

Chemical Segment

The Chemical Segment consists of the First Chemicals Business Unit and the Second Chemicals Business Unit. In April 2009, in order to efficiently cope with the restructuring of the chemical industry globally, Mitsui has re-grouped its Chemical Segment and formed Basic Chemicals Business Unit and Performance Chemicals Business Unit.

Gross profit and net loss for this segment for the year ended March 31, 2009 were ¥80 billion or 7.9% and minus ¥10.2 billion or minus 5.7% of our consolidated totals, respectively.

The Chemical Segment has 21 subsidiaries, including:

- P.T. Kaltim Pasifik Amoniak (Indonesia), Japan-Arabia Methanol Company Ltd. (Japan), MITSUI BUSSAN SOLVENT & COATING CO., LTD. (Japan), Mitsui AgriScience International SA/NV (Belgium), Mitsui Bussan Agro Business Co., Ltd. (Japan) and DAIICHI TANKER CO., LTD. (Japan) in the First Chemicals Business Unit; and
- Mitsui Bussan Plastics Trade Co., Ltd. (Japan), Daito Chemical Industries, Ltd. (Japan), Shark Bay Salt Pty. Ltd. (Australia) and Mitsui Electronics SCM (China) Co., Ltd. (Hong Kong, China) in the Second Chemicals Business Unit.

It also has 28 associated companies.

First Chemicals Business Unit

Together with 10 subsidiaries and 11 associated companies, the First Chemicals Business Unit is engaged in trade, sales, distribution and production of the following commodities and related activities:

- Petrochemical businesses
 - Natural gas chemicals: methanol, ammonia
 - Chlor-Alkali: Ethylene Dichloride (“EDC”), Vinyl Chloride Monomer (“VCM”), caustic soda, polyurethanes
 - Basic petrochemicals: olefins, aromatics, Styrene Monomer (“SM”)
 - Petrochemicals & fiber intermediates: Para-Xylene (“PX”), Purified Terephthalic Acid (“PTA”), Monoethylene Glycol (“MEG”), Acrylonitrile (“AN”), acetic acid.
 - Industrial chemicals: phenol, acetone, bisphenol A, Methyl Methacrylate (“MMA”), nylon, acrylates intermediates
- Specialty chemical businesses
 - Detergent intermediates and oleochemicals, colors & functional chemicals, rosin, aroma chemicals

- Agri science businesses
 - Crop protection chemicals (herbicide, insecticide, fungicide, intermediates for these chemicals), feed additives
- Fertilizer businesses
 - Urea, ammonium sulfate, phosphate rock, diammonium phosphate, fused magnesium phosphate, potash

In petrochemical products areas, the unit's main activities is trading of the above-mentioned products in Japan and worldwide through extensive business relationships with customers and suppliers such as Mitsui Chemicals, Inc., Toray Industries, Inc., Tosoh Corporation, Dow Chemical Company, BP p.l.c., and Bayer Aktiengesellschaft.

This business unit has invested in manufacturing operations and logistic facilities such as:

- a 19.3% equity share in a joint venture, International Methanol Company (Saudi Arabia), which commenced commercial operation with a production capacity of 1 million tons per annum of methanol at the end of 2004;
- an ammonia producing subsidiary, P.T. Kaltim Pasifik Amoniak (Indonesia), which has a production capacity of 0.7 million tons per annum of ammonia; and
- tank terminals in Ningbo, China; Bangkok, Thailand; Johor, Malaysia; and Merak, Indonesia; and
- a subsidiary and parcel chemical tanker operator DAIICHI TANKER CO., LTD. (Japan), which runs a fleet of owned and chartered ships serving its customers.

This business unit has been successful in earning revenues by increasing market share in basic petrochemicals such as olefins and aromatics. Moreover, the latent steady growth of demand for petrochemicals in the world, particularly in China and other Asian countries, would be earnings driver for this unit despite the deceleration in demand caused by recent economic slow down.

During the past several years, most worldwide petrochemical companies have been struggling to survive through drastic restructurings of their sales structures as well as mergers and acquisitions in order to cope with the changes in the market structure of petrochemical products including increasing demand from China and other Asian countries, rising material costs reflecting higher crude oil prices and shifting in olefin production to the Middle East using cost-effective natural gas. In these operating environments, they believe that they remain competitive with other competitors and plan to strengthen our market position by expanding our trade volume and market share. This business unit's sales

channels to various customers in diverse geographic areas enable them to make geographical and/or time swap arrangements. Its global logistics services network functions as a competitive advantage over other competitors in gaining more business transactions.

In Japan, MITSUI BUSSAN SOLVENT & COATING CO., LTD. (Japan) and Bussan Chemicals Co., Ltd. merged to form Mitsui Bussan Chemicals Co., Ltd. in April 2009, for the purpose of sales enhancement and efficient business operations.

In agri science business, this business unit has extended the distribution of agricultural chemical products worldwide through subsidiaries such as Mitsui AgriScience International SA/NV (Belgium).

In fertilizer business, this business unit is engaged in import, export and offshore transactions involving various types of fertilizers, fertilizer raw materials and phosphoric acid derivatives.

Second Chemicals Business Unit

The Second Chemicals Business Unit has 11 subsidiaries and 17 associated companies and is engaged in sales, trade, distribution and production of the following commodities and related activities:

- Inorganic chemical business
 - basic inorganic materials such as sulfur, sulfuric acid, salt, titanium ore and iodine
 - inorganic products such as soda ash, caustic soda, catalyst, industrial gas and titanium oxide
- Plastics business
 - electronics materials such as electrolytic copper foil, optical fiber, and high-purity chemicals employed in semiconductor production
 - plastic materials and products such as polyvinyl chloride, elastomers, polyolefin, ABS resin, engineering plastics, polystyrene, plastic food containers, wrapping materials, industrial films and carbon fiber
 - additives of plastic such as elasticizer, stabilizer and pigment
 - SCM related businesses for production and distribution of office automation equipment, cell phone and electric appliances
 - photovoltaic power related business for distribution of silicon materials, solar module components and solar modules and procurement and delivery of photovoltaic power generation systems

In the inorganic raw materials field, this business unit operates logistics systems for various industries in Japan and overseas. For example, this business unit exports sulfur, a byproduct of petroleum refining, to Asian countries, by operating specialized tankers.

In order to overcome various unfavorable economic conditions such as depletion in the supply of mineral resources or an increase in acquisition cost of raw materials from our existing suppliers, this business unit has been seeking opportunities to participate in new supply sources. They reallocated resources by restructuring logistics operations, and built up our capabilities in sulfur, soda ash, and fiberglass materials in Asia, primarily in China.

While this business unit has been expanding the logistics network of their salt business in China which complements their existing sea salt joint venture business in Shark Bay, Australia, Mitsui acquired a major share in the Onslow salt field in Australia in August 2006. As a result, this business unit's annual salt production capacity increased to 3.8 million tons, which enable them to secure a stable supply for the chlor-alkali industry in Japan and other Asian countries.

This business unit established Renewable Energy Division in June 2008 to expand the solar power related business looking down at the entire value chain of the business. We transferred solar related business of the IT Business Unit into this business unit which has been dealing with photovoltaic materials and modules. This business unit aims to collaborate with the Infrastructure Projects Business Unit which is in charge of IPP and other business units in the photovoltaic power generation related areas.

In the plastics field, this business unit has traditionally handled various kinds of raw plastic materials and plastic products in domestic and overseas markets. This business unit has also handled newly developed electronic materials and products as well as SCM services.

With the focus of economic activity shifting to Asia, this business unit enhanced its business in China. Mitsui Plastics Trading (Shanghai) Co., Ltd., an engineering plastics and related manufacturing materials sales company established in 2003, is a representative case.

In Japan, three sales subsidiaries merged to form Mitsui Bussan Plastics Trade Co., Ltd. in April 2008, for the purpose of sales enhancement and efficient business operations.