

Agreement for Business Transfer of Maleic Anhydride and Fumaric Acid

Mitsui Chemicals, Inc. ("MCI"), with its Head Office in Tokyo (Tsutomu Tannowa, President & CEO) and Fuso Chemical Co., Ltd. ("Fuso"), with its Head Office in Osaka (Ryota Akazawa, President), announced that MCI will transfer its organic acids business to Fuso.

Outline of business succession

Category	Details
Production Capacity	Maleic anhydride 32,000 tons/annual Fumaric acid 15,000 tons/annual
Production site	Kashima Works (Kamisu City, Ibaraki Prefecture)
Sales	Approximately 5 billion yen/annual
Transfer date	Business rights: October 1, 2014 Production facility: after termination of TDI plant (Mitsui Chemicals will manufacture under contract and supply Fuso with the two products until transfer of production facilities is finalized.)

Background and objectives of business succession

1. In February, MCI announced the closing of its Kashima Works and termination of all plants (TDI, special isocyanate group, an organic acid) by late December 2016 in line with its strategy to restructure its urethane business.
2. Fuso is the only domestic manufacturer of malic acid which uses maleic anhydride as its raw material, and has continued to develop its wide range of business in fruit acids, including gluconic acid and citric acid.
3. MCI and Fuso held discussions on the transfer of MCI's organic acids business and agreed to a business transfer to be completed by October 1, 2014.
4. Following termination of MCI's TDI plant, Fuso will continue to manufacture and stably supply customers with organic acids.
5. Synergic effects of this business transfer include for MCI, the effective use of its land and organic acid production facilities at Kashima Works, and for Fuso, a source for maleic anhydride, the raw material of malic acid, by which it will bolster its competitive edge and expand its customer base.
6. Fuso plans to strategically strengthen its cost competitiveness by constructing a fruit acid production complex which will use its organic acids. It plans to transfer its fruit acid production facilities from its Osaka Factory to Kashima Works while also constructing facilities to produce fruit acids and derivatives using maleic anhydride.

Details of the agreement will be discussed and a formal business transfer agreement is expected to be signed by late June.