long-term loans	1,808	Reserve for special depreciation	472
Long-term prepaid expenses	1,160	Reserve for dividends	10,000
Deferred tax assets	25,789	General reserve	128,070
Other	9,434	Unappropriated retained earnings at the end of the term	16,499
Allowance for doubtful accounts	(2,879)		
		<b>Unrealized Gain on Securities</b>	<b>12,827</b>
		<b>Treasury Stock</b>	<b>(1,619)</b>
Total	<b>880,265</b>	Total	<b>880,265</b>

**Statement of Income**  
(April 1, 2003 to March 31, 2004)

(Millions of yen)

Item	Amount	
<b>Ordinary Profit and Loss</b>		
Operating revenue, costs and expenses:		
Operating revenue:		718,405
Net sales	718,405	
Operating costs and expenses:		690,159
Cost of sales	581,894	
Selling, general and administrative expenses	108,265	
Operating income		28,246
Non-operating income and expenses:		
Non-operating income:		14,436
Interest and dividends income	8,633	
Other	5,803	
Non-operating expenses:		11,833
Interest expenses	4,561	
Other	7,272	
Ordinary income		30,849
<b>Extraordinary Profit and Loss</b>		
Extraordinary profit:		5,934
Gain on sale of property, plant and equipment	731	
Gain on sale of investment securities	2,957	
Gain on sale of stock of affiliated companies	1,975	
Gain on retirement of stock of affiliated companies	271	
Extraordinary loss:		30,429
Loss on disposal of property, plant and equipment	8,834	
Loss on sale of property, plant and equipment	131	
Loss on valuation of investment securities	242	
Loss on restructuring of subsidiaries and affiliates	8,515	
Net retirement benefits obligation at transition	6,744	
Special retirement payments	4,977	
Others	986	
Income before income taxes		6,354
Current income taxes	4,170	
Deferred income taxes	(4,725)	(555)
Net income		6,909
Retained earnings brought forward		11,949
Interim dividends paid		2,359
Unappropriated retained earnings at end of term		16,499

## Proposed Appropriation of Retained Earnings

(Yen)

Appropriation of unappropriated retained earnings:	
Unappropriated retained earnings at the end of the term	16,498,619,391
Transfer from reserve for reduction of acquisition cost of fixed assets	911,079,443
Transfer from reserve for special depreciation	167,886,443
Total	
	17,577,585,277
To be appropriated as follows:	
Dividends (¥3.00 per share)	2,358,321,786
Bonuses for members of the Board of Directors	42,660,000
Bonuses for Statutory Auditors	3,840,000
General reserve	3,000,000,000
Unappropriated retained earnings carried forward to the next term	12,172,763,491
Total	
	17,577,585,277
Appropriation of other capital surplus	
Other capital surplus	11,254,245
To be appropriated as follows:	
Other capital surplus carried forward to the next term	11,254,245

Note: Interim dividends totaling ¥2,359,009,401 (¥3.00 per share) were paid on December 11, 2003.

**Consolidated Balance Sheet (Summary)**  
As of March 31, 2004

(Hundreds of millions of yen)

Item	Amount	Item	Amount
<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Current Assets:</b>	<b>4,405</b>	<b>Current Liabilities:</b>	<b>4,409</b>
Cash and time deposits	281	Notes and accounts payable - trade	1,363
Notes and accounts receivable - trade	2,113	Short-term bank loans	1,502
Inventories	1,532	Commercial paper	277
Other	479	Current portion of bonds	531
<b>Fixed Assets:</b>	<b>7,480</b>	Other	736
<b>Property, plant and     equipment</b>	<b>5,488</b>	<b>Long-term Liabilities:</b>	<b>3,253</b>
Buildings and structures	1,225	Bonds	1,413
Machinery and transportation equipment	2,078	Long-term debt	1,103
Land	1,900	Other	737
Other	285		
<b>Intangible fixed assets</b>	<b>323</b>	<b>Total Liabilities</b>	<b>7,662</b>
<b>Investments and other assets</b>	<b>1,669</b>	<b>Minority Interests</b>	<b>389</b>
Investment securities	1,188		
Other	481	<b>SHAREHOLDERS' EQUITY</b>	
		<b>Common Stock</b>	<b>1,032</b>
		<b>Capital Surplus</b>	<b>669</b>
		<b>Retained Earnings</b>	<b>2,101</b>
		<b>Unrealized Gain on Securities</b>	<b>140</b>
		<b>Foreign Currency Translation   Adjustment</b>	<b>(84)</b>
		<b>Treasury Stock</b>	<b>(24)</b>
		<b>Total Shareholders' Equity</b>	<b>3,834</b>
		<b>Total Liabilities, Minority   Interests and Shareholders'   Equity</b>	<b>11,885</b>
<b>Total Assets</b>	<b>11,885</b>		

Note: Amounts less than one hundred million have been rounded down to the nearest whole number.



**Consolidated Statement of Income (Summary)**  
(April 1, 2003 to March 31, 2004)

(Hundreds of millions of yen)

Item	Amount
<b>Net sales</b>	<b>10,895</b>
Operating costs and expenses	10,356
<b>Operating income</b>	<b>539</b>
Non-operating income	119
Non-operating expenses	181
<b>Ordinary income</b>	<b>477</b>
Extraordinary profit	53
Extraordinary loss	308
<b>Income before income taxes</b>	<b>222</b>
Current income taxes	111
Deferred income taxes	(32)
Minority interest in consolidated subsidiaries	18
<b>Net income</b>	<b>125</b>

Note: Amounts less than one hundred million have been rounded down to the nearest whole number.

**Consolidated Statements of Cash Flows (Summary)**  
(April 1, 2003 to March 31, 2004)

(Hundreds of millions of yen)

Item	Amount
<b>Cash flows from operating activities</b>	<b>822</b>
<b>Cash flows from investing activities</b>	<b>(258)</b>
<b>Cash flows from financing activities</b>	<b>(543)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(7)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>14</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>266</b>
<b>Adjustment of cash and cash equivalents due to change in scope of consolidation</b>	<b>0</b>
<b>Cash and cash equivalents at end of year</b>	<b>280</b>

Note: Amounts less than one hundred million have been rounded down to the nearest whole number.