

## **Start-up of a new LLP for unified naphtha cracker operations in Mizushima**

Mitsubishi Chemical Holdings Corp. and its subsidiary Mitsubishi Chemical Corp. (hereinafter collectively "Mitsubishi Chemical") and Asahi Kasei Corp. and its subsidiary Asahi Kasei Chemicals Corp. (hereinafter collectively "Asahi Kasei") have decided to establish a limited liability partnership (LLP) for the integrated and unified management of their naphtha cracker operations in Mizushima, Japan, as previously announced on May 31, 2010.

The memorandum of understanding concluded in May 2010 between Mitsubishi Chemical and Asahi Kasei provided the framework for establishing an optimum, efficient production configuration through the integration and unification of their basic petrochemical operations to prepare for an expected deterioration of the industry climate.

With the start-up of unified management by this newly established LLP in April 2011, Mitsubishi Chemical and Asahi Kasei will implement a coordinated rationalization of operations for increased efficiency based on an optimized configuration, responding swiftly to changes in the operating climate for the Japanese petrochemical industry. The parties will also make every effort to further strengthen the Mizushima industrial zone including through alliances with oil refineries.

### ***Profile of the new LLP***

Name:	Nishi Nippon Ethylene LLP
Head office:	Tokyo, Japan
Start-up:	April 1, 2011
Paid-in capital:	¥80 million
Investment ratio:	Mitsubishi Chemical Corp. – 50% Asahi Kasei Chemicals Corp. – 50%
Operations:	Unified management of the naphtha crackers of Mitsubishi Chemical and Asahi Kasei Chemicals in the Mizushima industrial zone <ul style="list-style-type: none"><li>• Procurement of feedstocks including naphtha</li><li>• Production of basic petrochemicals including ethylene</li><li>• Sales of basic petrochemicals and utilities to Asahi Kasei Chemicals and Mitsubishi Chemical</li><li>• Planning and implementation of measures to rationalize operations</li></ul>
Executive leadership:	Pending final decision (to include one person each from Mitsubishi Chemical and Asahi Kasei Chemicals)

***Optimization plan for basic petrochemicals operations in Mizushima***

- Downsizing naphtha cracker facilities of the two parties.  
Plant adjustment premised on a 30% decrease in ethylene demand (to be performed by 2012)
- Unification of naphtha cracker facilities.  
Consolidation on a single naphtha cracker—timed to correspond with further decrease in ethylene demand (performed in accordance with demand trends)
- Optimization of fraction balance, including integration of facilities.
- Cost reduction by joint procurement of naphtha feedstock and fractions in shortfall such as C3.
- Optimization of balance related to utilities and energy.
- Heightened efficiency through mutual utilization of infrastructure.

***Nameplate ethylene capacity in Mizushima***

Asahi Kasei: 500,000 tons/year (without maintenance turnaround)  
Mitsubishi Chemical: 500,000 tons/year (without maintenance turnaround)

Note: The naphtha cracker of Asahi Kasei is owned by Sanyo Petrochemical Co., Ltd., a wholly owned subsidiary of Asahi Kasei Chemicals Corp.

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