

June 1, 2006

Japan Energy Corporation  
Mitsubishi Chemical Corporation  
Mitsubishi Corporation

### **Three Companies Form Joint Venture to Produce Petrochemicals**

1. In November 2005, Japan Energy Corporation (“Japan Energy”) and Mitsubishi Chemical Corporation (Mitsubishi Chemical) agreed to form a joint venture and to invest a total of approximately 70 billion yen in the construction a new petrochemical production facility on the grounds of the Kashima Oil Refinery, owned by the Kashima Oil Company, which is a subsidiary of Japan Energy. Mitsubishi Corporation (MC) is now joining the venture, and the company that the Japan Energy Group previously established in January to promote the business will be remade into a three-company joint venture and a structure for the three companies to jointly promote the business is to be established.

#### **2. Overview of the Joint Venture**

- (1) Company Name: Kashima Aromatics Co., Ltd.
- (2) Head Office: 2-chome, Toranomom, Minato-ku, Tokyo, Japan
- (3) President: Yukio Uchida (a director and executive corporate officer of Japan Energy)
- (4) Capital & Capital Appropriation: 10 billion yen (After the three companies raise capital through new stock transactions scheduled for June 20. By the end of September 2006, capital is expected to be increased to 20 billion yen.)
- (5) Investment Ratio: Japan Energy 80%, Mitsubishi Chemical 10%, Mitsubishi Corporation 10%
- (6) Start of Operations: Scheduled for January 2008
- (7) Areas of Business: Manufacture and sales of aromatics, including paraxylene and benzene, and light naphtha
- (8) Expected Sales Volume: 120 billion yen annually (amount of sales anticipated after the start of operations)
- (9) Number of Employee: Undecided

3. This project will establish facilities that use condensate (a byproduct of natural gas production) to produce aromatics, such as paraxylene and benzene, as well as light naphtha and other related products. Japan Energy will handle aromatic products while Mitsubishi Chemical will handle light naphtha. Mitsubishi Corporation, the new partner in the venture, will support the procurement of condensate and sales of aromatic products.

4. In order to optimally integrate the new facilities with the existing ones at the Kashima Oil Refinery, and to bolster the competitiveness of the new venture, the operation of the joint venture will be fully entrusted to the Kashima Oil Company.

Reference Materials: Overview of the New Facilities/ Aerial Photo of the Kashima Oil Refinery

#### Reference Materials

##### **1. Overview of the New Facilities**

- (1) Location of the Facilities: On the grounds of the Kashima Oil Refinery of the Kashima Oil Company (President: Tomio Furuyama; Location: Kamisu City, Ibaraki Prefecture)
- (2) Primary Facilities: Paraxylene Production Facilities (Capacity: 420,000 tons/year)  
Catalytic Reforming Equipment (Capacity: 20,000 barrels/day)  
Condensate Splitter (Capacity: 60,000 barrels/day)  
(Plus Others)
- (3) Primary Products: Paraxylene (Approximately 420,000 tons/year)  
Benzene (Approximately 190,000 tons/year)  
Light Naphtha (Approximately 850,000 kiloliters/year)
- (4) Start of Construction: September 2006 (operations scheduled to begin January 2008)
- (5) Capital Investment: Approximately 70 billion yen

## 2. Arial Photo of the Kashima Oil Company's Kashima Oil Refinery

