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## **Study for unification of naphtha cracker operations in Mizushima**

Mitsubishi Chemical Holdings Corp.  
Asahi Kasei Corp.

Mitsubishi Chemical Holdings and Asahi Kasei are studying the unification of the naphtha cracker operations of Mitsubishi Chemical Corp. (subsidiary of Mitsubishi Chemical Holdings, hereafter collectively "Mitsubishi Chemical") located in Mizushima and the naphtha cracker operations of Asahi Kasei Chemicals Corp. (subsidiary of Asahi Kasei, hereafter collectively "Asahi Kasei") located in Mizushima. If as a result of this study an agreement is reached to proceed with such unification, an additional announcement will be made without delay.

Formulating measures to heighten competitiveness has become an urgent imperative for the Japanese petrochemical industry, particularly since the broad decline in demand which began last autumn as an effect of the global economic crisis, and with the prospect of significant global overcapacity as large-scale petrochemical facilities are scheduled to begin operation shortly in the Middle East and elsewhere.

Mitsubishi Chemical and Asahi Kasei have together implemented a range of measures to heighten the competitiveness of their petrochemical complexes located adjacently in the Mizushima industrial zone of Kurashiki, Okayama, Japan, both independently and in concert with the Research Association of Refinery Integration for Group-Operation (RING). It was nevertheless determined that only the unification of naphtha cracker operations would enable the establishment of an optimum and efficient production and management configuration which would raise competitiveness and secure profitability such that long-term survival may be ensured in the face of increasingly severe global competition.

### *Essentials of the study under consideration*

- Mitsubishi Chemical and Asahi Kasei to establish a joint-venture company to perform unified operation of their respective naphtha crackers in Mizushima.
- The optimization of naphtha cracker facilities will be effected within three years. The specifics of any consolidation of facilities are undecided at this time. Study will proceed in consideration of relationships with the customers of the two parties.
- Derivatives from the products of naphtha cracking are excluded from the scope of the present study. Each party will independently determine its own optimum production balance.

The two parties are committed to advancing this study as swiftly as possible, and plan to sign a letter of intent at such time as agreement is reached.

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