Presentation for

**Analyst Meeting**

May 31, 2006

Ryuichi Tomizawa
President & CEO
Mitsubishi Chemical Holdings Corporation
Agenda

- Financial Results for FY2005 Ended March 2006
- KAKUSHIN Plan: Phase 2
  - Concept
  - Progress
Agenda

- Financial Results for FY2005 Ended March 2006
  - KAKUSHIN Plan: Phase 2
    - Concept
    - Progress
Policies and Measures Taken in FY2005

1. Established Mitsubishi Chemical Holdings Corporation

2. Continued business portfolio restructuring and executed capital investment

3. Strengthened technology platforms and invested in focused R&D areas

- Further strengthened projects in the focused R&D areas.
  (Solid state lighting display, Polymer for automobiles, Display materials, Sustainable resources, Drug discovery support)

- Launched studies on new business innovation at a long-term perspective.

- Combined laboratories (21 to 7 laboratories) and reinforced human resource development.
Agenda

- Financial Results for FY2005 Ended March 2006
- KAKUSHIN Plan: Phase 2
  - Concept
  - Progress
KAKUSHIN Plan: Phase 2  Concept

Mitsubishi Chemical Holdings Group will promote sustainable growth through Waves of Change (‘KAKUSHIN’)

- Restructure business portfolios

- Enlarge presence in a global market by reinforcing competitive edge in ‘technology’ and ‘business’ as the source of growth
Basic Strategy for Global Business Development

**Japanese Market Development**

- **MCHC Group**
  - Collaborative innovation with customers applying our cutting edge proprietary technologies
  - Production of value-added materials and components/devices
  - Support our customers’ competitiveness in business development

**Overseas Market Development**

- Value-added materials and components/devices are supplied by MCHC Group, which are globally marketed through our customers’ global business development.
  (Our customers: automotive and electronics industries)

- Growing markets are deployed by MCHC Group with our own value-added materials and components/devices and marketing strategy.
  (Our businesses: DVD, Purified terephthalic acid, Pharmaceuticals)

Mother Laboratory: Innovative product development with competent technologies by capturing various market needs in advance.

Mother Plant: Pilot plant or production facility which produce and demonstrate competitive production technologies.
Strengthen Mother Laboratories

Innovative product development with competent technologies by capturing various market needs in advance.

Mother Laboratories

Yokohama  Tsukuba  Yokkaichi

Interdisciplinary Technologies
Inclusive Production Design
Strategic IP Policy
Establish Customer Laboratory

Collaborative innovation with customers in their local areas.

- : Automotive industry
- : Electronics industry

Yokkaichi
- Polymers
  - Mitsubishi Chemical Corporation
  - Mitsubishi Chemical Group Science and Technology Research Center, Inc.
  - Japan Polypropylene Corporation
  - Techno Polymer Co., Ltd.
  - V-Tech Corporation
  - Japan Epoxy Resins Co., Ltd., etc.

Tsukuba
- Battery materials
- Solid state lighting display materials

Yokohama
- Technology platforms
  (Analysis, Simulation)
**Mother Plants**

- Respond swiftly to production of next generation products
- Develop advanced technologies outclassed others with customers

<table>
<thead>
<tr>
<th>Businesses</th>
<th>Mother Plants</th>
<th>Technologies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optical Recording Media</td>
<td>Singapore* Mizushima *Function as a part of mother labs. (Tsukuba)</td>
<td>- Establish mass production technology for the world’s first new media.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Produce stampers.</td>
</tr>
<tr>
<td>Organic Photo Conductors</td>
<td>Odawara</td>
<td>- Establish cutting edge technologies in multicolor and high-resolution technologies.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Respond to advanced performance requirements.</td>
</tr>
<tr>
<td>Li-ion Battery Materials</td>
<td>Yokkaichi Sakaide</td>
<td>- Assemble advanced technologies outclassed others.</td>
</tr>
<tr>
<td>Polypropylene</td>
<td>Kashia Goi Mizushima</td>
<td>- Establish advanced production technology for well designed polymer. (Polymer design, Compounding technology)</td>
</tr>
<tr>
<td>Polycarbonate</td>
<td>Kuroasaki</td>
<td>- Proprietary production process technology for DPC and melt polymerized PCR.</td>
</tr>
</tbody>
</table>
Support Customers’ Global Market Development

Our businesses:
Automotive and electronics industries

Collaborative Innovation

Customers

- Li-ion battery materials
- Aluminum fiber
- PP compounds
- etc.

Global Development

- Color resists
- Phosphors
- Polyester films
- Carbon fibers
- Organic Photo Conductors
- Toners

Make our customers become front-runners.
PP Compounds

Mother Laboratory (Yokkaichi)

Customer Laboratory (Yokkaichi)

Advanced polymer design technology
Compounding technology

Mother Plants

Neat PP Compounding

Advanced technologies outclassed others

Domestic Business Development

Global Business Development
(Mytex Polymers General Partnership)
(Mytex Polymers Asia Pacific Private Limited)
Global Market Development with Proprietary Technologies (1)

DVD: The most prompt proprietary R&D, marketing, and branding

- Star: Sales company
- Yellow: Mother Laboratory
- Green: Mother Plant

MKM/Verbatim
- 2005: 17%
- 2004: 15%
- 2003: 16%
- 2002: 13%

World’s top share for the fourth consecutive year
Purified terephthalic acid: Business expansion in the growing Asian market.

World’s first technology, customer exploration, and overseas business operation

PTA demand
- 500kt
- 1,000kt
- 2,000kt
- 3,000kt
- 5,000kt
- 5,000kt<

Production capacity of plant (10,000 ton/year)
Agenda

- Financial Results for FY2005 Ended March 2006
- KAKUSHIN Plan: Phase 2
  - Concept
  - Progress
KAKUSHIN Plan: Phase 2 Business Portfolio

**Nurture**
- Li-ion battery materials for hybrid electric vehicle
- Polymer for automobile
- FPD and Lighting devices
- Nanotechnology
- Non-depletion materials
- Drug discovery support

**Concentration**
- Pharmaceuticals
- Information & Electronics
- Petrochemicals Focused Areas

**Foundation**
Support concentration & nurture businesses

**Restructuring**
## Portfolio Restructuring in Progress

(Launch/Decision in FY2005)

<table>
<thead>
<tr>
<th>Major items</th>
<th>Petrochemicals</th>
<th>Performance and Functional Products</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expansion of Capacity or Increasing of Efficiency</strong></td>
<td><strong>Japanese Market</strong></td>
<td><strong>Polypropylene</strong> (Kashima) <strong>Polycarbonate</strong> (Kurosaki) <strong>Ethylene</strong> (Mizushima)</td>
</tr>
<tr>
<td></td>
<td><strong>Global Market</strong></td>
<td><strong>Purified terephthalic acid</strong> (India) <strong>Polycarbonate, BPA</strong> (China) [at the stage of feasibility study]</td>
</tr>
<tr>
<td><strong>Acquisition</strong></td>
<td><strong>PP compounds</strong> (USA and Singapore)</td>
<td><strong>Customer Laboratory</strong> (Yokkaichi) <strong>Blu-ray disc</strong> (Mizushima) <strong>Display components for LCDs</strong> <strong>Chemical toner</strong> <strong>Almina fiber for automobiles</strong></td>
</tr>
<tr>
<td></td>
<td>⬤ <em>Mytex Polymers General Partnership</em></td>
<td><strong>HD DVD</strong> (Singapore) <strong>OPC</strong> (USA, Singapore) <strong>Performance polymer for air bag covers</strong> (USA) (April 2006)</td>
</tr>
<tr>
<td></td>
<td>⬤ <em>Mytex Polymers Asia Pacific Private Limited</em></td>
<td></td>
</tr>
<tr>
<td></td>
<td>⬤ Wholly owned subsidiaries of MCC</td>
<td></td>
</tr>
<tr>
<td><strong>Transfer</strong></td>
<td><strong>Dia-Nitrix Co., Ltd.</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>⬤ Minor affiliate of MCC</td>
<td></td>
</tr>
<tr>
<td><strong>Withdrawal</strong></td>
<td><strong>Linear alkylbenzene</strong> <strong>Styrene monomer</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>⬤ <em>Yuka Seraya Private Limited</em></td>
<td></td>
</tr>
<tr>
<td></td>
<td>⬤ <em>Melamine</em></td>
<td></td>
</tr>
</tbody>
</table>
# Capital Investment and Loan in Progress

(Launch/Decision in FY2005)

<table>
<thead>
<tr>
<th>Major Items</th>
<th>Three-year Plan (Billions of yen)</th>
<th>Progress (%)</th>
<th>Performance Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase of production capacity</td>
<td>150</td>
<td>73</td>
<td>Petrochemicals</td>
</tr>
<tr>
<td>Purified terephthalic acid (India)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Polycarbonate (Kurosaki)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Polypropylene (Kashima)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethylene (Mizushima)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PP compounds (Mytex Polymers General Partnership)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mytex Polymers Asia Pacific Private Limited</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>[Information and electronics]</td>
<td></td>
<td></td>
<td>Performance Products</td>
</tr>
<tr>
<td>New production</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Next generation optical discs (Singapore, Mizushima)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase of production capacity</td>
<td>125</td>
<td>34</td>
<td>Functional Products</td>
</tr>
<tr>
<td>OPC (USA, Singapore), Chemical toner</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Materials and components for LCDs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Polyester films, Color resists, phosphors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan Epoxy Resins Co., Ltd.  Wholly owned subsidiary of MCC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>[Automobiles]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New production</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alumina fiber (MAFTEC) (Sakaide)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health Care</td>
<td>40</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Renewal</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apparatuses for pharmaceuticals, diagnostics and testing, etc.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services/Corporate</td>
<td>45</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>New construction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Laboratory (Yokkaichi)*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>*Support concentrated businesses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>360</td>
<td>50</td>
<td></td>
</tr>
</tbody>
</table>

*Support concentrated businesses
Petrochemicals Segment
Business Perspective and Strategy

May 31, 2006

Tokio Niikuni
Managing Executive Officer
Mitsubishi Chemical Corporation
Agenda

- **Segment Policy**
- Segment Strategy
- Business Strategies
  - Polymers
  - Monomers
  - Olefins and Aromatics
- **Summary**
Segment Policy

To maximize the profit,
the Petrochemicals Segment will
“expand the core businesses globally”
and
“reinforce the business infrastructure in Japan”,
taking advantage of its
human capital and technology.
Leveraging our strengths focusing on the Asian market.

### Core Businesses

<table>
<thead>
<tr>
<th>Core Businesses</th>
<th>Investment Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purified terephthalic acid</td>
<td>• Boost the capacity in Asia</td>
</tr>
<tr>
<td>Polypropylene &amp; Performance polymers</td>
<td>• Expand the domestic and overseas capacity</td>
</tr>
<tr>
<td></td>
<td>• Establish the supply network of PP compounds across Japan, Asia, US &amp; Europe</td>
</tr>
<tr>
<td></td>
<td>• Develop the supply network of thermoplastic elastomers worldwide</td>
</tr>
<tr>
<td>PC/Phenol chain</td>
<td>• Increase the domestic and overseas capacity</td>
</tr>
<tr>
<td>1,4-BG &amp; PTMG</td>
<td>• Construct new production facility in Asia</td>
</tr>
</tbody>
</table>
Strengthen Kashima and Mizushima as the leading petrochemical complexes in Asia.

Goals

- Increased capacity for valuable fractions (propylene, benzene, paraxylene)
- Diversified sources of feedstocks
- Maximized value of the overall complex

Methods

- Accelerate cooperation across the complex (e.g. Kashima Hydrocarbon Project)
- Optimize the total production system
- Develop novel production technologies for olefins & aromatics

Reinforce Business Infrastructure in Japan
Agenda

- Segment Policy
- **Segment Strategy**
- Business Strategies
  - Polymers
  - Monomers
  - Olefins and Aromatics
- Summary
Pursue the Growth Opportunities in Asia

“Mega and high-growth” market

Demand forecast of the ethylene derivatives (as ethylene)

- **W. Europe**: 2.1% AAGR
- **CIS/ E.Europe**: 8.6% AAGR
- **NAFTA**: 3.1% AAGR
- **Africa**: 3.9% AAGR
- **Middle East**: 12.4% AAGR
- **South America**: 6.7% AAGR
- **Asia Pacific**: 4.8% AAGR

(source: METI)
Focus on the Cutting-edge Applications in Japan

- Our customers in Japan are the global front-runners

**Market size and concentration**

**2005 Per Capita GDP**

- Japan
- Singapore
- Korea
- Taiwan
- Malaysia
- Thailand
- China
- Indonesia
- Philippines
- India
- Vietnam

(Source: IMF)

**Advanced technology**

**World Production of Passenger Cars**

(Source: OICA)
Our Competences Are:

**Our customers** who lead the global market with their cutting-edge technologies

**Competent technologies and strategic marketing** to answer our customers’ evolving needs

Two chemical complexes as core **business assets**
Against the Big-wave from the Middle East

Ethylene competitiveness in Asia/Middle East

In case all available ethane are converted to petrochemicals, we will make Kashima & Mizushima into the leading petrochemical complexes in Asia to overcome the uncertainty due to increasing capacity and fluctuating demand.

(Source: MCC Estimates)
Leverage Our Strengths to Grow with Customers

- Enhance the cost competitiveness to ensure the profitability

- Meet the customers’ expectations through innovation across the wide range of products

- Develop the businesses globally applying business know-how and technology established in Japan
Agenda

- Segment Policy
- Segment Strategy
- **Business Strategies**
  - Polymers
  - Monomers
  - Olefins and Aromatics
- Summary
Generate 60% of domestic revenues

Petrochemicals business in Japan

- Naptha
- Kerosene
- Gasoil etc.
- C2
- C3
- C4
- Bz
- Xyl
- C2·C3: 0.7 MMTA
- Aromatics: 0.25 MMTA

3.8 MMTA
2.2 MMTA
1.7 MMTA
2.0 MMTA

Monomers
Polymers

Customers
Polymers: Competitiveness

Satisfy customers’ cutting-edge needs by:
- Unique ideas and technologies
- Faster innovation than others

Lead the global competition by enhanced capabilities in technology and marketing

Customer Laboratory (Yokkaichi)

Joint-development through the “Integration” or “SURIAWASE” between MCC technology and customers’ products by exchanging ideas and sharing information:

- Material Design Technology
- Manufacturing and Processing Technology
- Performance Evaluation
Polymers: Why Capturing the Cutting-edge Needs?

Product lifecycle:

- **Pioneering**
- **Growth**
- **Mature**

**Market size**

**Profitability**

- Polymer product has a peak in profitability.
  - Must deliver the next generation products timely.

- Slower entry can not secure the profit peak.
  - Must become the pioneer in the lucrative markets.
Polymers: Cutting-edge Needs and Production Capacity

4,000KTA

**PP**
- Polypropylene filler composite sheet
- BC8 bumper
- Instrumental panel

1980

**1990**
- TPO bumper
- Multi-layer barrier sheet
- EPP non-woven
- TSOP High-transparency sheet

2000

**Introduction of Polymer Compounds**

400KTA

**PC**
- Synthetic paper
- Medical syringe
- BOPP

1970

- Alternative glass for automotives
- DVD
- Glass lens

**Changing needs**

- Glowing market
- **Polymers: Cutting-edge Needs and Production Capacity**

**Changing needs**

- Glowing market

**Polymers: Cutting-edge Needs and Production Capacity**
Polymers: Strategic Business Consolidation

- **PVC**
  - 1996: MCC
  - 2000: V-Tech
  - 2004: 14%

- **PE**
  - 2000: MCC
  - 2002: Japan Polyolefines
  - 2004: Japan Polyethylene
  - 2006: 33%

- **PP**
  - 2002: MCC
  - 2004: Japan Polypropylene
  - 2006: 34%

- **PS**
  - 2004: Asahi Kasei
  - 2006: A&M Styrene
  - 2008: PS Japan
  - 2009: 44%

- **ABS**
  - 2004: JSR
  - 2006: Techno Polymer
  - 2008: KANEKA
  - 2009: 33%
Polymers: Results of Business Consolidation

- Upward trend of consolidated operating income of polymer businesses.
Polymers: Investment for Growth

- Investment decisions made in FY2005
  
  - Polypropylene new 300KTA train – Kashima
  - Polycarbonate chain – Kurosaki; China
  - Automotive compounds – worldwide
    - Buy out PP compounds JV from ExxonMobil
    - Boost TPE capacity in the U.S.

Continue to strengthen polymer businesses
Polymers: Strategy for the Next Stage

Strengthen polymer businesses

Exploit potential by integration

From “standalone” to “Network”

From “single-eye” to “compound-eye approach”
Polymers: Customer Relationship is Our Key for Success

**Identify customer needs** and translate the needs to technological terms

**Propose alternative materials** to capture the emerging needs

Create value by providing **solution package** of products and technology

**Strong businesses**

- PP
- PC
- PPE/PA
- inside PP/LGF

- Coating
- e.g. ABS → PP

**Customer Lab**

**Output**

**Time**
Polymers: Expectation for Future Growth

- Revenues from automotive applications

![Bar chart showing revenues from automotive applications from 2004 to 2015.](chart.png)

- Other newly-developed materials
- New polymers
- Battery materials
- Other present products
- Existing polymers
## Polymers: Strategic Investments in FY2005

### PC Chain: Kurosaki & China
- Novel melt process technology with low cost, environmentally benign, high-performance products
- Targeting No. 1 position in Asia by MEP’s sales & technology services

- **Beijing**
  - PC: 60KTA
  - BPA: 100KTA
  - SINOPEC JV
    - (carrying out FS)

- **Kurosaki**
  - PC: 60KTA
  - DPC: 100KTA
  - MCC
    - (decided)

### Performance Polymers: U.S.
- Add a new compound line to meet the strong demand of TPE for automotive parts

### PP 300KTA line: Kashima
- Largest train based on the in-house technology

### PP: Buy-out MYTEX shares
- Integrated business strategy for compounds
- Establish global supply network
Polymers: Beyond KAKUSHIN Plan: Phase 2

PC Chain
- Brush up the melt process technology to reduce costs and environmental impacts.

Polypropylene
- Enhance the global presence of PP compounds for automotive applications.
Agenda

- Segment Policy
- Segment Strategy
- **Business Strategies**
  - Polymers
  - **Monomers**
  - Olefins and Aromatics
- Summary
Monomers: World-class Technologies

- Process, catalysts, and cost reduction
Monomers: Global Business Expansion

- Capture the glowing market by taking advantage of the world-class technology and business knowledge.
Monomers: Business Strategy for Purified Terephthalic Acid

- Expand business where the demand grows (Asia)
- Establish world’s best technology (low capex, low cost, and high-quality)
- License the technology strategically

Evolution of MCC’s scale-up technology:
- 1990: 200kt/train
- 1995: 300kt/train
- 2000: 350kt/train
- 2005: 600kt/train
- 2010: 800kt/train

Asia demand grows at 8%AGR
Achieve No. 1 position in Asia by establishing the product chain based on in-house technologies and develop marketing capabilities in downstream applications.
## Monomers: Restructuring of Business Portfolio

### FY2003-FY2005

<table>
<thead>
<tr>
<th>Phase out</th>
<th>Melamine</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dobanol (higher alcohol)</td>
</tr>
<tr>
<td></td>
<td>Nippon Phoenol/Nippon Bisphenol</td>
</tr>
<tr>
<td></td>
<td>Linear alkyl benzene</td>
</tr>
<tr>
<td></td>
<td>Yuka Seraya (styrene monomer)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capacity reduction</th>
<th>Caprolactam</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Phthalic Anhydride</td>
</tr>
<tr>
<td></td>
<td>PTA (Matsuyama)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transfer of shares</th>
<th>Intack (anti-freeze)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(partly)</td>
<td>Dia-Nitrix (AN・AAM)</td>
</tr>
</tbody>
</table>
Monomers: Beyond KAKUSHIN Plan: Phase 2

- **PTA**
  - India-Ⅱ <800KTA>
  - China-I <600KTA>
  - Next generation <1,000KTA>

- **1,4-BG - PTMG Chain**
  - New process
  - New catalyst
  - Boost share in Asia where market glows at 8%AGR

- **Purified Terephthalic Acid**
  - Glow business with world’s best next-generation technology.

- **1,4-BG - PTMG Chain**
  - Accelerate growth with new process and catalyst.
Agenda

- Segment Policy
- Segment Strategy
- **Business Strategies**
  - Polymers
  - Monomers
  - Olefins and Aromatics
- Summary
Olefins and Aromatics: Our Supply Chain Bolsters Operations in Japan

- Serve the diversified industrial customers in Japan through the stable supply chain of various products.
- Continue to strengthen the olefins-aromatics centers, the foundation of monomers and polymers.
Reduce costs
- Low cost feedstock
- Energy saving
- Value-creation for underutilized byproducts

Increase the capacity of olefins & aromatics to meet the growth of derivatives

Make investments throughout RING-I, II, III to reduce the cost of complex as a whole

Cooperate extensively with Kashima Oil Company (KHC; New JV = 1st step)

Install State-of-the-art cracking furnace

Develop new production technology for olefins-aromatics
Olefins and Aromatics:
Kashima Hydrocarbon Center

New Joint Venture (1st Step)
Produces Light naphtha & Aromatics from condensate
Japan Energy • Mitsubishi Chemical; in 2007

The concept; dissolve the barrier between the companies

Refinery Plant
PX Plant
Gasoline
Kerosene
Heavy Oil

Exchange Streams
Achieve Global Maximum

Olefin Plant
BTX Plant
C2-C3
Bz
PX

Derivatives
Olefins and Aromatics:
Diversify Feedstocks and Boost Propylene Yield

- Utilize easy-accessible feedstocks (heavy naphtha, kerosene etc.)
- Increase the propylene yield by cracking at milder conditions
- Reduce costs
- Boost olefins-aromatics capacity

Install cutting-edge cracking furnaces at
Kashima (Jan. 2006) &
Mizushima (2008)
Olefins and Aromatics: Beyond KAKUSHIN Plan: Phase 2

Promote the complex integration through the cooperation between refinery, petrochemicals, and fine chemicals.
Agenda

- Segment Policy
- Segment Strategy
- Business Strategies
  - Polymers
  - Monomers
  - Olefins and Aromatics
- Summary
Operating Income Target in KAKUSHIN Plan: Phase 2

Operating Income

JPY Billions

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Result</th>
<th>Forecast</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2006</td>
<td>30.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2007</td>
<td></td>
<td>35.0</td>
<td></td>
</tr>
<tr>
<td>FY2008</td>
<td></td>
<td></td>
<td>38.0</td>
</tr>
<tr>
<td>FY2011</td>
<td></td>
<td></td>
<td>46.0</td>
</tr>
</tbody>
</table>

Fiscal years ending March 31
Increase Profit by Improving Individual Businesses

Change of operating income by SBU (FY2002 → 2005)

- More earnings
- Less money-losing SBUs
- Capacity addition
- Cost reduction
- Scrap & build
- Restructuring

Styrene monomer; Yuka-Seraya – to be solved in this FY
Summary

Expand the core businesses globally

Reshape the business infrastructure in Japan

Resource of investments
Stable profits
Integrated polymer business
Technology
Advanced needs
Petrochemicals complexes

PPC Chain
1,4-BG・PTMG

PTA
PP
Performance Polymers

New core businesses

Strong customer relationships
Marketing capability
The forward-looking statements are based largely on information available as of the date hereof, and are subject to risks and uncertainties which may be beyond company control. Actual results could differ largely, due to numerous factors, including but not limited to the following: Group companies execute businesses in many different fields, such as petrochemicals, carbon and inorganic products, information and electronics, pharmaceuticals, polymers and processed products, and these business results are subjected to influences of world demands, exchange rates, price and procurement volume of crude oil and naphtha, trend of market price, speed in technology innovation, National Health Insurance price revision, product liabilities, lawsuits, laws and regulations.