

August 10, 2009
Mitsubishi Rayon Co., Ltd.

Mitsubishi Rayon Signs Letter of Intent for 50:50 Joint Venture with SABIC

Mitsubishi Rayon Co., Ltd. (MRC) has signed a letter of intent on August 10 with Saudi Basic Industries Corporation (SABIC) on the establishment of a 50:50 joint venture to produce Methyl methacrylate monomer (MMA) and Polymethyl methacrylate (PMMA) in the Kingdom of Saudi Arabia.

Background to the Agreement

To realize further synergy between its own business operations and those of Lucite International, which it has just acquired, Mitsubishi Rayon has been searching for a promising strategic partner to assist it in cementing its superiority in raw materials procurement and help maximize its cost-competiveness with respect to the new ethylene-based production process (Alpha technology) for the production of MMA. The management of Mitsubishi Rayon judged that SABIC was the front-runner candidate with respect to these criteria, and that a partnership with SABIC would promise great rewards from the viewpoint of long-term business strategy. Accordingly, talks were held with SABIC with a view to realizing a mutually rewarding project.

Details of the Agreement

1. Collaboration in MMA operations in the kingdom of Saudi Arabia

The two sides have agreed to establish a 50:50 joint venture in the kingdom of Saudi Arabia for the purpose of manufacturing MMA using the new ethylene-based production

process (Alpha technology) commercialized by Lucite and PMMA using techniques developed by Mitsubishi Rayon. MMA production capacity would be 250,000 tonnes, and PMMA capacity 30,000 tonnes per annum. Operations are targeted to start in 2013.

Under the agreement, SABIC would be responsible for supplying the necessary raw materials to the joint-venture enterprise, including ethylene and ethanol.

2. Further talks on expanded collaboration

Mitsubishi Rayon and SABIC will also explore the possibilities to produce other products.

Outline of SABIC

- Headquartered in Riyadh, Kingdom of Saudi Arabia
- CEO: Mohammed Al-Mady
- Established 1976; listed on the Saudi Stock Exchange (equity stakes: Saudi Arabian Government, 70%; others, 30%)
- One of world's top six comprehensive chemicals companies.

Financial Year	2008	2007	2006
Net assets	39	36	27
Total assets	73	68	44
Net assets per share	13 US\$	12 US\$	11 US\$
Net sales	41	34	23
Operating income	10	11	8
Net income	6	7	5
Net income per share	2.00 US\$	2.40 US\$	2.16US\$

(US\$ billion)