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**MITSUI CHEMICALS, INC.**

## Mitsui Chemicals Integrates PP Compounding Operation in US

January 9, 2003

Japan's Mitsui Chemicals, Inc. (Mitsui) has integrated its U.S. polypropylene (PP) compounding affiliates into a single operating company, Mitsui announced today.

In the latest move, ATC Inc. (ATC) of Nashville, TN, and Color & Composite Technologies, Inc. (CCT) of Sidney, OH, have been merged together into a new company "Advanced Composites, Inc." as of January 1, 2003.

The shareholders of Advanced Composites are Mitsui's fully owned U.S. subsidiary Mitsui Chemicals America, Inc. (MCI-A) holding 62.8%, the trading group Mitsui & Co., Ltd. including its plastics processing subsidiary Mitsui Plastics Inc. with 27.0%, and another trading company Marubeni America Corp. at 10.2%.

Headquartered at Sidney, Advanced Composites has embarked on its business operation with a total PP compounding capacity of 120,000 tons per year and a pro forma annual sales of 170 million U.S. dollars (sum of ATC and CCT's Year 2002 estimated actual sales). Its plants are located in Sidney (65,000 ton/yr) and Nashville (55,000 ton/yr). Installed as Advanced Composites's new President & CEO is Mr. Yoichi Kawai, former President of CCT.

Targeting its Year 2005 sales at 240 million U.S. dollars, Advanced Composites plans to expand its business by taking advantage of the general growth of the PP compounds market and aggressively promoting sales to the U.S. transplants of the Japanese auto makers as well as to America's Big Three.

Automobile production in North America is projected to remain flat at around 17 million units per year for the next two to three years. However, demand for PP compounds is expected to rise to a 600,000-ton level by 2005, from around 500,000 tons in 2002. Such an outlook is based on the increasing trend of the per-unit automotive consumption driven by the on-going conversion of applications such as interior panels to PP from other materials.

With such a backdrop, Advanced Composites intends to grow its business by satisfying increasing market demand while pursuing the synergy of the applications development and production technologies nurtured by the predecessors ATC and CCT, and meeting the needs of the customers. At the same time, Advanced Composites will promote rationalization of indirect segments such as sourcing, formulation and production, in order to further strengthen its cost competitiveness.

Pursuant to the integration this time, former ATC's 100%-owned Mexican subsidiary "ATC Mexicana S.A. de C.V." in Aguascalientes has changed its name to "Advanced Composites Mexicana S.A. de C.V." effective the same date.

In the meantime, Mitsui plans to meet the quadripolar (Japan, Asia Pacific, the Americas and Europe) globalization moves of the world's auto makers and likewise pursue business development through its PP compounding affiliates located in areas other than North America : Grand Siam Composites Co., Ltd. in Thailand (22,000 ton/yr), Mitsui Shanghai Compounds Ltd., China (24,000 ton/yr) and Mitsui Chemicals Europe GmbH, Germany (10,000 ton/yr as toll production).

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