

March 19, 2008

Ube Industries, Ltd.
Mitsubishi Corporation

World's First CDM Project to Reduce Nitrous Oxide (N₂O) Underway
at Caprolactam Plant
MC and TCL Gain Approval of Thai Government

Ube Industries, Ltd. (UBE) (President & Representative Director: Hiroaki Tamura) and Mitsubishi Corporation (MC) (President & CEO: Yorihiro Kojima) have been jointly developing a project to reduce nitrous oxide (N₂O) in Thailand. After receiving approval from the Japanese government last August 2, official approval from the Thai government was confirmed on 27 February.

This CDM(*1) project, which reduces N₂O in the production of caprolactam (a raw material used to make nylon 6 (*2) is being undertaken at a plant of Thai Caprolactam Public Co., Ltd. (TCL), an UBE subsidiary in Thailand. This is the world's first CDM project for the abatement of N₂O gas arising from the manufacturing process of caprolactam. It is also the first CDM project in the industrial (chemical) sector approved by the Thai government, and the first CDM project UBE has participated in.

N₂O is a greenhouse gas formed as a by-product at caprolactam plants. It is a contributor to global warming. The aim of this project is to reduce the amount of N₂O released in producing caprolactam, and gain approximately 170,000 (CO₂ ton equivalent) Certified Emission Reduction (CER) credits per year from July 2008 onward, by means of the catalytic abatement plant set up by TCL. Meanwhile, MC plans to sell the emission reduction credits obtained through this project to companies aiming to meet their own emission requirements.

(*1) The Clean Development Mechanism (CDM):

An arrangement to reduce greenhouse gases under the Kyoto Protocol (which was established in 1997 to prevent global warming). For instance, if Japanese companies with obligations to cut greenhouse gas can help to reduce the emissions in the other developing countries like Thailand following the CDM rules, these companies can receive CER credits from the UN CDM Executive Board.

(*2) Nylon 6

Nylon used primarily in textiles and engineering plastics. Some common uses include stockings, plastic film for food packaging, fishing nets, and auto parts.

1. Outline of TCL:

Company name: Thai Caprolactam Public Co., Ltd.

Location: (Head Office) Bangkok, Thailand; (Plant) Rayong, Thailand

President & CEO: Charunya Phichitkul (concurrently Managing Executive Officer for Ube Industries, Ltd.)

Foundation year: 1990

Number of employees: 409 (as of June, 2007)

Shareholders: UBE 91%, Marubeni Group 7%, Others 2%

Sector: Chemical industries, produce and sell Caprolactam and Ammonium Sulfate

Annual Production: Caprolactam 110,000 tons; ammonium sulfate 460,000 tons

2. Outline of Project

1) Project name: Catalytic N₂O Abatement Project in the tail gas of the Caprolactam production plant in Thailand

2) Project location: Tambol Tapong, Muang Rayong District, Rayong Province, Kingdom of Thailand

3) Schedule for project implementation: Operations at N₂O abatement plant to commence from July 2008

4) Contributing to the prevention of global warming:

The contribution of N₂O to global warming is 310 times greater than that of CO₂. The scale and execution of this project will reduce N₂O and therefore benefit the natural environment. Furthermore, by selling emissions credits acquired through this project to companies aiming to meet their reduction targets, MC will also be helping the countries concerned to meet their reduction requirements.

5) About Ube Industries, Ltd.

Apart from caprolactam, UBE has facilities producing nylon 6 resin and butadiene rubber in Thailand, is operating three plants as a group and working to achieve a safe environment. The company is striving to co-exist in harmony with regional society. Not only is this project expected to contribute greatly to improving the region's natural environment, it is also gaining considerable attention as the Federation of Thai Industries' first pilot project in industry, and as a means of introducing Japan's recent technologies to Thailand to help deal

with environmental problems.

6) About Mitsubishi Corporation

Recognizing the need for the economy and natural environment to co-exist in harmony and make use of market mechanisms, MC is engaged in the business of emissions trading. Applying its know how in CDM, the company performs the following roles:

- Provides advice in project design for business that can gain UN registration (business through which acquisition of emissions credits is possible)
- Gains approval of Japanese government
- Provides project capital in the form of buying and selling emissions credits

By continuing to trade emissions credits all over the world, and from a long term perspective of sustainable development, MC will continue to support both the natural environment and other companies.