Mitsubishi Chemical Holdings Corporation

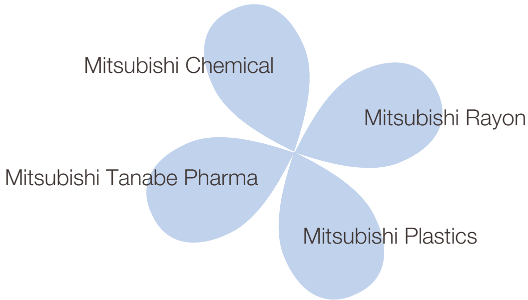
Good **Chemistry** for Tomorrow

Creating better relationships among people, society, and our planet.

Contributing to Sustainability, Health, and Comfort

Annual Report 2010

Fiscal Year Ended March 31, 2010



Mitsubishi Chemical Holdings Corporation

Mitsubishi Chemical Holdings Corporation (MCHC) was established in October 2005. Its core operating companies are Mitsubishi Chemical Corporation, Mitsubishi Tanabe Pharma Corporation, Mitsubishi Plastics, Inc., and Mitsubishi Rayon Co., Ltd., which became the fourth core operating company in March 2010.

MCHC's five principal business segments are electronics applications, designed materials, health care, chemicals, and polymers. At the end of March 2010, the MCHC Group comprised 345 consolidated companies and 76 equity-method affiliates, employing a total of 53,907 people around the world.

In keeping with the Group philosophy of "Good Chemistry for Tomorrow—Creating better relationships among people, society, and our planet," MCHC makes full use of its three decision criteria for corporate activities—Sustainability, Health, and Comfort—in its *APTSIS 10* mid-term management plan. This initiative aims to optimize strategic investments while transforming its business portfolio to ensure high profitability, sustainable growth and global leadership in each of its industries.

Contents

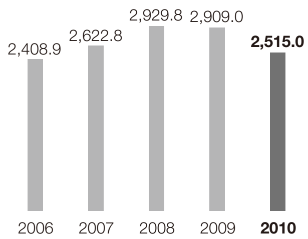
Disclaimer

The forward-looking statements are based largely on information available as of the date hereof, and are subject to risks and uncertainties that may be beyond company control. Actual results could differ largely due to numerous factors, including but not limited to the following: Group companies engage in businesses across many different fields, such as petrochemicals, carbon and inorganic products, information and electronics, pharmaceuticals, polymers and processed products, and these businesses are subject to influences such as world demand, exchange rates, price and procurement volume of crude oil and naphtha, trends and market speed in technology innovation, National Health Insurance price revisions, product liabilities, lawsuits, laws and regulations

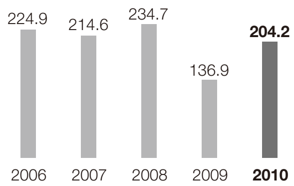
Key Figures

Years ended/as of March 31

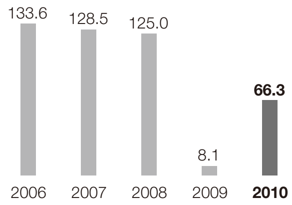
Net Sales
(Billions of yen)



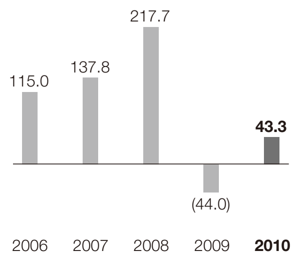
EBITDA
(Billions of yen)



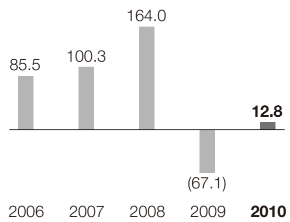
Operating Income
(Billions of yen)



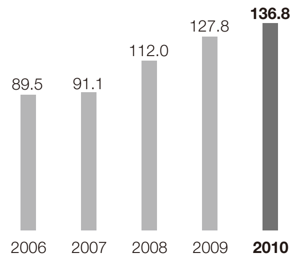
Income (Loss) before Income Taxes
(Billions of yen)



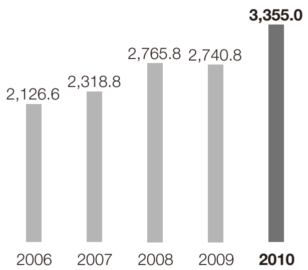
Net Income (Loss)
(Billions of yen)



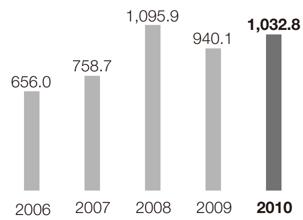
R&D Expenditures
(Billions of yen)



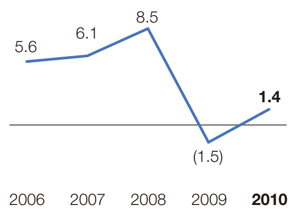
Total Assets
(Billions of yen)



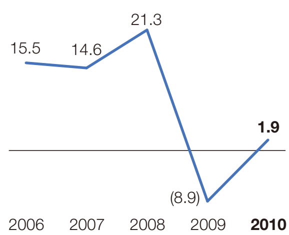
Total Net Assets
(Billions of yen)



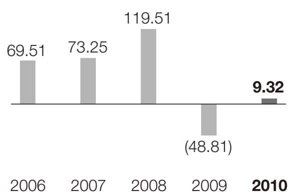
Return on Assets (ROA)
(%)



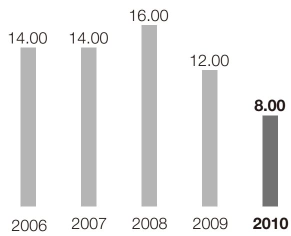
Return on Equity (ROE)
(%)



Net Income (Loss) per Share
(Yen)



Cash Dividends per Share
(Yen)



Notes: 1. Financial results of Mitsubishi Chemical Holdings Corporation for the year ended March 31, 2006, comprise Mitsubishi Chemical Corporation's consolidated financial results for the first half and Mitsubishi Chemical Holdings Corporation's consolidated financial results for the second half of the year.
2. In this annual report, fiscal year refers to the period beginning April 1 and ending March 31. Fiscal 2009 (FY2009) refers to the year ended March 31, 2010.
3. ROA is calculated as income before income taxes and minority interests in consolidated subsidiaries divided by average total assets.
4. ROE is calculated as net income divided by average shareholders' equity.
5. EBITDA (earnings before interest, taxes, depreciation, and amortization) is calculated as operating income plus depreciation and amortization plus amortization of goodwill.

Solidifying Our Foundations for the Future

Mitsubishi Chemical Holdings Corporation (MCHC) performed solidly in fiscal 2009 despite a generally adverse operating climate. We continued to overhaul petrochemicals and other operations under our *APTSIS 10* mid-term management plan, and pursued business innovations. We also completed several M&As, positioning ourselves well for a sustainably profitable future.

Overcoming the Challenges

Fiscal 2009, ended March 31, 2010, was another tough year for MCHC. Corporate capital expenditure and consumer spending in Japan remained lackluster in the first half of the term. The Health Care domain again faced tight constraints in medical spending. The Performance Products and Chemicals domains suffered from declining prices and sluggish demand. However, in the second half there were also signs of a brighter future, with exports and production levels recovering somewhat. It is too early to tell whether such improvements will continue through fiscal 2010 and beyond, and we assume that conditions will remain highly challenging.

I am pleased to report that MCHC performed considerably better than last fiscal year. Consolidated net sales admittedly declined 13.5% from fiscal 2008, to ¥2,515.0 billion, reflecting diminished price levels owing to reduced raw materials and fuel prices. However, operating income increased ¥58.1 billion, to ¥66.3 billion. We posted ¥12.8 billion in net income, compared with a net loss of ¥67.1 billion in fiscal 2008. We recorded solid gains in operating income in the Electronics Applications and Designed Materials segments, as well as a significant rebound in operating results in the Chemicals domain. Positive factors included better-than-expected margins on synthetic fiber raw materials and improved operating rates in carbon-based products and basic petrochemicals.

For shareholders, we continue to prioritize stable dividend payments, taking into consideration the need for internal reserves and in light of consolidated results.

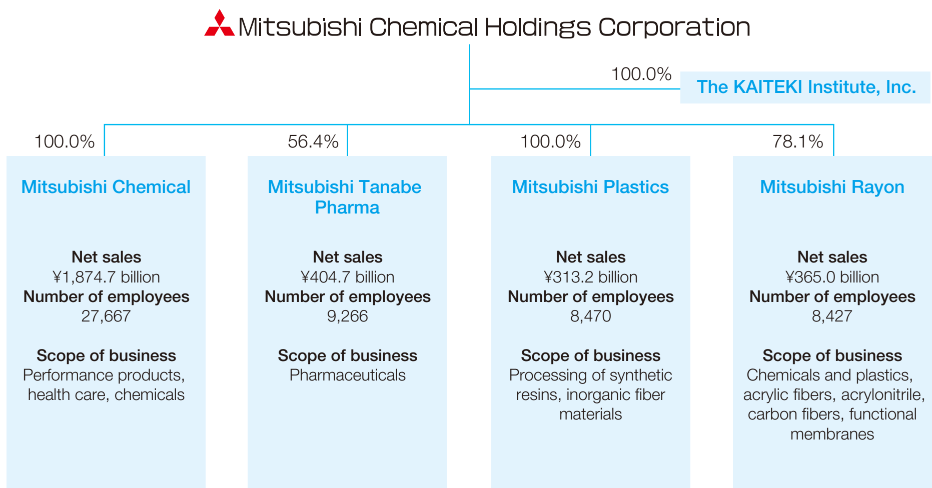
Reinforcing Our Global Presence

Management did much in fiscal 2009 to position the Group for long-term growth around the world. Foremost among our achievements was a successful tender offer for Mitsubishi Rayon Co., Ltd., in March 2010, making it our fourth core Group company (see page 10 of this report for details of the significance and anticipated benefits of this transaction).

Other acquisition moves earlier in the year included that of Freecom B.V., by Mitsubishi Kagaku Media Co., Ltd. Freecom is an award-winning manufacturer of external hard drives and portable storage devices. Aquamit B.V., a 50:50 joint venture between Mitsubishi Plastics, Inc., and the founders group of Quadrant AG, took over the latter company, which is the world's largest maker of engineering plastics products. Mitsubishi Chemical Corporation bought a remaining interest in Sunprene (Thailand) Company Limited, which produces polyvinyl chloride compounds. Mitsubishi Chemical additionally raised its stake in Taiyo Nippon Sanso Corporation, one of the world's top makers of industrial gases, making that business an equity-method affiliate. Mitsubishi Chemical also acquired additional shares in the Nippon Synthetic Chemical Industry Co., Ltd., and transformed it into a consolidated subsidiary.

New MCHC Group Structure

As of March 31, 2010



Several new businesses began operations during the year under review. Mitsubishi Tanabe Pharma Corporation set up Mitsubishi Tanabe Pharma America, Inc., a sales and marketing unit. Mitsubishi Chemical began operations at a polytetramethylene ether glycol plant in the Ningbo Daxie Development Zone of the People's Republic of China (PRC).

Mitsubishi Chemical took further restructuring steps to position polycarbonate operations to capture growth opportunities in the global automotive, information, and electronics industries. That company signed a memorandum of understanding in which it would exchange its largely Asian nylon business for the mainly European polycarbonate operations of Royal DSM N.V. of the Netherlands. Also looking ahead, Mitsubishi Chemical and PTT Public Company Limited of Thailand agreed to collaborate in cultivating business opportunities with bio-polybutylene succinate, a biodegradable polymer made from biomass resources in Thailand, with a view to establishing a joint venture in 2010. This sustainable resource is one of the seven new businesses* of the *APTSIS 10* mid-term management plan.

Early in the fiscal year, Mitsubishi Chemical initiated a strategic business partnership with China Petroleum & Chemical Corporation (Sinopec). Under the accord, the two companies are collaborating in research, projects, raw materials and finished product supplies, engineering, logistics, technological information, and human resources sharing. Key near-term focuses are to launch production facilities in the PRC for bisphenol-A and for polycarbonate.

Contributing to Sustainability, Health, and Comfort

Our decision criteria for corporate activities of sustainability, health, and comfort underpin MCHC's drive to become a leading global company over the long term. These considerations are central to *APTSIS 10*, under which we are restructuring our petrochemicals operations, reducing costs, and reinforcing our business infrastructure, while allocating resources to cultivate seven new businesses.

The special feature in this annual report (see Innovating for Growth, pages 11–14) highlights three business areas that are part of our goal of harnessing our strengths in chemistry to help reduce CO_2 emissions. These fields are organic photovoltaic modules, white light-emitting diodes, and lithium-ion battery materials for hybrid electric vehicles and electric vehicles. I invite you to read about how our advances in these areas will benefit our industry, society, and the planet as a whole.

* Our *APTSIS 10* mid-term management plan uses the phrase, "next-generation growth business." However, in our next mid-term management plan, *APTSIS 15*, this category will be renamed "new businesses." In this annual report, the new terminology is used only in this message, To Our Stakeholders.

Embarking on a Brighter Future

Our forecast for fiscal 2010 is net sales of ¥3,250 billion, operating income of ¥156 billion and net income of ¥41 billion.

The year has already started well, with MCHC continuing to turn its petrochemicals operations around while taking advantage of earnings opportunities in seven new businesses. We recognize that the operating climate is still challenging, but we are confident that we can accomplish our targets by taking every necessary measure. We will also continue to work on sustainability, health, and comfort to meet the 21st-century challenges of energy, the environment, and health care.

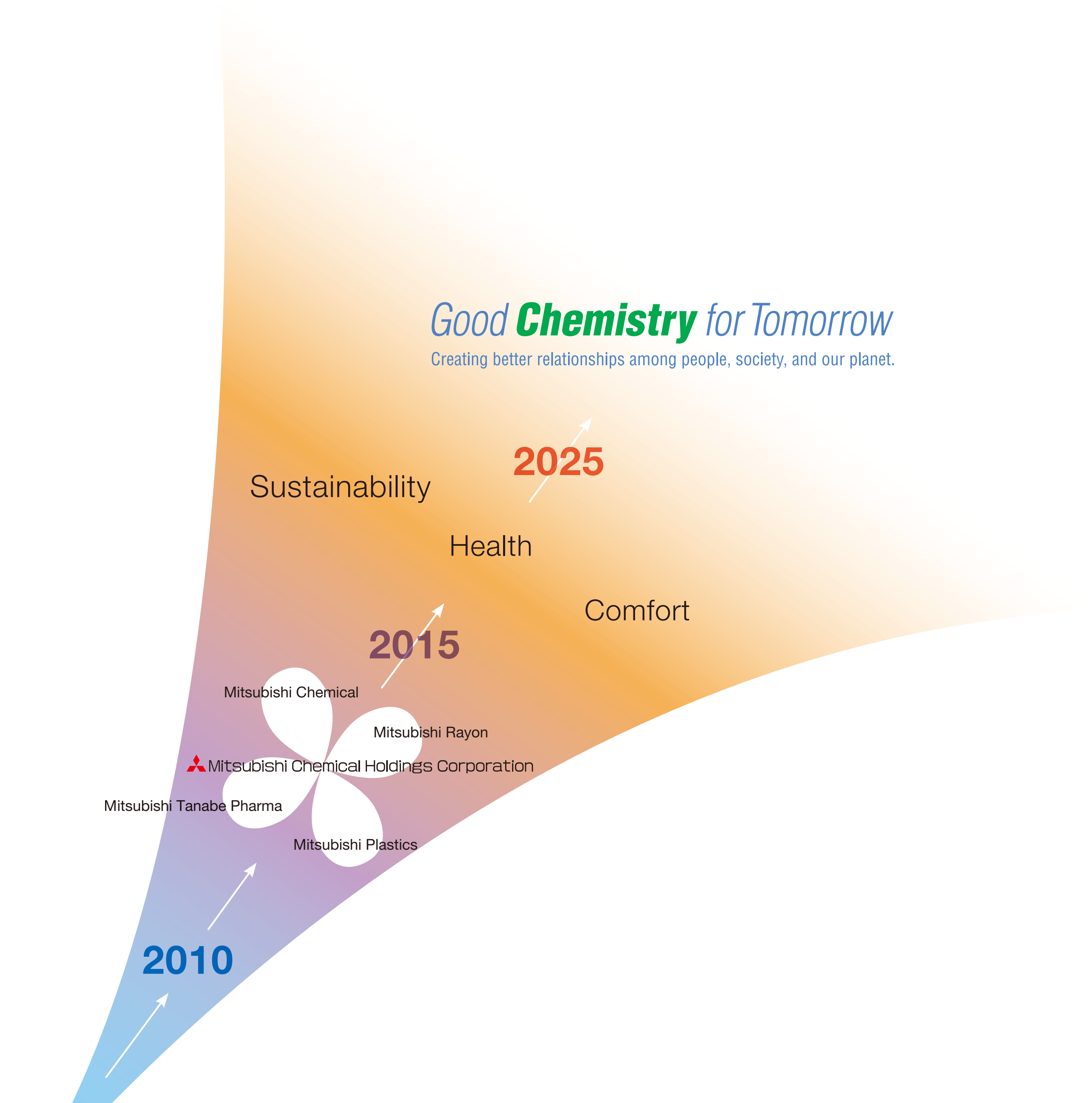
While expanding the scope of our operations, we will make concerted efforts in the year ahead to increase value in all four of our core companies, including Mitsubishi Rayon, and look forward to your continued support and encouragement for these efforts.

July 2010

Yoshimitsu Kobayashi

President & Chief Executive Officer

Transforming Our Business Portfolio to Ensure High Profitability



MCHC did much in fiscal 2009 to restructure while investing to become a leader in the global market, as part of which it integrated with Mitsubishi Rayon to create a fourth core operating company.

Restructuring for Growth

APTSIS 10

During fiscal 2009, management reviewed the basic strategies of *APTSIS 10* in light of the impact of the worldwide recession on Mitsubishi Chemical and Mitsubishi Plastics, emphasizing restructuring in the petrochemicals business to accelerate MCHC's drive to innovate and become a global market leader.

The organic expansion goals are now to further restructure and become more selective. In the Performance Products domain, we will expand such growth businesses as food ingredients and non-optical media, and bolster our barrier film operations internationally. In the Health Care domain, we will cultivate overseas operations and broaden our generics lineup, while accelerating the development of personalized medicine and focusing on the clinical testing and diagnostic reagents and instruments of Mitsubishi Chemical Medience Corporation. Our tasks in the Chemicals domain, particularly in petrochemicals, are to withdraw from unprofitable derivative products and optimize naphtha cracker operations, build strategic alliances, and in the medium term keep capital expenditure, investments, and lending lower than depreciation and amortization levels, while spending less on R&D than we get from licensing fees.

On the innovation front, which covers seven next-generation businesses, while management decided to lower total R&D expenditures for fiscal 2008 through fiscal 2010, from ¥425 billion, to ¥392 billion, it also stepped up endeavors in two next-generation growth businesses. These are white light-emitting diodes (LEDs), and lithium-ion batteries (LiBs) for hybrid electric vehicles (HEVs) and electric vehicles (EVs).

Management maintained its focus on strategically investing in alliances and acquisitions, allocating an aggregate of more than ¥250 billion for such activities for fiscal 2008 through fiscal 2010. One initiative in the year under review was Mitsubishi Plastics' takeover of Quadrant AG. As well

The organic expansion goals are now to further restructure and become more selective

Review of *APTSIS 10* Basic Strategy

	Original (May 2008)		Revised (July 2009)
Concept	Growing, innovating, and leaping ahead	Concept	Respond to severe economic downturn by restructuring to accelerate innovation and to leap ahead
Organic Growth	Shift to high-performance products and high-value-added businesses Execute efficient product/business life cycle management	Restructuring Organic Growth	Focus on growth businesses Reduce capital expenditure
Innovation	Nurture and accelerate seven next-generation growth businesses	Innovation	Accelerate growth of selected new businesses • White LEDs • LiB materials for HEVs
M&A	Strategic investment for alliances and M&A	M&A	Earliest possible realization • Quadrant • Nippon Synthetic Chemical Industry • Taiyo Nippon Sanso • Mitsubishi Rayon

Business Restructuring Summary

Restructuring		
Mitsubishi Chemical	Petrochemicals	SM/derivatives PVC/VCM Caprolactam/nylon Surfactants PTA
	Performance Products	Phosphors Epoxy resins Fertilizers Activated carbon Inorganic chemicals
Mitsubishi Tanabe Pharma	Pharmaceuticals	Production companies consolidated Service support companies consolidated Business bases consolidated
Mitsubishi Plastics	Industry & Life Infrastructure	Pipe materials Agricultural materials

Blue text: Restructuring to strengthen business operations

Combined Unprofitable Businesses

Withdrawal from unprofitable businesses (FY2007–FY2009)

Net sales:
¥300 billion

Operating income (loss):
¥(15) billion

Fixed Cost Reductions	
Mitsubishi Chemical	Fixed cost reduction project
Mitsubishi Tanabe Pharma	R&D expenditures and fixed cost reductions
Mitsubishi Plastics	Cost reduction activities to strengthen business foundation

Fixed cost reductions (FY2010)
¥32 billion
(Target)

as being No. 1 in the global engineering plastics products market, with a roughly 30% share, Quadrant leads the world in thermoplastic composites, including glass-reinforced fiber offerings for automobiles, with a share of about 25%. That company is also in the top 10 in Europe for creative moldings and systems.

The petrochemicals business restructuring focuses on overhauling domestic operations and cultivating opportunities overseas. In Japan, we have withdrawn from such unprofitable businesses as nonionic surfactants and caprolactam, and announced our intention to withdraw from the purified terephthalic acid (domestic PTA business only), polyvinyl chloride, and styrene monomer businesses. Management plans to complete all these steps by the end of fiscal 2010. Internationally, Mitsubishi Chemical reached an accord to exchange its nylon business for the polycarbonate operations of Royal DSM N.V.

In the next few years, Mitsubishi Chemical will build alliances with other market leaders around the world. In the PRC, for example, it will work with China Petroleum & Chemical Corporation (Sinopec) to launch joint ventures in such areas as polypropylene compounds, bisphenol-A, and polycarbonate.

Mitsubishi Chemical will explore potential alliances with companies in Southeast Asia, India, and the Middle East, including those with strong materials procurement advantages.

In Europe, Mitsubishi Chemical is complementing its agreement with Royal DSM and Mitsubishi Plastics' purchase of Quadrant by allying with Austria's Borealis AG in polypropylene compounds.

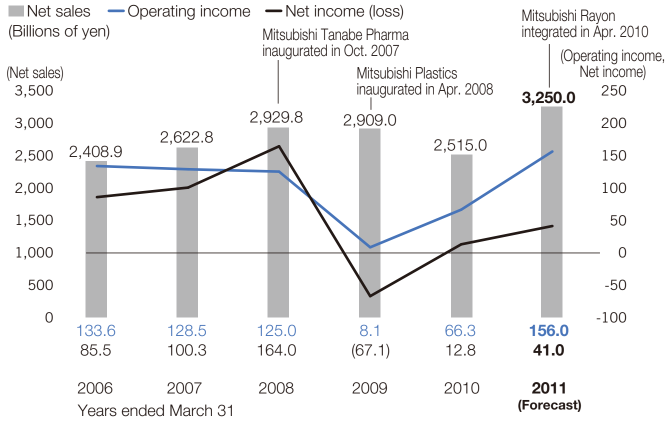
Another goal under *APTSIS 10* is to lower MCHC's fixed costs and strengthen its infrastructure. Reductions totaled ¥25 billion in fiscal 2009, with Mitsubishi Chemical accounting for around 52% of that amount. MCHC plans to further reduce its expenses by at least ¥32 billion in fiscal 2010, by streamlining corporate costs, downsizing plant facilities, and trimming spending on logistics, information systems engineering, and other services.

Integrating with Mitsubishi Rayon as Part of Our Strategic Investment Efforts

Management's prime achievement in the year under review was to conclude a tender offer in March 2010 that transformed Mitsubishi Rayon, one of the world's leading manufacturers of monomers and polymers, into a wholly owned subsidiary and a fourth core operating company.

Numerous benefits will accrue. One is that MCHC will be able to realize the goals of its mid-term management plan, which are to become a leading global player, producing ¥4.7 trillion in consolidated net sales and ¥400 billion in operating income by fiscal 2015. Integrated with Mitsubishi Rayon, MCHC already ranks sixth in the worldwide chemicals industry in revenue terms. Mitsubishi Rayon's strong positions in Asia, Europe, and the United States will help MCHC to accelerate its global expansion, with overseas operations accounting for more than 45% of net sales by fiscal 2015, compared with about 30% now.

Expanding Scale through Integration



Mitsubishi Rayon's strong positions in Asia, Europe, and the United States will help MCHC to accelerate its global expansion

MCHC can now scale up to tackle the challenges of global competition, another priority of *APTSIS 10*. It can also broaden its portfolio of high-performance, high-value-added offerings by leveraging synergies with Mitsubishi Rayon in methyl methacrylate (MMA), carbon fibers, composite materials, and water treatment operations.

MCHC also looks to generate cost synergies by unifying logistics, procurement, operating sites, and the functions of Mitsubishi Rayon's affiliates. MCHC estimates that integration should deliver cost synergies of ¥3 billion and operational synergies of ¥7 billion by fiscal 2012. Both MCHC and Mitsubishi Rayon will collaborate to identify other synergy benefits in the years ahead. One immediate task in that respect will be to assess the benefits of restructuring engineering and integrating water treatment businesses, from July 2010.

In making Mitsubishi Rayon a fourth core operating company, MCHC has placed itself to become highly profitable and fully deliver on its philosophy of providing "Good Chemistry for Tomorrow."

M&A Strategy Progress

Invest approximately ¥250 billion in M&A

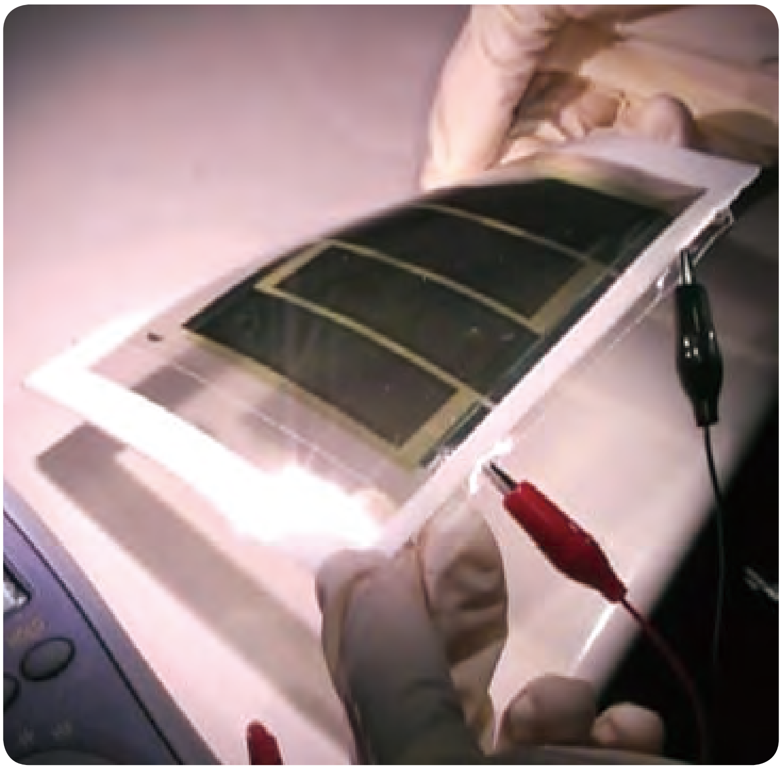
Current Status of Strategic Investment

Company	Detail	Timing of Implementation	Objective
Quadrant	Became a consolidated subsidiary through a tender offer by Aquamit*	September 2009	Strengthen functional product business
Nippon Synthetic Chemical Industry	Became a consolidated subsidiary	September 2009	Strengthen specialty chemicals business
Taiyo Nippon Sanso	Became an equity-method affiliate	September 2009	Strengthen business related to performance product businesses
Mitsubishi Rayon	Became a consolidated subsidiary through a tender offer To be a wholly owned subsidiary through share exchange	March 2010 Scheduled for October 2010	Expand corporate scale and growth businesses and accelerate global business development

* Joint venture between Mitsubishi Plastics and Quadrant founders

The *APTSIS 10* mid-term management plan seeks to cultivate seven next-generation growth businesses. They underpin our long-term commitment to sustainability, health, and comfort, and should collectively contribute around ¥50 billion to operating income by fiscal 2015. This report highlights three of these businesses.

Organic Photovoltaic Modules



Harnessing the sun's infinite energy to help combat global warming

Silicon-based photovoltaic cells reduce greenhouse gas emissions by converting solar energy into power. But crystalline silicon-based photovoltaics are rigid and heavy, and their limited design and usage hamper market prospects. Light and flexible organic photovoltaic (OPV) modules, which have the added advantage of improved appearance, are the key to unleashing the full potential of the photovoltaic market. MCHC estimates that demand for such modules will grow rapidly in the near future. While the global photovoltaic market was worth ¥4 trillion in 2009, it is estimated to reach nearly ¥20 trillion by 2015.

Mitsubishi Chemical's OPV Business Development Department has been working in this area for years, and aims to launch full production of OPV modules by fiscal 2015. One early finding was that fullerenes offer outstanding organic semiconductivity, and are ideal acceptors in OPV devices, which are flexible plastic solar cells. Mitsubishi Chemical therefore joined hands with Mitsubishi Corporation in 2001 to set up Frontier Carbon Corporation, which pioneered the commercialization of fullerenes just two years later and is now the world's biggest maker of that material.

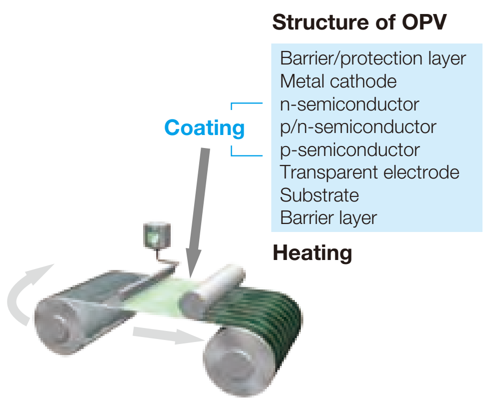
That joint venture ships samples to around 300 companies and organizations engaged in everything from raw materials production to research. These include the National Institute for Advanced Industrial Science and Technology, a Japanese organization that explores everything from materials to large-scale systems design for photovoltaics.

One key advance in fiscal 2009 was a test program for Mitsubishi Chemical's solar-powered system employing lightweight modules to air-condition truck cabs. This setup offers tremendous ecological savings because it enables drivers to turn their engines off while parked. That would reduce fuel consumption for a 10-metric-ton truck by about 460 liters in a typical year and enhance fuel efficiency by 2%–8%. The prospective CO_2 emission reductions in Japan alone would be 1.65 million metric tons annually. After completing this program, Mitsubishi Chemical plans to explore solar-based heating applications.

In 2012, Mitsubishi Chemical intends to begin trial shipping of thin-film OPV modules. Key potential applications would be in walls, window blinds and automobiles. During fiscal 2010, the company will begin developing an OPV cell offering a conversion efficiency of up to 10%.

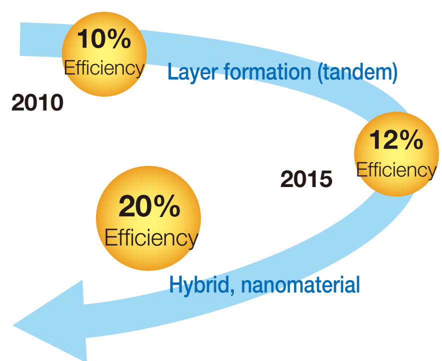
One high-profile outlet for Mitsubishi Chemical's OPV module technology is the vegetable container, which is powered by OPVs and lit using LEDs, thus making it possible for vegetables to be grown in inhospitable environments.

The World's First Solution Conversion Type OPV



Milestones for High-Efficiency OPV

Further improve photovoltaic conversion efficiency



White LEDs

Brighter, more efficient, and more economical

White light-emitting diodes (LEDs) are replacing incandescent and fluorescent counterparts on the strength of better energy conservation, greater durability, and lower environmental impact.

In 2001, we began researching gallium nitride (GaN) substrates, which significantly improve the efficiency of LEDs, compared with conventional sapphire substrates. Thereafter, we expanded our activities to other materials for white LEDs, including phosphors, encapsulants, and packaging materials. We launched sales of phosphors in 2006, and have already made considerable progress in the mass-production of these high-brightness LEDs.

GaN substrates are categorized into polar and nonpolar types, depending on what direction the bulk crystals are sliced. The polar type is known as c-plane, while the nonpolar type is called m-plane. We started sales of c-plane GaN substrates in 2008.

While c-plane GaN substrates offer a significant improvement in efficiency, an even greater improvement is expected from m-plane GaN substrates. Thanks to our excellent progress in the development of the m-plane, we are the first in the world to have achieved two-inch m-plane GaN substrates.

The current method of manufacturing GaN substrates employs a vapor-phase growth. This method suffers from two major problems—low-efficiency use of materials, which results in high costs, and limitation of crystal size. A liquid-phase growth is one approach to overcoming these problems. We are continuing to develop this next-generation method, and are planning the preparation of high-quality m-plane GaN substrate samples for 2012.

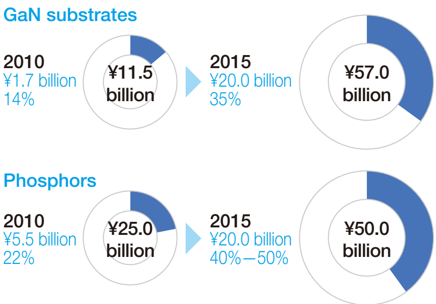
It should be noted that, as well as LEDs, potential applications for GaN substrates include high-efficiency green lasers for microprojectors, as well as high-power transistors that can replace silicon versions in automotive electronics.

The global market for white LEDs is now worth around ¥1 trillion. We are well positioned to benefit from future growth. We own technologies related to GaN substrates, phosphors, encapsulants, and chips. To illustrate our strength, we account for almost 100% and around 40% of the markets for red and green phosphors, respectively, used in white LED backlighting for liquid crystal display televisions.

We will take advantage of this expertise to become a dominant supplier of core materials for next-generation LEDs (GaN substrates, RGB phosphors, and encapsulants). Furthermore, we plan to introduce lighting apparatus that uses white LEDs, and to launch these products through the global sales network of our *Verbatim* brand. We aim to boost our white LED–related sales to ¥100 billion by 2015.

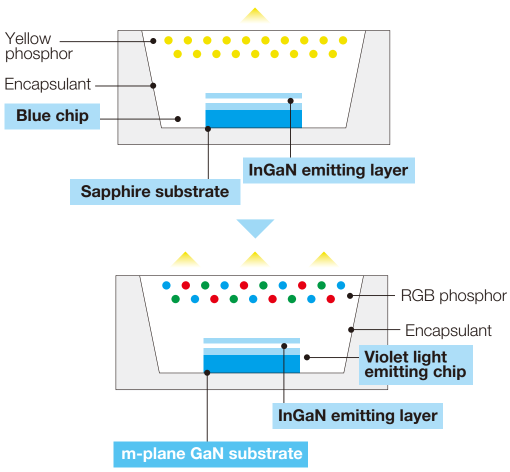
White LEDs: Market Share Target

Global white LED components market
MCHC market share target



Efficiency Improvement

Three times higher efficiency is achieved by utilizing m-plane GaN



Lithium-ion Battery Materials

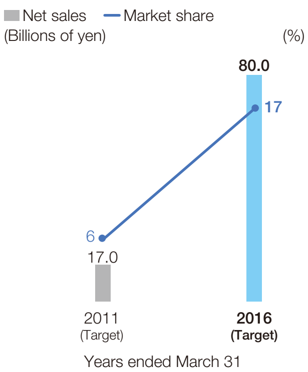
Providing materials that satisfy specific battery requirements

Lithium-ion batteries (LiBs) are increasingly popular in consumer electronics because of their superior energy–weight ratios, virtually no memory effect, and slow self-discharge. LiBs offer three times the average voltage of nickel-cadmium and nickel-metal hydride batteries. Another advantage is a high energy density, which makes LiBs sufficiently compact and light for personal computers, mobile phones, and digital cameras. LiBs are ideal for hybrid electric vehicles and electric vehicles as, despite the smaller battery size, a single charge can power the vehicle for longer than can other battery sources.

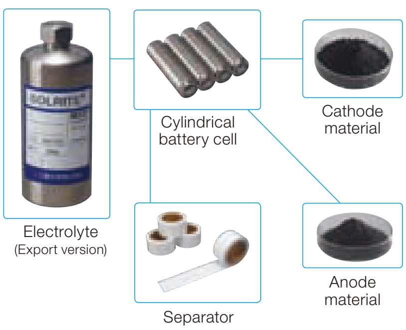
The MCHC Group produces all of the four key LiB materials—the anode, cathode, electrolyte, and separator. We also conduct safety simulations involving battery cell analysis and testing technologies. The Group has secured an estimated global market share of 20% for anodes, which the Sakaide Plant manufactures. Debottlenecking procedures at our production site for cathodes, located in Mizushima, will increase annual production from 600 tons to 2,200 tons in fiscal 2010. Our market share for electrolytes is the greatest of the four key materials, at around 25%. In January 2010, we expanded annual capacity for electrolytes from 6,000 tons to 8,500 tons. We manufacture electrolytes at the Yokkaichi Plant and at our plant in Suzhou, the PRC.

The global market for LiB materials is currently assessed at around ¥250 billion annually, and is expected to double by 2015. The Group's target in this area for fiscal 2010 is net sales of ¥17 billion and an estimated market share of 6%. By stepping up our operations around the world, we plan to achieve sales of ¥80 billion by fiscal 2015, or 17% of the market.

LiB Materials: Sales and Market Share Targets



Four Key LiB Materials

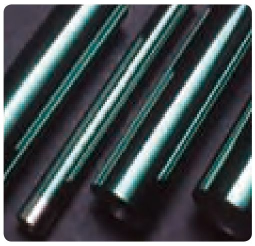


Features and Market Share Target for LiB Materials

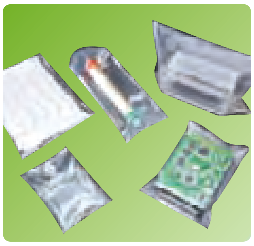
	Features and Competitive Advantages	Market Share (%) 2009		2015
Electrolyte	Optimal formula and additive patent Synergy with other materials	25	>	40
Anode	Spherical graphite technology Enhanced features through surface treatment technology	20	>	35
Cathode	Less cobalt Enhanced output/durability through unique particle design	<5	>	10
Separator	Enhanced output, life cycle, and conservation property through dry process, 3-dimensional pore structure	<5	>	10

Review of Operations

MCHC overcame another challenging year in fiscal 2009, boosting sales of battery materials and LCD-related products on the strength of a demand recovery in information and electronics-related materials, while increasing sales of pharmaceuticals and petrochemicals products.



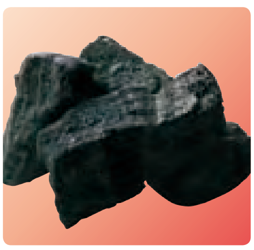




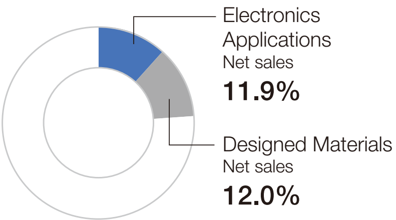






Performance Products Domain



Main Products

Electronics Applications

Optical recording media, organic photo conductors, chemical toners, display materials, polyester film

Designed Materials

Food packaging materials, carbon fibers, alumina fibers, civil engineering materials, construction materials, agricultural materials, plastic pipes

We provide an array of unique technologies to help customers overcome challenging business environments and to lead in their fields

Business Outline

The Performance Products domain encompasses the Electronics Applications and Designed Materials segments, both of which focus on creating globally competitive products. These are ether the sole offerings available in their categories or are top in niche markets.

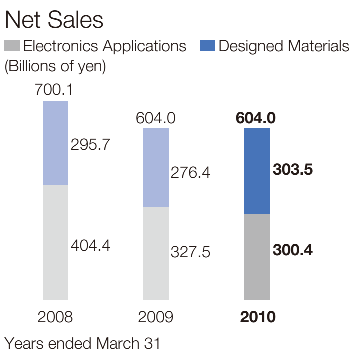
The MCHC Group provides an array of unique technologies to help customers overcome challenging business environments and to lead in their fields. We have succeeded by integrating superior performance and value in working with customers to devise new solutions.

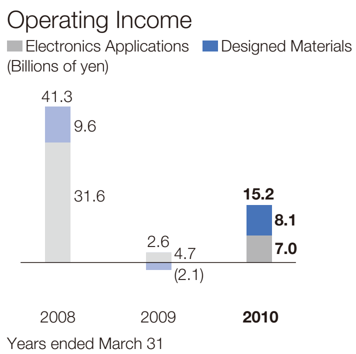
Core technologies in Electronics Applications stem from years of accumulating expertise in chemistry areas that involve light and color. We combine these strengths with materials design, processing, and device creation technologies to drive ongoing innovations. Designed Materials operations draw on synthesis, materials and process design, and mold processing to serve specific customer needs in myriad industries.

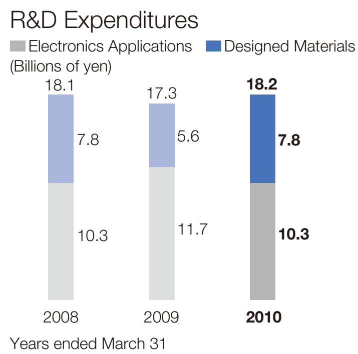
The Year in Review

Electronics Applications Segment

Recording media sales fell owing to lower DVD volumes and prices and a higher yen, overshadowing increased volumes of portable hard disk drives and flash memory devices. Polyester film sales were down, reflecting a demand slump in the first half in Europe and the United States. Volumes and revenues decreased for plastic injection moldings for products used in liquid crystal displays (LCDs). In fields related







TOPIC

Singapore Lines Launched to Serve Surging Demand for Recordable Blu-ray Discs

In April 2010, Group company Mitsubishi Kagaku Media Co., Ltd., added new production lines for recordable Blu-ray discs at its key facility for new value-added products, a plant in Singapore run by Mitsubishi Chemical Infonics Pte Ltd. Mitsubishi Kagaku Media markets these products through its world-renowned *Verbatim* brand.

The new line for 50-gigabyte BD-R DL (double layer) discs created a monthly capacity of 300,000 units for that format, which Mitsubishi Kagaku Media may increase. An additional line for 25-gigabyte BD-R LTH Type (low to high in-groove recording) discs—a write-once format—raised the plant's monthly production capacity 2.5-fold, to around one million units, mainly for 4x and 6x recordable offerings. As a result, total capacity is now 1.3 million units.

A key advantage of the BD-R LTH production lines is that they can accommodate surges in demand because the manufacturing process for BD-R LTH discs is the same as for recordable CDs and DVDs.

Mitsubishi Kagaku Media created its BD-R LTH discs by drawing on its dye media technologies from manufacturing recordable CD and DVD discs in various formats to develop an organic dye recording layer that it engineered to optimize recording reliability. The BD-R DL discs incorporate proprietary inorganic recording layer and double-layer technologies.

to the environment and clean energy, sales remained depressed for precision cleaning and wafer regeneration businesses for semiconductors and LCDs. Sales of imaging supplies rose on the strength of higher volumes for such offerings as organic photo conductor drums, toners and chemical toners, and other office printing consumables. Inorganic chemical sales plunged on lower volumes and lower prices because of reduced demand.

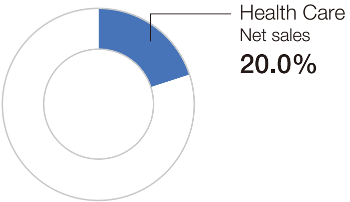
Segment sales thus dropped ¥27.0 billion, or 8.2%, to ¥300.4 billion. Operating income increased ¥2.3 billion, or 48.4%, to ¥7.0 billion, owing to a second-half recovery in domestic demand for information and electronics-related materials.

Designed Materials Segment

Food ingredient sales were virtually unchanged, owing to higher overseas demand, which offset lower domestic volumes in emulsifier. Sales of battery materials surged on higher volumes for notebook computers. Lower volumes depressed fine chemicals sales. Sales of polymer processing products jumped, owing to the consolidation of the Nippon Synthetic Chemical Industry Co., Ltd., in September 2009, making up for downturns in volumes of films, composite films, and sheets. In composite materials, sales of carbon and alumina fibers and other industrial materials dropped because of constrained corporate capital expenditure. Sales of construction materials also dropped, reflecting tighter public-sector spending.

Segment sales therefore increased ¥27.1 billion, or 9.8%, to ¥303.5 billion. Operating income was ¥8.1 billion, against an operating loss of ¥2.1 billion in fiscal 2008.

Health Care Domain



We are pursuing new growth opportunities in the pharmaceuticals business to develop globally competitive offerings and cultivate generic pharmaceuticals

Main Products

Remicade, Radicut, Anplag, Urso, Tanatril, Talion, clinical testing, diagnostic reagents and instruments

Business Outline

The Health Care domain covers the operations of Mitsubishi Tanabe Pharma and other Group health care businesses.

We engage in drug discovery, provide clinical testing services and diagnostic reagents and instruments, support clinical trials, and evaluate the safety of chemical substances. We are becoming more competitive in each of these areas and are integrating technologies for personalized medicine.

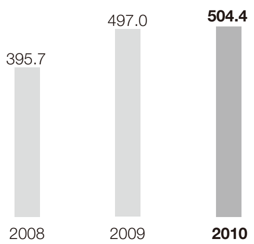
As well as seeking to maximize Group synergies, we employ our marketing expertise to provide innovative medical products and services throughout the world.

We are pursuing new growth opportunities in the high-priority pharmaceuticals business. Key focuses are to develop globally competitive offerings and to cultivate generic pharmaceuticals.

Pharmaceuticals, diagnostics and clinical testing, and drug discovery support involve medical chemistry, life sciences, analysis and computational science, and other capabilities. One feature of our operations is that we sell distinctive drugs, including drugs for autoimmune, cerebral and circulatory problems, as well as drugs for psychiatric and neurological disorders, narcotics, plasma derivatives, vaccines and over-the-counter (OTC) drugs.

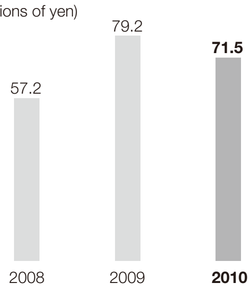
We are bolstering our R&D and sales operations to solidify our position globally.

Net Sales
(Billions of yen)



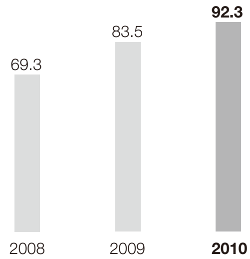
Years ended March 31

Operating Income
(Billions of yen)



Years ended March 31

R&D Expenditures
(Billions of yen)



Years ended March 31

TOPICS

Progress of Key Issues Outlined in Mitsubishi Tanabe Pharma's Medium-Term Management Plan

Enhancing Our Domestic Sales Presence

To accelerate sales and market presence, Mitsubishi Tanabe Pharma will allocate specialized medical representatives (MRs), pursue a life-cycle management strategy, and implement focused promotion and expansion, centered on products that we designate as priority in our medium-term management plan, including *Remicade* and offerings in the cerebrovascular field.

We will make full use of our expanding MR network and will bolster intergroup collaborative sales efforts, principally through Yoshitomiyakuhin Corporation, Benesis Corporation, and Tanabe Seiyaku Hanbai Co., Ltd.

Enjoying Steady Progress in Key Development Projects

Targeting the launch of new growth drivers from fiscal 2011, Mitsubishi Tanabe Pharma is moving forward with clinical trials for MCI-196 (hyperphosphatemia, phase 3) and MP-146 (chronic kidney disease, phase 3), in the United States and Europe, and MP-424 (chronic hepatitis C, phase 3), MP-513 (diabetes mellitus type II, phase 3), and TA-7284 (diabetes, phase 2), in Japan. As part of our life-cycle management strategy, we will give priority to allocating management resources to the acquisition of additional indications in Japan for core products *Remicade* and *Radicut*.

Expanding Our Overseas Pharmaceuticals Operations

In the United States and Europe, Mitsubishi Tanabe Pharma is proceeding with the establishment of its own sales system and is implementing premarketing activities in preparation for the launch of MCI-196 and MP-146. In Asia, the key medium-term goals are to strengthen our operating foundation in countries and regions where we already have a presence, including the PRC, South Korea, Taiwan, and Indonesia, and to increase sales of products via our own sales network.

In fiscal 2009, in the United States, we established Mitsubishi Tanabe Pharma America, Inc., to handle the launch and sales of MCI-196, targeted for fiscal 2011.

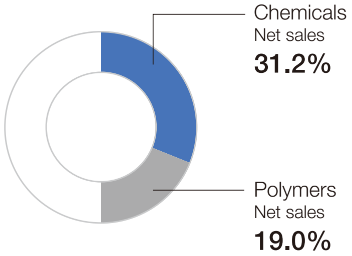
The Year in Review

Health Care Segment

Pharmaceuticals sales rose, owing to favorable domestic demand for *Remicade*, an anti-TNF-α monoclonal antibody, and *Talion*, an allergy treatment. Higher vaccine and generic drug revenues also contributed to performance, offsetting a downturn in the overseas sales of ethical drugs as a result of the higher yen. Clinical testing sales declined because of lower demand, but diagnostic reagent sales increased.

Segment sales increased ¥7.3 billion, or 1.4%, to ¥504.4 billion. Operating income declined ¥7.7 billion, or 9.7%, to ¥71.5 billion, reflecting additional research and development expenditures.

Chemicals Domain



Main Products

Chemicals

Ethylene, propylene, benzene, C4, ethylene oxide/glycols, purified terephthalic acid, polytetramethylene ether glycol, 1,4-butanediol, coke

Polymers

Polypropylene, polyethylene, polycarbonate/phenol chain, polyvinyl chloride, performance polymers, engineering plastics

We are building on our technological underpinnings to innovate environmentally friendly materials and harness the potential of carbon chemistry and petrochemicals

Business Outline

The Chemicals segment focuses on carbon-based products and other basic chemicals. The Polymers segment concentrates on derivative products.

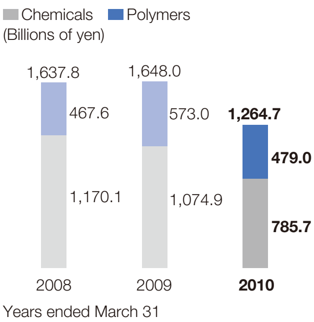
We have created a portfolio of highly competitive electronics and automotive products and technologies that deliver high performance and value.

We are building on our technological underpinnings to innovate environmentally friendly materials and harness the potential of carbon chemistry and petrochemicals. At the same time, we are streamlining production facilities and processes to enhance our global standing.

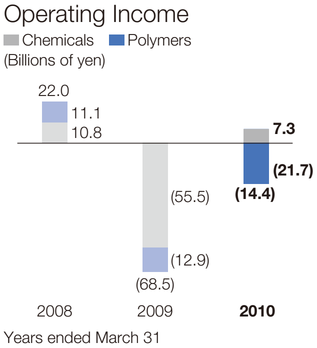
In the carbon business, we are serving demand for higher-performance products while optimizing facility security to maintain stable supplies. In petrochemicals, we are building core derivatives complexes and an olefin supply structure that accommodates market changes.

In the Polymers segment, polymer design, processing and computing technologies are areas of core expertise for the MCHC Group.

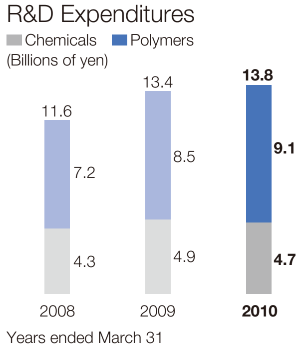
Net Sales



Operating Income



R&D Expenditures



TOPIC

Joint Venture Established to Integrate Naphtha Cracker Operations in Mizushima

On May 31, 2010, MCHC and Asahi Kasei Corporation signed a memorandum of understanding to establish a 50:50 joint venture on April 1, 2011. The new entity will integrate their basic petrochemicals operations in the Mizushima industrial zone of Kurashiki, Okayama, as part of which they will unify naphtha cracker operations there.

The agreement was in light of forecasts for increasingly adverse prospects for the Japanese petrochemicals industry. Prime factors are declining domestic demand, expansions of large facilities in the Middle East, and the rising supply capacity in the PRC.

MCHC and Asahi Kasei formulated a plan to optimize production and management efficiencies and thereby strengthen competitiveness and profitability. An initial step will be to reduce the naphtha cracker capacity of each company by 2012, based on a projected 30% drop in ethylene demand. The joint venture will then consolidate naphtha cracking at a single facility to handle further expected drops in ethylene demand. Other benefits would include savings from jointly procuring naphtha feedstock and lower energy and other utilities costs.

The Year in Review

Chemicals Segment

Production of ethylene, a basic raw material for petrochemicals, was up 13.6%, to 1.14 million metric tons, reflecting a second-half recovery in demand. Sales of basic petrochemicals, chemical derivatives, and synthetic fiber materials plummeted because of generally sluggish demand and price reductions, although the situation improved in the second half of the year. Blast furnace coke sales were down significantly as a result of lower volumes and falling prices associated with coal prices. Fertilizer sales dropped because of the removal of Mitsubishi Chemical Agri, Inc., from consolidation following its October 2009 merger with Chisso Asahi Fertilizer Co., Ltd.

Segment sales decreased ¥289.2 billion, or 26.9%, to ¥785.7 billion. Operating income was ¥7.3 billion, from a loss of ¥55.5 billion in the previous fiscal year. This was because of an improvement in inventory valuation with rising raw materials and fuel prices, while MCHC benefited from a more favorable spread between prices of terephthalic acid and paraxylene.

Polymers Segment

Sales of synthetic resins dropped dramatically. This was because of lower demand and price declines, owing to lower raw materials and fuel prices, overshadowing demand recoveries in some offerings in the second half.

Segment sales fell ¥93.9 billion, or 16.3%, to ¥479.0 billion. MCHC posted an operating loss of ¥21.7 billion, down ¥8.7 billion from the previous term, the prime factor being inventory valuation losses, which offset a second-half demand turnaround.

Research & Development

Pursuing the Possibilities for Sustainability, Health, and Comfort

Basic R&D Concept

Global concerns, including the environment, energy and resources, and various issues related to our daily lives and health—much is expected of chemistry, which has the potential to provide solutions to the myriad problems facing society.

The MCHC Group aims to help solve these problems and is enlisting the resources of the entire Group in pursuing R&D, focusing on everything from basic necessities to a wide range of industry sectors, including electronics, automobiles, and pharmaceuticals.

R&D Strategy

To swiftly apply the results of research to the problem of how to enhance prosperity in modern society, as well as the creation of new value that anticipates future demands, the MCHC Group is advancing its R&D strategy in tandem with its business and intellectual property strategies.

Founded on the Group's management strategy in the context of our three decision criteria for corporate activities—Sustainability, Health, and Comfort—our R&D strategy consists largely of two parts. The first is using growth-oriented R&D to promote the development of our 15 existing growth businesses, together with those of all Group companies and business units. The second is focusing attention on the development of the seven next-generation growth businesses.

Our R&D technology platform consists of the diverse technologies held by Mitsubishi Chemical, Mitsubishi Tanabe Pharma, Mitsubishi Plastics, and Mitsubishi Rayon, which are applied as a common Group asset to realize results promptly and efficiently.

Pharmaceuticals Pipeline

Mitsubishi Tanabe Pharma's Medium-Term Management Plan 08-10 prioritized a number of key projects. Below, we highlight some of the major growth drivers for our next mid-term management plan.

For MCI-196, a non-absorbed phosphate binder for hyperphosphatemia, we are conducting phase 3 clinical trials in Europe and the United States, and aim to file for approval in fiscal 2010. We already market this product in Japan as *Cholebine* for patients with hypercholesterolemia. MP-146, also undergoing phase 3 trials in Europe and the United States, is a uremic toxin adsorbent for chronic kidney disease. MP-424 is an oral agent promising to be one of the world's most powerful NS3-4A protease inhibitors for chronic liver disease stemming from the hepatitis C virus. We have completed phase 3 clinical trials in Japan, and plan to seek approval in 2011.

Life-cycle management is another top priority. One agent is *Remicade*, an anti-TNF-α monoclonal antibody that targets a small protein causing systemic inflammation. *Remicade* already treats rheumatoid arthritis and Crohn's and Behcet's diseases. In July 2009, approval extended to preventing structural joint damage from rheumatoid arthritis. In 2010, we additionally received treatment approvals for psoriasis (January) and for ankylosing spondylitis (April). We are currently conducting phase 3 trials for Crohn's disease maintenance therapies.

Radicut was the world's first cerebral neuroprotectant for neurological symptoms, daily living impediments, and functional disabilities from acute cerebral infarction. We are conducting phase 3 trials in Japan for an additional indication for amyotrophic lateral sclerosis. In April 2010, we began marketing a *Radicut* bag intravenous infusion formulation.

Development Pipeline Status

As of May 2010

New Molecular Entities / Additional Indications / Licensing-Out

	Phase 1		Phase 2		Phase 3		Filed	
Domestic	**MP-435**	Rheumatoid arthritis	**FTY720**	Multiple sclerosis*1	**MP-424**	Chronic hepatitis C	**Venoglobulin-IH**	Immunoglobulin G2 deficiency
	MT-4666	Alzheimer's disease	**MP-214**	Schizophrenia	**MP-513**	Diabetes mellitus type 2	**Venoglobulin-IH**	Polymyositis, dermatomyositis*1
	Cholebine	Hyperphosphatemia	**TA-7284**	Diabetes mellitus	**APTA-2217**	COPD*2	**Venoglobulin-IH**	Hypo and gammaglobulinemia: additional dose
			Cholebine	Diabetes mellitus type 2	**APTA-2217**	Asthma	**Remicade**	Ulcerative colitis
					CNTO148	Rheumatoid arthritis	**Pazucross**	Severe or intractable case: additional dose
					BK-4SP	Prophylaxis of pertussis, diphtheria, tetanus, anpoliomyelitis	**Pazucross**	Sepsis, pneumococcus
					Venoglobulin-IH	Systemic scleroderma, sclerosis	**Omeprazon**	Eradication of Helicobacter pylori in 1. Gastric mucosa-associated lymphoide tissue (MALT) lymphoma; 2. The stomach after endoscopic resection of early stage gastric cancer; 3. Idiopathic thrombocytopenic purpura
					Venoglobulin-IH	Myasthenia gravis*1		
					Remicade	Crohn's disease: dose escalation		
					Modiodal	Obstructive sleep apnea		
					Radicut	Amyotrophic lateral sclerosis*1		
					Maintate	Chronic heart failure		
Overseas	**MP-513 (US)**	Diabetes mellitus type 2	**MCC-257**	Diabetic neuropathy	**MCI-196**	Hyperphosphatemia	**Argatroban**	Heparin-induced thrombocytopenia (HIT)
	TA-5493	Rheumatoid arthritis, psoriasis	**MT-2832**	Secondary hyperparathyroidism	**MP-146**	Chronic kidney disease		
	GB-1057	Stabilizing agent	**MCI-186**	Acute cerebral infarction				
	TA-8995	Dyslipidemia	**MP-513 (EU)**	Diabetes mellitus type 2				
	MP-124	Acute ischemic stroke						
	MP-136	Dyslipidemia						
Licensing-Out	**sTU-199**	Gastroesophageal reflux disease	**TA-7284**	Obesity	**TA-1790 (US)**	Erectile dysfunction	**FTY720**	Multiple sclerosis
	TT-138	Pollakiuria, anischuria	**T-0047**	Multiple sclerosis	**TA-1790 (Korea)**	Erectile dysfunction		
			MKC-242	Insomnia	**TA-7284**	Diabetes mellitus		
			TA-2005	Asthma, COPD*2				
			MKC-231	Depression/anxiety				
			Y-39983	Glaucoma				
			MT-210	Schizophrenia				

*1 Orphan drug designated
*2 Chronic obstructive pulmonary disease

Corporate Social Responsibility

We pursue lasting prosperity for communities around the world by innovating technologies, products, and services that prioritize resource and environmental sustainability, health, and comfort. We adhere to internal and external ethical guidelines and engage with stakeholders to ensure that we continue to meet our corporate social responsibilities.

Basic Approach

We believe that it is our social responsibility to draw on the concepts of sustainability, health, and comfort that stem from our Group philosophy of “Good Chemistry for Tomorrow,” and to provide goods and services that generate new value for society.

The MCHC Group translates that stance into action by innovating technologies, products, and services while pursuing and stepping up compliance, environmental and safety, and human rights efforts. The Group and its employees worldwide additionally support initiatives that foster sustainable social progress. The focuses of our stakeholder initiatives are as follows.

The main priority with customers is to offer safe, high-quality products and services. For shareholders and other investors, we ensure transparency and disclose financial and operational information in keeping with pertinent laws and regulations. With suppliers and other vendors, we endeavor to foster mutual trust through fair transactions. The goal with employees is to create workplaces that provide job satisfaction by respecting diversity and individuality, providing fair treatment to foster trust, and offering opportunities for advancement. We strive to understand the cultures and customs of all communities in which we operate, respecting social norms and acting as a good corporate citizen. We additionally engage with nonprofit organizations to assist progress through collaboration.

Collaborative health awareness study, Laos
Photo © The Hirayama Ikuo Volunteer Center, Waseda University

Mitsubishi Chemical Holdings Group Corporate Ethics

We, constituent members of the MCHC Group, shall share the following ethical standards and act with sound ethics and good common sense, and exert our utmost to ensure sustainable development as a corporate group that engenders society’s trust, in every aspect of our corporate activities.

1. Awareness and Responsibility

Based on the understanding that the foundation of our corporate activities is society’s trust and confidence in us, we shall endeavor to contribute to the realization of an affluent and enriching society through respective business activities with a keen sense of corporate social responsibility.

2. Fairness, Equitability and Integrity

We shall respect the dignity and rights of all people and shall not engage in invidious discrimination for any reason whatsoever, be it racial, gender or religious. Furthermore, we shall deal with third parties including customers, suppliers, vendors, shareholders, business partners, administrative organs and local communities who associate with the MCHC Group, in a fair, equitable and sincere manner. The same holds true for relations among inter-MCHC Group constituent members.

3. Strict Compliance

Strict compliance constitutes the foundation for being a member of society. "Never engage in unlawful activities," is an accepted social norm (legal and ethical standards), which must be observed at all times.

At the MCHC Group, we shall act in accordance with the following standards in order to avert possible risks that may lead to illegality:

(1) Continue to sharpen sensitivity toward illegal conduct.

(2) Never engage in suspected illegal activity.

(3) Do not underestimate the risk of illegality.

(4) In the event that an illegal act is committed, do not conceal or justify it.

(5) Avoiding risk of illegality takes precedence over corporate interest at all times.

4. Prudence

With respect to intercompany or intergroup relationships, as well as relationships with our customers, vendors and business partners, we shall avoid improper associations and maintain proper relationships that conform to prevailing social standards, to prevent misunderstanding.

In particular, we shall make a clear distinction between official and private matters and shall not exploit our position or status as a member of the MCHC Group to pursue our own personal interests in any business activity.

5. Transparency and Openness

Recognizing the importance of accountability in corporate activities, we shall maintain transparency in our corporate activities and proactively disclose appropriate information to uphold openness within and without the Company.

Remaining a Socially Responsible Investment

Investors worldwide are focusing increasingly on companies that contribute to social and environmental progress. MCHC is a component of the FTSE4Good Index Series, the Morningstar Socially Responsible Investment Index, and other similar benchmarks.

The *Financial Times* and the London Stock Exchange jointly own the FTSE Group, which manages the FTSE4Good Index Series. This index evaluates and promotes investments in companies that satisfy international corporate responsibility standards, and is highly regarded for its excellent transparent management methods, selection standards, and the FTSE Group's excellent brand image.

The Morningstar Socially Responsible Investment Index is Japan's first socially responsible investment benchmark, currently consisting of 150 listed domestic companies designated by Morningstar Japan K.K.

FTSE4Good

MS-SRI

July 2010

Corporate Governance

One of MCHC's top priorities is to continue strengthening corporate governance and implementing internal control systems to improve efficiency and transparency, thereby enhancing corporate value.

Basic Roles of MCHC

Our holding company system separates portfolio and operational management. The core operating companies are Mitsubishi Chemical, Mitsubishi Tanabe Pharma, Mitsubishi Plastics, and Mitsubishi Rayon. As the holding company, MCHC initiates measures to enhance corporate value, notably by building Group strategies, optimally allocating resources, and overseeing management. The key areas of concern for MCHC's corporate governance are decision making, efficient and timely implementation, clear management responsibility, strict compliance, and solid risk management.

Basic Corporate Governance Concepts

The Board of Directors gathers to decide on important Group matters. Statutory auditors oversee directors by attending Board and other important meetings, and through other means.

An executive officer system separates management supervision and execution. We maintain rules governing the Board of Directors, the Management Committee, and other decision-making organs. Other rules cover such areas as the authority of individual employee positions and departmental responsibilities.

A. Board of Directors

The Board of Directors decides on important MCHC and Group management matters and oversees the activities of directors. In principle, it meets once monthly. Under the Articles of Incorporation, the number of Board members is set at a maximum of 10, with seven members as of June 2010. Directors serve for one year to ensure that management is flexible and that director responsibilities and roles are clear.

B. Management Committee

The Management Committee assists the president in decision making and discusses investment, financing, and other important implementation matters for MCHC and Group companies. This body is also responsible for discussing such matters as compliance, risk management, safety and environmental measures, human rights education, social contributions, and other aspects of corporate social responsibility. Meetings are twice monthly. The committee comprises the president, standing executive officers, executive representatives of principal direct investees, and statutory auditors.

C. Statutory Auditors and Board of Auditors

In principle, the Board of Auditors meets once monthly to deliberate on auditing policies and allocate responsibilities. At the end of June 2010, this body had five statutory auditors, of whom three are external. Statutory auditors assess director implementations and corporate activities by attending Board of Directors and other important meetings in keeping with Auditing Standards for Corporate Auditors and other rules and regulations.

Cooperation between Statutory and Outside Auditors

MCHC has entrusted outside auditing to Ernst & Young ShinNihon LLC, which provides statutory auditors with reports on the progress and results of assessments, and exchanges important information and opinions with them.

Takeover Defenses

MCHC does not maintain takeover defenses, although it is prepared to thwart large share purchases that threaten corporate value or the common interests of shareholders. Management will continue to explore the adoption of takeover defenses in light of such factors as laws, legal precedents concerning takeover activities, and social trends.

IR Activities

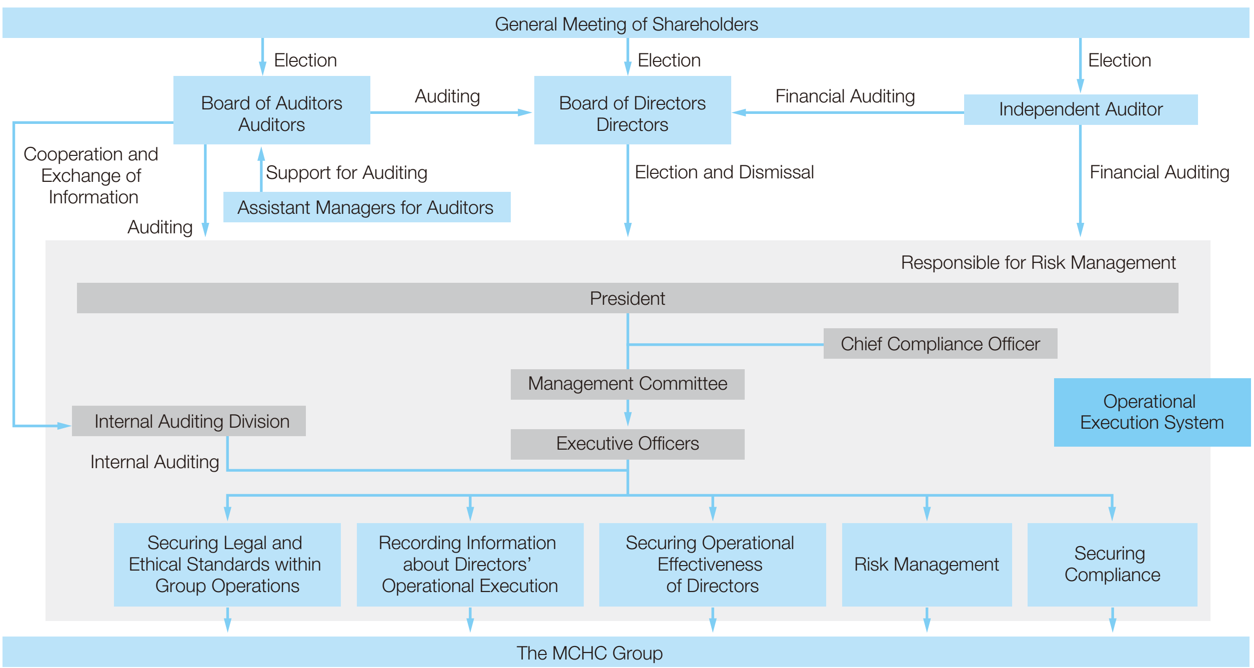
MCHC holds quarterly online results conferences for analysts and institutional investors. We also regularly conduct business briefings, research facility tours, and visits to institutional investors overseas.

Internal Audit System Concepts and Status

The Board of Directors assesses implementation of its basic policies at the end of every fiscal term, reviewing policy specifics as needed.

The MCHC Group Corporate Governance System

As of June 30, 2010



Compliance

We are constantly striving to ensure that all people and companies in the MCHC Group fully understand and adhere to evolving compliance obligations.

Basic Concept

We view compliance as much more than simply abiding by laws, and we accordingly strive to additionally satisfy corporate ethics and social norms. Compliance is a top management priority, and we have thus established various related regulations. They include the Mitsubishi Chemical Holdings Group Corporate Ethics, the Mitsubishi Chemical Holdings Group Compliance Code of Conduct, and the Mitsubishi Chemical Holdings Group Compliance Promotion Policy, which underpin all other compliance-related rules.

To ensure Groupwide understanding and adherence to requirements, MCHC's Internal Control Office set up the Compliance Group, while each Group company maintains compliance promotion committees. The heads of these bodies are chief compliance officers appointed by the Board of Directors.

Each domestic Group company must prepare a code of conduct and guidebook, undertake education and training activities, conduct business audits and monitoring, establish and operate a compliance hotline, and perform other tasks, all through compliance promotion committee activities. The Compliance Group also provides trainers, prepares tools, and offers other support for Group companies.

These concepts and activities additionally apply to overseas Group companies, which draw on the Mitsubishi Chemical Holdings Group Corporate Ethics in developing codes of conduct and preparing rules that are consistent with the laws and social norms of host countries.

Fiscal 2009 Activities

In August 2009, new directors of Group companies took courses in compliance training. In October 2009, an external attorney delivered a presentation to Group directors and presidents on compliance considerations for future business development.

Presentation on compliance considerations for future business development

Risk Management

We formed the Mitsubishi Chemical Holdings Group Risk Management Basic Policy to address basic risks.

The Group has consolidated its risk management system over the years to fulfill its social responsibilities and enhance corporate value. In April 2006, MCHC developed a risk management system, which the president oversees as the chief risk management officer, and formulated and deployed the Mitsubishi Chemical Holdings Group Risk Management Basic Policy.

The Management Committee discusses key issues related to Group risk management policies and responses, presenting its recommendations to the president. Each operating company tailors its risk management system to its specific business requirements and oversees the efforts of subsidiaries to create their risk management setups.

During the year, MCHC continued to monitor its risk management systems, identifying and assessing significant risks. It conducted an internal campaign to eliminate or reduce such risk factors as H1N1 influenza and information security. MCHC additionally isolates and addresses key environmental and other risks.

Risk Management System

As of June 30, 2010

MCHC President

MCHC Group Risk Management Basic Policy

Management Committee

Report

Mitsubishi Chemical President	Mitsubishi Tanabe Pharma President	Mitsubishi Plastics President	Mitsubishi Rayon President
Mitsubishi Chemical Group Risk Management Policy	Mitsubishi Tanabe Pharma Group Risk Management Policy	Mitsubishi Plastics Group Risk Management Policy	Mitsubishi Rayon Risk Management Regulations
Risk Management Committee	**Risk Management Committee**	**Risk Management Committee**	**Risk Management Committee**

Board of Directors, Corporate Auditors and Executive Officers

As of June 24, 2010

(Seated from left) *Yoshimitsu Kobayashi, Ryuichi Tomizawa*
(Standing from left) *Masanao Kambara, Michihiro Tsuchiya, Shotaro Yoshimura, Hitoshi Ochi, Hiroshi Yoshida*

Members of the Board

Chairman
Ryuichi Tomizawa

Representative Director,
President &
Chief Executive Officer
Yoshimitsu Kobayashi

Representative Director,
Senior Managing Executive Officer
Shotaro Yoshimura
Supervising—Corporate Management Office; Public Relations and Investor Relations Office (IR)

Managing Executive Officer
Hitoshi Ochi
Supervising—Public Relations and Investor Relations Office (PR); General Manager, Corporate Strategy Office

Michihiro Tsuchiya

Hiroshi Yoshida

Masanao Kambara

Corporate Auditors

Kazutoshi Kondo
(Full time)

Kazuchika Yamaguchi
(Full time)

Takashi Nishida*
(Full time)

Rokuro Tsuruta*
(Attorney-at-law)

Toshio Mizushima*
(Certified public accountant)

*Outside Corporate Auditor

Managing Executive Officers

Tomihisa Ikeura
Supervising—Group Synergy Office (R&D and Intellectual Property)

Noriyoshi Ohira
General Manager, Human Resources Office

Masanori Karatsu
Supervising—Group Synergy Office (Purchasing and Supply Chain Innovation)

Noboru Tsuda
Chief Compliance Officer
Supervising—Administration Office; General Manager, Internal Control Office

Executive Officers

Tomiaki Ito
Supervising—Group Synergy Office (Product Development)

Motoo Kobayashi
Supervising—Group Synergy Office (Information System)

Yutaka Haruyama
Supervising—Group Synergy Office (Responsible Care)

Iwao Yamamoto
Supervising—Group Synergy Office (Process and Material Technology)

Financial Section

Contents

Consolidated Financial Summary

Mitsubishi Chemical Holdings Corporation and Consolidated Subsidiaries
Years ended March 31

	Millions of yen						Thousands of U.S. dollars
	Mitsubishi Chemical Holdings Corporation				Mitsubishi Chemical Corporation		Mitsubishi Chemical Holdings Corporation
	2010	2009	2008	2007	2006	2005	**2010**
For the Year:							
Net sales	**¥2,515,079**	¥2,909,030	¥2,929,810	¥2,622,820	¥2,408,945	¥2,189,462	**$27,043,860**
Operating income	**66,342**	8,178	125,046	128,589	133,619	148,624	**713,355**
Income (loss) before income taxes and minority interests in consolidated subsidiaries	**43,311**	(44,002)	217,791	137,802	115,070	106,604	**465,710**
Net income (loss)	**12,833**	(67,178)	164,064	100,338	85,569	55,372	**137,989**
Capital expenditures	**119,025**	139,011	170,051	130,855	97,864	67,123	**1,279,839**
Depreciation and amortization	**129,574**	119,230	102,172	83,270	88,165	87,708	**1,393,269**
R&D expenditures	**136,863**	127,802	112,064	91,177	89,594	89,215	**1,471,645**
Net cash provided by operating activities	**116,073**	76,149	156,173	63,343	179,723	222,821	**1,248,097**
Net cash used in investing activities	**(327,006)**	(189,233)	(177,985)	(133,434)	(74,365)	(57,642)	**(3,516,194)**
Net cash provided by (used in) financing activities	**94,437**	179,526	70,871	74,492	(97,181)	(171,306)	**1,015,452**
At Year-End:							
Total assets	**3,355,097**	2,740,876	2,765,837	2,318,832	2,126,612	1,970,528	**36,076,312**
Property, plant and equipment	**1,167,073**	834,046	852,806	724,438	686,680	674,953	**12,549,172**
Short-term and long-term debt	**1,454,126**	1,033,239	822,520	739,673	636,669	704,077	**15,635,763**
Total net assets	**1,032,865**	940,114	1,095,927	758,752	656,060	445,977	**11,106,075**

	Yen						U.S. dollars
Per Share:							
Net income (loss)—Basic	**¥ 9.32**	¥(48.81)	¥119.51	¥ 73.25	¥ 69.51	¥ 25.40	**$0.10**
Net assets	**490.99**	486.09	601.45	520.05	478.72	205.09	**5.28**
Cash dividends	**8.00**	12.00	16.00	14.00	14.00	6.00	**0.09**
Ratios:							
Return on assets (ROA) (%)	**1.4**	-1.5	8.5	6.1	5.6	5.3	—
Return on equity (ROE) (%)	**1.9**	-8.9	21.3	14.6	15.5	13.1	—
Shareholders' equity ratio (%)	**20.0**	24.4	29.9	30.7	30.8	22.6	—

Notes:
1. U.S. dollar amounts are converted from yen, for convenience only, at the rate of ¥93 = U.S.$1.00, the approximate exchange rate prevailing on March 31, 2010.
2. MCHC was established on October 3, 2005 as a holding company through a 100 percent stock transfer (exchange) by Mitsubishi Chemical Corporation ("MCC") and Mitsubishi Pharma Corporation ("MPC"), which was a wholly owned subsidiary of MCC. As a result, MCC and MPC both became domestic wholly owned subsidiaries of MCHC and the shareholders of MCC and MPC became the shareholders of MCHC. Since, on the formation date the consolidated MCHC Group is in substance the same as the consolidated MCC Group, the consolidated financial statements presented herein for the year ended March 31, 2006, succeeded the ending balance of consolidated retained earnings of MCC as of September 30, 2005, and the consolidated net income of MCHC for the same year succeeded the first half of consolidated income of MCC and the second half of that of MCHC.
3. Financial results of Mitsubishi Chemical Holdings Corporation for the year ended March 31, 2006, comprise Mitsubishi Chemical Corporation's consolidated financial results for the first half and Mitsubishi Chemical Holdings Corporation's consolidated financial results for the second half of the year.
4. Prior to 2006, total net assets represents "shareholders' equity." Only in this summary, "shareholders' equity" represents the sum of total shareholders' equity and total valuation, translation adjustments and other.
5. Net income per share of Mitsubishi Chemical Holdings Corporation for the year ended March 31, 2006, is calculated based on the weighted-average number of shares of common stock of Mitsubishi Chemical Corporation for the first half and the weighted-average number of shares of common stock of Mitsubishi Chemical Holdings Corporation for the second half of the year. The number of shares of common stock of Mitsubishi Chemical Corporation is adjusted to the basis of shares of common stock of Mitsubishi Chemical Holdings Corporation by utilizing the stock exchange ratio.
6. Cash dividends per share of Mitsubishi Chemical Holdings Corporation for the year ended March 31, 2006 (¥14.00), consist of ¥6.00 of Mitsubishi Chemical Corporation for the first half, which is adjusted to the basis of Mitsubishi Chemical Holdings Corporation by utilizing the stock exchange ratio, and ¥8.00 of Mitsubishi Chemical Holdings Corporation for the second half of the year.
7. ROA is calculated as income before income taxes and minority interests in consolidated subsidiaries divided by average total assets.
8. ROE is calculated as net income divided by average shareholders' equity.

Segment Information

Mitsubishi Chemical Holdings Corporation and Consolidated Subsidiaries
Years ended/as of March 31

	Net Sales*			Operating Income		
	Millions of yen		Thousands of U.S. dollars	Millions of yen		Thousands of U.S. dollars
INDUSTRY SEGMENT	**2010**	2009	**2010**	**2010**	2009	**2010**
Electronics Applications	**¥ 300,455**	¥ 327,531	**$ 3,230,699**	**¥ 7,098**	¥ 4,780	**$ 76,323**
Designed Materials	**303,590**	276,472	**3,264,409**	**8,185**	(2,110)	**88,011**
Health Care	**504,414**	497,072	**5,423,806**	**71,571**	79,277	**769,581**
Chemicals	**785,708**	1,074,962	**8,448,473**	**7,302**	(55,543)	**78,516**
Polymers	**479,071**	573,040	**5,151,301**	**(21,741)**	(12,968)	**(233,774)**
Others	**141,841**	159,953	**1,525,172**	**6,246**	8,833	**67,161**
Subtotal	**2,515,079**	2,909,030	**27,043,860**	**78,661**	22,269	**845,817**
Corporate Costs	**—**	—	**—**	**(12,319)**	(14,091)	**(132,462)**
Total	**¥2,515,079**	¥2,909,030	**$27,043,860**	**¥ 66,342**	¥ 8,178	**$ 713,355**

* Inter-segment sales and transfers are not included.

	Total Assets			Depreciation and Amortization		
	Millions of yen		Thousands of U.S. dollars	Millions of yen		Thousands of U.S. dollars
INDUSTRY SEGMENT	**2010**	2009	**2010**	**2010**	2009	**2010**
Electronics Applications	**¥ 286,051**	¥ 279,528	**$ 3,075,817**	**¥ 21,747**	¥ 22,196	**$ 233,839**
Designed Materials	**569,229**	219,351	**6,120,742**	**20,662**	15,379	**222,172**
Health Care	**830,399**	817,580	**8,929,022**	**19,879**	20,510	**213,753**
Chemicals	**688,641**	670,574	**7,404,742**	**40,698**	36,895	**437,613**
Polymers	**749,946**	419,313	**8,063,935**	**19,051**	15,411	**204,849**
Others	**319,767**	307,793	**3,438,355**	**4,292**	3,798	**46,151**
Subtotal	**3,444,033**	2,714,139	**37,032,613**	**126,329**	114,189	**1,358,376**
Corporate Assets and Eliminations	**(88,936)**	26,737	**(956,301)**	**3,245**	5,041	**34,892**
Total	**¥3,355,097**	¥2,740,876	**$36,076,312**	**¥129,574**	¥119,230	**$1,393,269**

	Capital Expenditures			R&D Expenditures		
	Millions of yen		Thousands of U.S. dollars	Millions of yen		Thousands of U.S. dollars
INDUSTRY SEGMENT	**2010**	2009	**2010**	**2010**	2009	**2010**
Electronics Applications	**¥ 29,705**	¥ 26,244	**$ 319,409**	**¥ 10,348**	¥ 11,725	**$ 111,269**
Designed Materials	**13,384**	12,852	**143,914**	**7,857**	5,650	**84,484**
Health Care	**16,289**	19,844	**175,151**	**92,333**	83,556	**992,828**
Chemicals	**38,656**	43,981	**415,656**	**4,707**	4,920	**50,613**
Polymers	**14,941**	22,903	**160,656**	**9,136**	8,524	**98,237**
Others	**4,256**	4,819	**45,763**	**307**	168	**3,301**
Subtotal	**117,231**	130,643	**1,260,548**	**124,688**	114,543	**1,340,731**
Corporate R&D and Other	**1,794**	8,368	**19,290**	**12,175**	13,259	**130,914**
Total	**¥119,025**	¥139,011	**$1,279,839**	**¥136,863**	¥127,802	**$1,471,645**

	Employees (Number)	
INDUSTRY SEGMENT	**2010**	2009
Electronics Applications	**6,729**	6,978
Designed Materials	**9,779**	4,730
Health Care	**12,947**	13,460
Chemicals	**5,647**	5,306
Polymers	**7,642**	4,137
Others	**9,330**	6,022
Subtotal	**52,074**	40,633
Corporate R&D and Other	**1,833**	847
Total	**53,907**	41,480

	Net Sales*			Operating Income		
	Millions of yen		Thousands of U.S. dollars	Millions of yen		Thousands of U.S. dollars
GEOGRAPHIC SEGMENT	**2010**	2009	**2010**	**2010**	2009	**2010**
Japan	**¥2,116,385**	¥2,477,426	**$22,756,828**	**¥ 56,564**	¥ 25,763	**$608,215**
Asia	**243,153**	276,269	**2,614,548**	**18,294**	(6,940)	**196,710**
Other	**155,541**	155,335	**1,672,484**	**3,139**	3,446	**33,753**
Subtotal	**2,515,079**	2,909,030	**27,043,860**	**77,997**	22,269	**838,677**
Corporate Costs	**—**	—	**—**	**(11,655)**	(14,091)	**(125,323)**
Total	**¥2,515,079**	¥2,909,030	**$27,043,860**	**¥ 66,342**	¥ 8,178	**$713,355**

* Inter-segment sales and transfers are not included.

	Total Assets		
	Millions of yen		Thousands of U.S. dollars
GEOGRAPHIC SEGMENT	**2010**	2009	**2010**
Japan	**¥2,652,386**	¥2,228,552	**$28,520,280**
Asia	**317,066**	173,610	**3,409,312**
Other	**311,440**	102,461	**3,348,817**
Subtotal	**3,280,892**	2,504,623	**35,278,409**
Corporate Assets and Eliminations	**74,205**	236,253	**797,903**
Total	**¥3,355,097**	¥2,740,876	**$36,076,312**

	Millions of yen		Thousands of U.S. dollars
OVERSEAS SALES	**2010**	2009	**2010**
Asia	**¥ 456,223**	¥ 458,059	**$ 4,905,624**
Other	**180,984**	210,052	**1,946,065**
Total Overseas Sales	**637,207**	668,111	**6,851,688**
Consolidated Sales	**2,515,079**	2,909,030	**27,043,860**
Total Overseas Sales as a Percentage of Consolidated Sales	**25.3%**	22.9%	—

Note: Major countries or areas in the Asia and Other regions are as follows:
Asia: PRC, Taiwan, South Korea, Indonesia, Thailand, India
Other: North America, Europe

Management's Discussion and Analysis

The Consolidated Accounting Period under Review

Performance Overview

In fiscal 2009, ended March 31, 2010, improved exports and production were among some second-half indications of a recovery in a Japanese economy in which capital expenditure and personal consumption remained stagnant, with overall prospects for a turnaround remaining uncertain.

The business climate remained severe for the MCHC Group. The Health Care domain continued to suffer from tight medical spending constraints. The situation was tough in the Performance Products and Chemicals domains, attributable to generally sluggish demand and adverse market conditions, despite gradual demand recoveries in the second half, while the price levels of some products remained unfavorable owing to lower raw materials and fuel prices, despite an upward trend for these commodities during the term.

In June 2009, buffeted by the severe business climate, the MCHC Group revised its basic strategies for its three-year mid-term management plan, *APTSIS 10*, for fiscal 2008 to fiscal 2010, focusing on responding rapidly to the contraction of business, undertaking structural reform, and accelerating the pace of innovation and investment for growth. The Group has taken a number of measures to recover earnings, including revising the allocation of resources to execute focused capital expenditure and R&D; business structure reforms, such as the withdrawal from unprofitable businesses; and strengthening international competitiveness through strategic alliances with leading overseas companies. Further, the Group has reinforced solutions-based marketing in each customer segment, and has executed thorough cost reductions and asset reductions.

Under these circumstances, consolidated net sales thus declined ¥393.9 billion, or 13.5%, to ¥2,515.0 billion. On the positive side, operating income grew ¥58.1 billion, to ¥66.3 billion, reflecting an improvement in inventory valuation and a second-half turnaround in demand for basic petrochemicals. Net income was ¥12.8 billion, from a net loss of ¥67.1 billion, partly because income taxes were lower.

Note that the operating results of Mitsubishi Rayon Co., Ltd., were not subject to consolidation, as it was acquired in March 2010.

Results of Operations

Net Sales and Operating Income

While the Health Care domain performed well, the Performance Products and Chemicals domains experienced generally lower demand and adverse markets, despite demand recoveries in the second half, with diminished price levels owing to reduced raw materials and fuel prices. Consolidated net sales thus declined ¥393.9 billion, or 13.5%, to ¥2,515.0 billion.

Operating income grew ¥58.1 billion, to ¥66.3 billion, reflecting an improvement in inventory valuation and a second-half turnaround in demand for basic petrochemicals.

See Results by Industry Segment on page 36 for sales and operating income breakdowns.

The operating margin was 2.6%, up 2.3 percentage points.

Other Income and Expenses

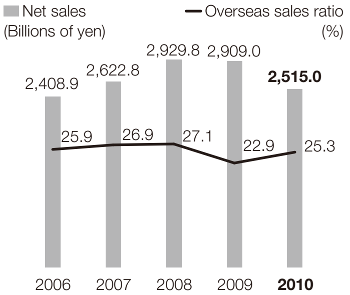
Other expenses amounted to ¥23.0 billion, compared with other expenses of ¥52.1 billion in the previous fiscal year.

Interest income for the year under review was ¥2.4 billion, while dividend income was ¥4.2 billion. Combined, this income was ¥3.7 billion less than that of fiscal 2008, ended March 31, 2009. Interest expense was ¥13.0 billion, which was ¥0.5 billion lower, partly because of declining interest rates. Net financial expenses were thus ¥6.4 billion, up ¥3.1 billion.

Equity in earnings of unconsolidated subsidiaries and affiliates was ¥6.5 billion, from ¥5.0 billion in such losses a year earlier. This was largely because of the contributions of Mitsubishi Engineering-Plastics Corporation and Samnam Petrochemical Co., Ltd., an overseas equity-method company that makes terephthalic acid. Foreign exchange gains were ¥1.9 billion, from ¥4.8 billion in losses in the preceding term.

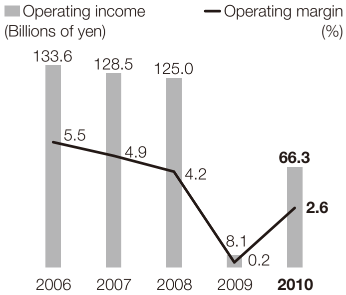
MCHC received ¥4.6 billion in insurance income relating to a December 2007 fire at the No. 2 ethylene facility of Mitsubishi Chemical Corporation's Kashima Plant.

Net Sales and Overseas Sales Ratio



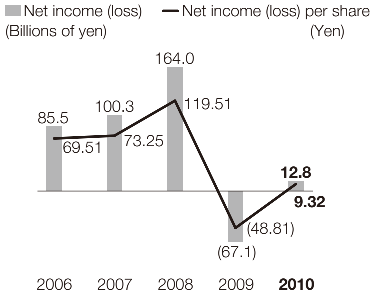
Years ended March 31

Operating Income and Operating Margin



Years ended March 31

Net Income (Loss) and Net Income (Loss) per Share



Years ended March 31

Key components of other income were a ¥13.6 billion negative goodwill gain and a ¥7.4 billion gain on step acquisitions. Principal factors for both gains were additional stock purchases that made Taiyo Nippon Sanso Corporation an equity-method affiliate, while the Nippon Synthetic Chemical Industry Co., Ltd., became a consolidated subsidiary.

Other expenses included a ¥12.5 billion loss on liquidation of subsidiaries and affiliates, as a contingency for the costs of constructing a waste processing facility at the site of a rare-earth business that Mitsubishi Chemical withdrew from in Malaysia in 1994, as well as a ¥4.5 billion nonrecurring depreciation on noncurrent assets, and a ¥4.4 billion impairment loss.

Income before income taxes and minority interests in consolidated subsidiaries was ¥43.3 billion, from a loss of ¥44.0 billion in fiscal 2008, ended March 31, 2009.

Income Taxes, Minority Interests in Income, and Net Income

Income taxes were ¥10.4 billion, comprising the sum of ¥35.1 billion in current income taxes and a ¥24.7 billion downward adjustment for deferred income taxes. The effective tax rate after applying tax-effect accounting was 24.2%, or 16.4 percentage points less than the statutory tax rate. This was due partly to a negative goodwill gain associated with additional stock purchases that made Taiyo Nippon Sanso an equity-method affiliate. Another key factor was a gain on step acquisitions related to the consolidation of Nippon Synthetic Chemical Industry.

Minority interests in consolidated subsidiaries were ¥19.9 billion, up ¥9.2 billion. This was due mainly to improved results at the overseas subsidiaries of the terephthalic acid business.

Net income was therefore ¥12.8 billion, compared with a net loss of ¥67.1 billion for fiscal 2008, ended March 31, 2009.

Results by Industry Segment

Electronics Applications

Recording media sales fell owing to lower DVD volumes and prices and a higher yen, overshadowing increased volumes of portable hard disk drives and flash memory devices. Polyester film sales were down, reflecting a demand slump in the first half in Europe and the United States. Volumes and revenues decreased for plastic injection moldings for products used in liquid crystal displays. In fields related to the environment and clean energy, sales remained depressed for precision cleaning and wafer regeneration businesses for semiconductors and liquid crystal displays. Sales of imaging supplies rose on the strength of higher volumes for such offerings as organic photoconductor drums, toners and chemical toners, and other office printing consumables. Inorganic chemical sales plunged on lower volumes and lower prices because of reduced demand.

Segment sales thus dropped ¥27.0 billion, or 8.2%, to ¥300.4 billion. Operating income increased ¥2.3 billion, or 48.4%, to ¥7.0 billion, owing to a second-half recovery in domestic demand for information and electronics-related materials.

Major Initiatives

- Mitsubishi Kagaku Media Co., Ltd., developed 25GB 6x BD-R LTH Type media, which uses organic AZO dye in the recording layer. (May 2009)
- Mitsubishi Kagaku Media acquired all the shares of Freecom B.V. and transformed it into a wholly owned subsidiary. (September 2009)
- Mitsubishi Kagaku Media, through its own global brand *Verbatim*, launched a DVD-R and a DVD-RW on which the title can be written and erased from the disc label using the *MEDIA MARKER* dedicated pen. (October 2009)
- Mitsubishi Kagaku Media, through its own global brand *Verbatim*, launched *PhotoSave DVD*, with built-in software, for easy photo and video backup, and *OfficeSave* DVD for easy data file backup. (November 2009)
- Mitsubishi Chemical was entrusted by NTT Advanced Technology Corporation with the production of GaN epitaxial wafers, a key material for next-generation electronics devices that will support the ubiquitous network era. (January 2010)
- Mitsubishi Chemical and Pioneer Corporation entered into an alliance on their OLED lighting business, as well as into a capital alliance strengthening their company relations. (February 2010)
- Mitsubishi Plastics, Inc., completed construction of a new plant at its Santo Plant for optical polyester film for flat panel displays, *DIAFOIL*, and began full-scale production. (March 2010)

Designed Materials

Food ingredient sales were virtually unchanged, owing to higher overseas demand, which offset lower domestic volumes in emulsifier. Sales of battery materials surged on higher volumes for notebook computers. Lower volumes depressed fine chemicals sales. Sales of polymer processing products jumped, owing to the consolidation of Nippon Synthetic Chemical Industry in September 2009, making up for downturns in volumes of films, composite films, and sheets. In composite materials, sales of carbon and alumina fibers and other industrial materials dropped because of constrained corporate capital expenditure. Sales of construction materials also dropped, reflecting tighter public-sector spending.

Segment sales therefore increased ¥27.1 billion, or 9.8%, to ¥303.5 billion. Operating income was ¥8.1 billion, against an operating loss of ¥2.1 billion in fiscal 2008, ended March 31, 2009.

Major Initiatives

- Mitsubishi Plastics launched the high gas barrier film, *VIEW-BARRIER*, which boasts superior properties, including excellent gas barrier, antireflection and UV-cutting properties. (April 2009)
- Mitsubishi Plastics launched a polyolefin wrap, *DIAWRAP*, for home use. (April 2009)
- MKV Platech Co., Ltd., concluded an agreement to acquire the high-tech agricultural business of Taiyo Kogyo Corporation (May 2009)
- MKV Platech, Marui Kako Co., Ltd., and Agridream, Inc., merged and began operations as MKV DREAM CO., LTD., in order to further boost the revenue base of the agricultural materials business, effective from July 1, 2009. (July 2009)
- Mitsubishi Plastics launched an effluent treatment system, *HISHIBIOTANK*, which eliminates suspended solids generated throughout the manufacturing process of livestock food products. (July 2009)
- Mitsubishi Plastics developed and test-marketed *AQSOA* desiccant air-conditioning equipment for dehumidification and humidification, with up to 20% lower power consumption compared to standard air-conditioning equipment. (July 2009)
- Mitsubishi Plastics developed a special casting technology to produce high-performance aluminum ingots characterizing less deformation resistance and high elongation, and launched *ALFINE* aluminum ingots using the developed technology. (August 2009)
- Mitsubishi Plastics and the founders of Quadrant AG established a joint venture, Aquamit B.V., as a holding company, and acquired Quadrant's shares through a public tender offer, transforming it into a consolidated subsidiary. (September 2009)
- Mitsubishi Chemical acquired additional shares in Nippon Synthetic Chemical Industry and transformed it into a consolidated subsidiary. (September 2009)
- Mitsubishi Plastics developed the industry's first heat-insulation container, *HISHI CONTAINER ASKOC*, that is foldable and repeatedly washable, and announced plans to launch it in October 2009. (September 2009)
- Mitsubishi Plastics launched *DIA PARTITION*, a portable partition with titanium dioxide applied to the surface to provide photocatalytic functions. (October 2009)
- Dia Moulding Slovakia s.r.o. completed construction of an injection molding production facility and began production. (October 2009)
- Mitsubishi Plastics launched *BACK-BARRIER*, a high gas barrier film for use in back sheets for photovoltaic solar modules. (October 2009)
- Mitsubishi Plastics developed and launched new grades for biaxially oriented nylon films, including high gas barrier layers, *SUPERNYL* "EH grade" with improved oxygen barrier properties, and "EHP grade" with pinhole resistance. (November 2009)
- Astro Corporation launched a new series of artificial turf for exterior use, *ASTRO GARDEN*, which boasts a texture like natural grass. (November 2009)
- Mitsubishi Plastics, Dai Nippon Printing Co., Ltd., and Sony Corporation jointly developed an IC credit card, the main raw material for which was bio-based polymer, a world first. The card has since been given authorization by MasterCard Worldwide. (November 2009)
- Mitsubishi-Kagaku Foods Corporation reached an agreement with the Nagata Sangyo Group to acquire 30% of HBI Enzymes Inc.'s outstanding shares owned by Nagata Sangyo. (November 2009)
- Mitsubishi Plastics established Mitsubishi Plastics Asia Pacific Pte. Ltd., in Singapore, as a base for strategic business development and for sales of the *ALPOLIC* line of aluminum-plastic composite materials in the Asia Pacific region. (December 2009)
- Mitsubishi Plastics developed and launched *ALPOLIC DB* and *ALPOLIC DB Light*, which is hard foamed urethane sandwiched between aluminum-plastic composite materials, and used for sliding doors on the flank and rear of refrigerator cars and trucks transporting beverages. (December 2009)
- Mitsubishi Chemical announced plans to absorb its wholly owned subsidiary, Japan Epoxy Resins Co., Ltd., as of April 1, 2010 (January 2010)
- Mitsubishi Chemical and Calgon Carbon Corporation agreed to the transfer of a portion of shares of their joint venture, Calgon Mitsubishi Chemical Corporation (CMCC), from Mitsubishi Chemical to CMCC at the end of March 2010. The joint venture will then begin operations under the name Calgon Carbon Japan KK. The remaining portion of shares owned by Mitsubishi Chemical will thereafter be transferred to Calgon Carbon Japan at the end of March 2011. (February 2010)
- MKV DREAM launched a biodegradable multifilm for agricultural use, *CAELUCCI*, which promises not only to reduce the stripping-off time, but also reduces the need to process plastic waste, thus reducing costs and benefiting the environment. (March 2010)

Health Care

Pharmaceuticals sales rose, owing to favorable domestic demand for *Remicade*, an anti-TNF-α monoclonal antibody, and *Talion*, an allergy treatment. Higher vaccine and generic drug revenues also contributed to performance, offsetting a downturn in the overseas sales of ethical drugs as a result of the higher yen. Clinical testing sales declined because of lower demand, but diagnostic reagent sales increased.

Segment sales increased ¥7.3 billion, or 1.4%, to ¥504.4 billion. Operating income declined ¥7.7 billion, or 9.7%, to ¥71.5 billion, reflecting additional research and development expenditures.

Major Initiatives

- The Ministry of Health, Labour and Welfare announced the standard for Mitsubishi Tanabe Pharma Corporation's burden of payments, based on "The Special Relief Law Concerning the Payment of Benefits to Relieve the Patients of Hepatitis C Infected through Specified Fibrinogen Preparations and Specified Blood-Coagulation Factor IX Preparations Contaminated by Hepatitis C Virus," as a result of series of discussions with the Minister of Health, Labour and Welfare pertaining to the method of sharing the burden of fees required for said benefit payments and other operations, as well as the proportion of the said burden. (April 2009)
- Mitsubishi Tanabe Pharma launched six generic drug ingredients that were newly included in the price listing of Japan's National Health Insurance. (May 2009)
- Mitsubishi Tanabe Pharma obtained approval for an additional indication for cytomegalovirus infection in organ transplantation (including hematogenic stem cell transplantation) and malignant tumor for the anti-cytomegalovirus chemotherapeutic agent, *Valixa Tablet* 450 mg. (May 2009)
- Mitsubishi Tanabe Pharma began Medical Representative (MR) activities using the *i-MiEV* electric vehicle. (July 2009)
- Mitsubishi Tanabe Pharma and Vertex Pharmaceuticals Incorporated announced an amendment to their agreement for developing and commercializing *MP-424*, an oral protease inhibitor for the treatment of Hepatitis C virus. (July 2009)
- Taiwan Tanabe Seiyaku Co., Ltd., and P.T. Tanabe Indonesia, both consolidated subsidiaries of Mitsubishi Tanabe Pharma, announced an agreement for the exclusive development and commercialization licenses for Taiwan and Indonesia in regard to pitavastatin calcium (generic name; brand name in Japan, *Livalo* tablet), a hypercholesterolemia treatment agent. (August 2009)
- Mitsubishi Chemical Medience Corporation concluded an agreement with the University of Tsukuba on the joint implementation of Tsukuba Medical Laboratory of Education and Research at the Tsukuba University Hospital. (September 2009)
- Mitsubishi Tanabe Pharma and Kureha Corporation entered into an agreement under which Kureha shall grant Mitsubishi Tanabe Pharma a license to market *Kremezin* in Japan, a drug for chronic renal failure developed by Kureha. (October 2009)
- Mitsubishi Tanabe Pharma established a pharmaceutical sales and marketing company, Mitsubishi Tanabe Pharma America, Inc., and, at the same time, reorganized Group companies in the United States. (October 2009)
- Mitsubishi Tanabe Pharma launched orally disintegrating "*CEREDIST OD* Tablets 5" as an additional formulation of "*CEREDIST* Tablets 5" (generic name, taltirelin hydrate). (October 2009)
- Mitsubishi Tanabe Pharma announced the commencement of construction of a new building for the Medicinal Chemical Laboratory, on the premises of the Yokohama Office. (December 2009)
- Mitsubishi Tanabe Pharma and Mochida Pharmaceutical Co., Ltd., signed an agreement to co-market a selective serotonin reuptake inhibitor (SSRI), escitalopram, in Japan (January 2010)
- Mitsubishi Tanabe Pharma received, as of January 15, 2010, approval for the manufacture and marketing of "*RADICUT* BAG for I.V. infusion 30mg," a new dosage form of "*RADICUT* injection 30mg," a cerebral neuroprotectant. (January 2010)
- Mitsubishi Tanabe Pharma received, as of January 20, 2010, approval for the additional indication of psoriasis (plaque psoriasis, psoriatic arthritis, pustular psoriasis and erythrodermic psoriasis) for *Remicade* I.V. Drip Infusion 100, anti-human TNF-α monoclonal antibody. (January 2010)

Chemicals

Production of ethylene, a basic raw material for petrochemicals, was up 13.6%, to 1.14 million metric tons, reflecting a second-half recovery in demand. Sales of basic petrochemicals, chemical derivatives, and synthetic fiber materials plummeted because of generally sluggish demand and price reductions, although the situation improved in the second half of the year. Blast furnace coke sales were down significantly as a result of lower volumes and falling prices associated with coal prices. Fertilizer sales dropped because of the removal of Mitsubishi Chemical Agri, Inc., from consolidation following its October 2009 merger with Chisso Asahi Fertilizer Co., Ltd.

Segment sales decreased ¥289.2 billion, or 26.9%, to ¥785.7 billion. Operating income was ¥7.3 billion, from a loss of ¥55.5 billion in the previous fiscal year. This was because of an improvement in inventory valuation with rising raw materials and fuel prices, while MCHC benefited from a more favorable spread between prices of terephthalic acid and paraxylene.

Major Initiatives

- Mitsubishi Chemical resolved to withdraw from the styrene monomer business. (May 2009)
- Mitsubishi Chemical and Asahi Kasei Chemicals Corporation resolved to establish a joint venture to unify their naphtha cracker operations in the Mizushima area and analyze how to optimize their efficiencies. (June 2009)
- Mitsubishi Chemical concluded an agreement with Chisso Corporation and Asahi Kasei Chemicals to consolidate their fertilizer businesses. (August 2009)
- Mitsubishi Chemical completed construction of a production facility for polytetramethylene ether glycol in the Ningbo Daxie Development Zone, PRC, and began operations. (November 2009)
- Mitsubishi Chemical completed construction of a production facility for propylene (olefins conversion unit) at the Kashima Plant. (November 2009)
- Mitsubishi Chemical and JGC Corporation reached a mutual agreement to construct a pilot plant with the aim of commercializing their jointly developed propylene production process. (November 2009)

Polymers

Sales of synthetic resins dropped dramatically. This was because of lower demand and price declines, owing to lower raw materials and fuel prices, overshadowing demand recoveries in some offerings in the second half.

Segment sales fell ¥93.9 billion, or 16.3%, to ¥479.0 billion. MCHC posted an operating loss of ¥21.7 billion, down ¥8.7 billion from the previous term, the prime factor being inventory valuation losses, which offset a second-half demand turnaround.

Major Initiatives

- Mitsubishi Chemical resolved to withdraw from its businesses related to polyvinyl chloride resin, vinyl chloride monomer, and electrolytic products operated through its subsidiary, V-Tech Corporation, and shut down production facilities related to these businesses by the end of March 2011. (May 2009)
- Mitsubishi Chemical resolved to withdraw from the caprolactam business. (May 2009)
- Mitsubishi Chemical resolved to construct a pilot plant at the Kurosaki Plant to develop and mass-produce biomass-based polycarbonate. (May 2009)
- Mitsubishi Chemical and Royal DSM N.V. announced the signing of a memorandum of understanding (MOU) on the exchange of high-performance products businesses. Under the MOU, Mitsubishi Chemical will exchange its nylon business—operated mainly in Japan and Asia by Mitsubishi Chemical and Mitsubishi Engineering-Plastics—for a polycarbonate business operated mainly in Europe by DSM Engineering Plastics B.V. The companies started a detailed study of the exchange, aiming to reinforce each other's competitiveness. (May 2009)
- Mitsubishi Chemical announced that it would transfer of all its shares of PS Japan Corporation to Asahi Kasei Chemicals and Idemitsu Kosan Co., Ltd., and withdraw from the polystyrene business, targeted for October 1, 2009 (July 2009)
- Mitsubishi Chemical announced the signing of a memorandum of understanding with PTT Public Company Limited on jointly conducting a study for the business development of bio-polybutylene succinate, a biodegradable polymer made from biomass resources in Thailand. (September 2009)
- Mitsubishi Chemical acquired the remaining interest in Sunprene (Thailand) Company Limited, which manufactures and markets polyvinyl chloride compounds, from Thai Nam Plastic (Public) Company Limited, and transformed Sunprene into a wholly owned subsidiary. (December 2009)
- Mitsubishi Chemical resolved to expand its production facility for polyvinyl chloride compounds at its subsidiary, APCO (SUZHOU) CO., LTD., in Suzhou, Jiangsu, the PRC. (January 2010)
- Mitsubishi Chemical and Royal DSM concluded their agreement to exchange a polycarbonate business, operated by DSM Engineering Plastics, for a nylon business operated by Mitsubishi Chemical, scheduled for May 2010. (February 2010)

Others

Engineering and logistics services sales both declined amid drops in external orders.

Segment sales were down ¥18.1 billion, or 11.3%, to ¥141.8 billion. Operating income decreased ¥2.5 billion, or 29.2%, to ¥6.2 billion.

Results by Geographic Segment

Japan

Sales dropped ¥361.0 billion, or 14.5%, to ¥2,116.3 billion, reflecting lower demand for chemicals and reduced prices, owing to lower raw materials and fuel prices. However, operating income advanced ¥30.8 billion, or 119.5%, to ¥56.5 billion, as an upward trend in raw materials and fuel prices helped improve inventory valuation, while demand recovered in the second half of the term.

Asia

Segment sales were down ¥33.1 billion, or 11.9%, to ¥243.1 billion, owing to the withdrawal from our styrene monomer operations in Singapore. Operating income was ¥18.2 billion, from a loss of ¥6.9 billion a year earlier, reflecting a more favorable spread between terephthalic acid and paraxylene prices.

Other Regions

Sales edged up ¥0.2 billion, to ¥155.5 billion. This was due to the consolidation of Nippon Synthetic Chemical Industry, which offset the impact of lower volumes of DVDs and polyester film, and the higher yen. Operating income decreased ¥0.3 billion, or 8.9%, to ¥3.1 billion.

R&D Expenditures

Group companies maintain independent R&D programs and collaborate with each other by sharing technology and market information, and conducting joint research. They are also working closely with businesses outside the Group to refine and develop technologies. In fiscal 2009, consolidated R&D expenditures increased ¥9.0 billion, or 7.0%, to ¥136.8 billion. There were 5,212 R&D employees at the close of the term.

Liquidity and Source of Funds

Financial Position

Assets

As of March 31, 2010, total assets stood at ¥3,355.0 billion, up ¥614.2 billion. A prime factor in this growth was the acquisition of Mitsubishi Rayon, adding ¥552.7 billion to assets and ¥77.1 billion to goodwill. Another was the consolidation of Nippon Synthetic Chemical Industry.

Liabilities

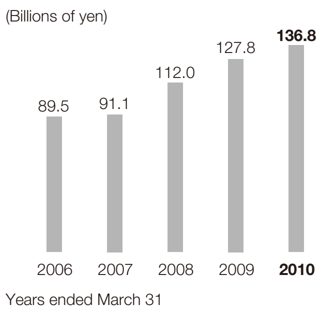
Total liabilities at year-end were ¥2,322.2 billion, up ¥521.4 billion. This was due largely to the addition of ¥412.3 billion from Mitsubishi Rayon, and also reflected an increase in short-term borrowings relating to a tender offer for that company.

Net Assets

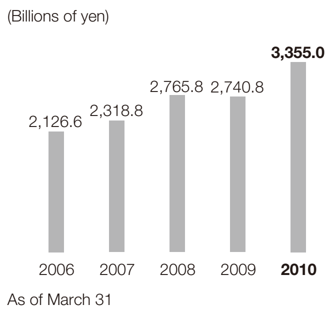
Net assets were ¥1,032.8 billion at the close of the term, up ¥92.7 billion. This reflected an increase in shareholders' equity owing to ¥12.8 billion in net income, and an ¥88.3 billion rise in minority interests in consolidated subsidiaries. These factors offset the impact of dividend payments.

The shareholders' equity ratio as of March 31, 2010 was 20.0%, down 4.4 percentage points.

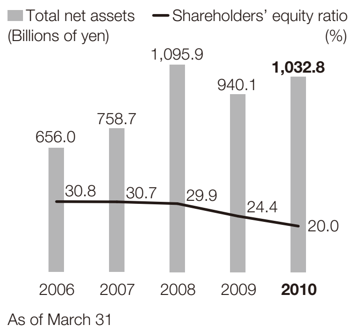
R&D Expenditures



Total Assets



Total Net Assets and Shareholders' Equity Ratio



Cash Flows

Net cash provided by operating activities was ¥116.0 billion, up ¥39.9 billion, reflecting ¥43.3 billion in income before income taxes and minority interests in consolidated subsidiaries, and depreciation and amortization.

Net cash used in investing activities was ¥327.0 billion, up ¥137.7 billion. This was due to the tender offer for Mitsubishi Rayon, higher capital expenditure, and purchases of marketable and investment securities as part of cash reserve management.

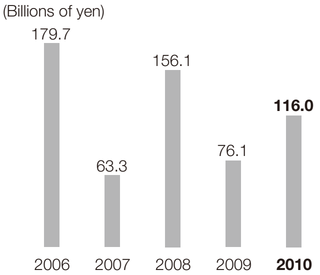
Net cash provided by financing activities was ¥94.4 billion, down ¥85.0 billion. The main factors were dividend payments and bond redemptions, which were offset by increases in short- and long-term debt, and an increase in commercial paper.

As a result, for cash flows from operating and investing activities, MCHC posted ¥210.9 billion in negative free cash flows, compared with ¥113.0 billion used a year earlier. Cash and cash equivalents at year-end were thus ¥112.5 billion, down ¥113.8 billion.

Capital Expenditures

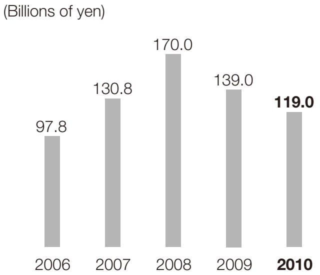
Capital expenditures for the fiscal year ended March 31, 2010, were ¥119.0 billion, a decrease of ¥19.9 billion compared with the previous fiscal year. Of this amount, ¥37.6 billion was for new facilities and facility expansions, ¥26.4 billion was related to streamlining, and ¥8.6 billion went for R&D, while ¥46.2 billion was for other uses. Major projects involving investment in new or expanded facilities included the increase of production capacity at the purified terephthalic acid plant of MCC PTA India Corp. Private Limited, and at the polyester film facility at Mitsubishi Plastics' Santo Plant.

Net Cash Provided by Operating Activities



Years ended March 31

Capital Expenditures



Years ended March 31

Consolidated Balance Sheets

Mitsubishi Chemical Holdings Corporation and Consolidated Subsidiaries
As of March 31

		Millions of yen		Thousands of U.S. dollars (Note 2)
		2010	2009	**2010**
Assets	**Current assets:**			
	Cash and deposits (Notes 8, 10)	**¥ 119,114**	¥ 96,364	**$ 1,280,796**
	Trade receivables (Note 8)	**595,661**	499,688	**6,404,957**
	Securities (Notes 8, 9)	**59,737**	155,180	**642,333**
	Inventories:			
	Finished goods	**240,513**	252,355	**2,586,161**
	Work in process	**77,625**	80,026	**834,677**
	Raw materials and supplies	**153,277**	127,399	**1,648,140**
	Land held for sale	**3,317**	3,525	**35,667**
	Deferred income taxes—current (Note 14)	**37,867**	34,828	**407,172**
	Prepaid expenses and other current assets	**84,810**	76,190	**911,935**
	Allowance for doubtful accounts	**(2,786)**	(875)	**(29,957)**
	Total current assets	**1,369,135**	1,324,680	**14,721,882**
	Property, plant and equipment:			
	Land	**267,387**	211,841	**2,875,129**
	Buildings	**911,110**	729,852	**9,796,882**
	Machinery and equipment	**2,394,986**	1,693,871	**25,752,538**
	Construction in progress	**111,810**	115,085	**1,202,258**
		3,685,293	2,750,649	**39,626,806**
	Accumulated depreciation	**(2,518,220)**	(1,916,603)	**(27,077,634)**
	Property, plant and equipment, net	**1,167,073**	834,046	**12,549,172**
	Investments and other assets:			
	Investment securities (Notes 8, 9)	**390,301**	308,333	**4,196,785**
	Long-term loans receivable	**2,165**	3,434	**23,280**
	Deferred income taxes—noncurrent (Note 14)	**114,269**	72,955	**1,228,699**
	Goodwill	**171,699**	89,328	**1,846,226**
	Other	**143,740**	111,407	**1,545,591**
	Allowance for doubtful accounts	**(3,285)**	(3,307)	**(35,323)**
	Total investments and other assets	**818,889**	582,150	**8,805,258**
	Total assets	**¥3,355,097**	¥2,740,876	**$36,076,312**

The accompanying notes are an integral part of these statements.

		Millions of yen		Thousands of U.S. dollars (Note 2)
		2010	2009	**2010**
Liabilities and Net Assets	**Current liabilities:**			
	Short-term debt (Notes 8, 17)	**¥ 445,888**	¥ 338,881	**$ 4,794,495**
	Current portion of long-term debt (Notes 8, 17)	**76,122**	98,361	**818,516**
	Trade payables (Note 8)	**370,846**	368,028	**3,987,591**
	Accrued expenses	**74,217**	58,457	**798,032**
	Accrued income taxes	**20,933**	20,753	**225,086**
	Other current liabilities	**186,436**	169,999	**2,004,688**
	Total current liabilities	**1,174,442**	1,054,479	**12,628,409**
	Long-term liabilities:			
	Long-term debt (Notes 8, 17)	**932,116**	595,997	**10,022,753**
	Accrued retirement benefits (Note 12)	**134,743**	82,955	**1,448,849**
	Other noncurrent liabilities	**80,931**	67,331	**870,226**
	Total long-term liabilities	**1,147,790**	746,283	**12,341,828**
	Net assets:			
	Shareholders' equity:			
	Common stock:			
	Authorized—6,000,000 thousand shares:			
	Issued and outstanding—1,506,288 thousand shares at March 31, 2010 and 2009	**50,000**	50,000	**537,634**
	Additional paid-in capital	**303,279**	303,194	**3,261,065**
	Retained earnings	**379,354**	376,375	**4,079,075**
	Less, treasury stock at cost—134,426 thousand shares at March 31, 2010 and 130,076 thousand shares at March 31, 2009	**(38,768)**	(37,278)	**(416,860)**
	Total shareholders' equity	**693,865**	692,291	**7,460,914**
	Valuation, translation adjustments and other:			
	Net unrealized holding gain on other securities	**11,756**	12,411	**126,409**
	Loss on deferred hedges	**(132)**	(567)	**(1,419)**
	Land revaluation surplus	**1,426**	1,765	**15,333**
	Foreign currency translation adjustments	**(30,123)**	(32,708)	**(323,903)**
	Unfunded retirement benefit obligation with respect to a foreign subsidiary	**(3,218)**	(4,219)	**(34,602)**
	Total valuation, translation adjustments and other	**(20,291)**	(23,318)	**(218,183)**
	Warrants (Note 13)	**653**	805	**7,022**
	Minority interests in consolidated subsidiaries	**358,638**	270,336	**3,856,323**
	Total net assets	**1,032,865**	940,114	**11,106,075**
	Total liabilities and net assets	**¥3,355,097**	¥2,740,876	**$36,076,312**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Operation

Mitsubishi Chemical Holdings Corporation and Consolidated Subsidiaries
Years ended March 31

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2010	2009	**2010**
Net sales	**¥2,515,079**	¥2,909,030	**$27,043,860**
Cost of sales	**1,953,938**	2,412,824	**21,010,086**
Gross profit	**561,141**	496,206	**6,033,774**
Selling, general and administrative expenses (Note 5)	**494,799**	488,028	**5,320,419**
Operating income	**66,342**	8,178	**713,355**
Other income (expenses):			
Interest and dividend income	**6,672**	10,441	**71,742**
Equity in earnings (losses) of affiliates	**6,502**	(5,061)	**69,914**
Insurance income	**4,640**	10,509	**49,892**
Foreign exchange gains (losses), net	**1,925**	(4,862)	**20,699**
Interest expense	**(13,081)**	(13,659)	**(140,656)**
Gain (loss) on sales and retirement of noncurrent assets, net	**(2,363)**	4,749	**(25,409)**
Gain on negative goodwill	**13,663**	—	**146,914**
Gain on step acquisitions	**7,497**	—	**80,613**
Gain (loss) on sales of investment securities, net	**(274)**	2,737	**(2,946)**
Loss on liquidation of subsidiaries and affiliates (Note 3)	**(12,557)**	(528)	**(135,022)**
Non-recurring depreciation on noncurrent assets	**(4,520)**	(1,759)	**(48,602)**
Impairment loss	**(4,420)**	(11,389)	**(47,527)**
Provision for possible losses in connection with litigation	**(3,000)**	(8,800)	**(32,258)**
Provision for prospective loss on removal of fixed assets	**(1,836)**	(533)	**(19,742)**
Special retirement expenses (Note 12)	**(1,753)**	(4,344)	**(18,849)**
Loss on valuation of investment securities	**(575)**	(11,499)	**(6,183)**
Loss on cancellation of materials purchase contracts	**—**	(5,048)	—
Administrative fine	**—**	(3,721)	—
Other, net	**(19,551)**	(9,413)	**(210,226)**
Income (loss) before income taxes and minority interests in consolidated subsidiaries	**43,311**	(44,002)	**465,710**
Income taxes (Note 14):			
Current	**35,191**	37,825	**378,398**
Deferred	**(24,709)**	(25,436)	**(265,688)**
	10,482	12,389	**112,710**
Income (loss) before minority interests	**32,829**	(56,391)	**353,000**
Minority interests in consolidated subsidiaries	**(19,996)**	(10,787)	**(215,011)**
Net income (loss)	**¥ 12,833**	¥ (67,178)	**$ 137,989**

	Yen		U.S. dollars
Per share (Note 16):	**2010**	2009	**2010**
Net income (loss)—Basic	**¥9.32**	¥(48.81)	**$0.10**
—Diluted	**8.55**	—	**0.09**
Cash dividends	**8.00**	12.00	**0.09**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Mitsubishi Chemical Holdings Corporation and Consolidated Subsidiaries
Years ended March 31

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2010	2009	**2010**
Number of outstanding shares of common stock (thousands)			
Balance at beginning of year	**1,506,288**	1,506,288	**—**
Balance at end of year	**1,506,288**	1,506,288	**—**
Shareholders' equity:			
Common stock			
Balance at beginning of year	**¥ 50,000**	¥ 50,000	**$ 537,634**
Balance at end of year	**¥ 50,000**	¥ 50,000	**$ 537,634**
Additional paid-in capital			
Balance at beginning of year	**¥303,194**	¥303,063	**$3,260,151**
Disposal of treasury stock	**85**	132	**914**
Balance at end of year	**¥303,279**	¥303,194	**$3,261,065**
Retained earnings			
Balance at beginning of year	**¥376,375**	¥465,638	**$4,047,043**
Effect of application of ASBJ PITF No.18	**—**	(1,146)	**—**
Cash dividends	**(11,013)**	(22,026)	**(118,419)**
Net income (loss)	**12,833**	(67,178)	**137,989**
Increase due to merger of non-consolidated subsidiaries by a consolidated subsidiary	**153**	294	**1,645**
Increase due to merger of non-consolidated subsidiaries by an equity-method affiliate	**383**	—	**4,118**
Change in scope of consolidation	**248**	(193)	**2,667**
Change in scope of equity method	**36**	986	**387**
Reversal of revaluation reserve for land	**339**	—	**3,645**
Balance at end of year	**¥379,354**	¥376,375	**$4,079,075**
Treasury stock at cost			
Balance at beginning of year	**¥ (37,278)**	¥(37,109)	**$ (400,839)**
Purchase of treasury stock	**(336)**	(266)	**(3,613)**
Disposal of treasury stock	**174**	97	**1,871**
Effect of changes in the shares of equity-method affiliates	**(23)**	—	**(247)**
Change in scope of consolidation	**(1,012)**	—	**(10,882)**
Change in scope of equity method	**(293)**	—	**(3,151)**
Balance at end of year	**¥ (38,768)**	¥(37,278)	**$ (416,860)**
Total shareholders' equity			
Balance at beginning of year	**¥692,291**	¥781,592	**$7,443,989**
Effect of application of ASBJ PITF No.18	**—**	(1,146)	**—**
Cash dividends	**(11,013)**	(22,026)	**(118,419)**
Net income (loss)	**12,833**	(67,178)	**137,989**
Purchase of treasury stock	**(336)**	(266)	**(3,613)**
Disposal of treasury stock	**259**	229	**2,785**
Effect of changes in the shares of equity-method affiliates	**(23)**	—	**(247)**
Increase due to merger of non-consolidated subsidiaries by a consolidated subsidiary	**153**	294	**1,645**
Increase due to merger of non-consolidated subsidiaries by an equity-method affiliate	**383**	—	**4,118**
Change in scope of consolidation	**(764)**	(193)	**(8,215)**
Change in scope of equity method	**(257)**	986	**(2,764)**
Reversal of revaluation reserve for land	**339**	—	**3,645**
Balance at end of year	**¥693,865**	¥692,291	**$7,460,914**

The accompanying notes are an integral part of these statements.

(continued from page 45)

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2010	2009	**2010**
Valuation, translation adjustments and other:			
Net unrealized holding gain on other securities			
Balance at beginning of year	**¥ 12,411**	¥ 44,720	**$ 133,452**
Net change in items other than those in shareholders' equity	**(655)**	(32,309)	**(7,043)**
Balance at end of year	**¥ 11,756**	¥ 12,411	**$ 126,409**
Loss on deferred hedges			
Balance at beginning of year	**¥ (567)**	¥ (789)	**$ (6,097)**
Net change in items other than those in shareholders' equity	**435**	222	**4,677**
Balance at end of year	**¥ (132)**	¥ (567)	**$ (1,419)**
Land revaluation surplus			
Balance at beginning of year	**¥ 1,765**	¥ 1,765	**$ 18,978**
Reversal of revaluation reserve for land	**(339)**	—	**(3,645)**
Balance at end of year	**¥ 1,426**	¥ 1,765	**$ 15,333**
Foreign currency translation adjustments			
Balance at beginning of year	**¥ (32,708)**	¥ 2,246	**$ (351,699)**
Net change in items other than those in shareholders' equity	**2,585**	(34,954)	**27,796**
Balance at end of year	**¥ (30,123)**	¥ (32,708)	**$ (323,903)**
Unfunded retirement benefit obligation with respect to a foreign subsidiary			
Balance at beginning of year	**¥ (4,219)**	¥ (1,725)	**$ (45,366)**
Net change in items other than those in shareholders' equity	**1,001**	(2,494)	**10,763**
Balance at end of year	**¥ (3,218)**	¥ (4,219)	**$ (34,602)**
Total valuation, translation adjustments and other			
Balance at beginning of year	**¥ (23,318)**	¥ 46,217	**$ (250,731)**
Reversal of revaluation reserve for land	**(339)**	—	**(3,645)**
Net change in items other than those in shareholders' equity	**3,366**	(69,535)	**36,194**
Balance at end of year	**¥ (20,291)**	¥ (23,318)	**$ (218,183)**
Warrants			
Balance at beginning of year	**¥ 805**	¥ 807	**$ 8,656**
Net change in items other than those in shareholders' equity	**(152)**	(1)	**(1,634)**
Balance at end of year	**¥ 653**	¥ 805	**$ 7,022**
Minority interests in consolidated subsidiaries			
Balance at beginning of year	**¥ 270,336**	¥ 267,311	**$ 2,906,839**
Net change in items other than those in shareholders' equity	**88,302**	3,025	**949,484**
Balance at end of year	**¥ 358,638**	¥ 270,336	**$ 3,856,323**
Total net assets			
Balance at beginning of year	**¥ 940,114**	¥1,095,927	**$10,108,753**
Effect of application of ASBJ PITF No.18	**—**	(1,146)	**—**
Cash dividends	**(11,013)**	(22,026)	**(118,419)**
Net income (loss)	**12,833**	(67,178)	**137,989**
Purchase of treasury stock	**(336)**	(266)	**(3,613)**
Disposal of treasury stock	**259**	229	**2,785**
Effect of changes in the shares of equity-method affiliates	**(23)**	—	**(247)**
Increase due to merger of non-consolidated subsidiaries by a consolidated subsidiary	**153**	294	**1,645**
Increase due to merger of non-consolidated subsidiaries by an equity-method affiliate	**383**	—	**4,118**
Change in scope of consolidation	**(764)**	(193)	**(8,215)**
Change in scope of equity method	**(257)**	986	**(2,764)**
Reversal of revaluation reserve for land	**—**	—	**—**
Net change in items other than those in shareholders' equity	**91,516**	(66,511)	**984,043**
Balance at end of year	**¥1,032,865**	¥ 940,114	**$11,106,075**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Mitsubishi Chemical Holdings Corporation and Consolidated Subsidiaries
Years ended March 31

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2010	2009	**2010**
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests in consolidated subsidiaries	**¥ 43,311**	¥ (44,002)	**$ 465,710**
Adjustments for:			
Depreciation and amortization	**125,054**	117,471	**1,344,667**
Non-recurring depreciation on noncurrent assets	**4,520**	1,759	**48,602**
Interest expense	**13,081**	13,659	**140,656**
Interest and dividend income	**(6,672)**	(10,441)	**(71,742)**
Equity in (earnings) losses of affiliates	**(6,502)**	5,061	**(69,914)**
Foreign exchange (gains) losses	**(2,119)**	6,655	**(22,785)**
Gain on negative goodwill	**(13,663)**	—	**(146,914)**
Gain on step acquisitions	**(7,497)**	—	**(80,613)**
(Gain) loss on sales of investment securities, net	**274**	(2,737)	**2,946**
Loss on valuation of investment securities	**575**	11,499	**6,183**
Impairment loss	**4,420**	11,389	**47,527**
Provision for possible losses in connection with litigation	**3,000**	8,800	**32,258**
Administrative fine	**—**	3,721	**—**
Provision for prospective loss on removal of fixed assets	**1,836**	533	**19,742**
Loss on liquidation of subsidiaries and affiliates	**12,557**	528	**135,022**
(Gain) loss on sales and retirement of noncurrent assets, net	**2,363**	(4,749)	**25,409**
Decrease in trade receivables	**3,194**	127,054	**34,344**
(Increase) decrease in inventories	**63,439**	(13,841)	**682,140**
Decrease in trade payables	**(75,714)**	(114,256)	**(814,129)**
Decrease in provision for retirement benefits	**(4,601)**	(20,504)	**(49,473)**
Other, net	**(4,025)**	(1,284)	**(43,280)**
Subtotal	**156,831**	96,315	**1,686,355**
Interest and dividend income received	**8,402**	17,948	**90,344**
Interest expenses paid	**(13,362)**	(13,822)	**(143,677)**
Income taxes paid	**(35,798)**	(24,292)	**(384,925)**
Net cash provided by operating activities	**116,073**	76,149	**1,248,097**
Cash flows from investing activities:			
Purchase of short-term investment securities	**(58,990)**	(57,980)	**(634,301)**
Proceeds from sales and redemption of securities	**53,183**	49,506	**571,860**
Purchase of property, plant and equipment	**(118,852)**	(138,452)	**(1,277,978)**
Proceeds from sales of property, plant and equipment	**5,169**	12,585	**55,581**
Purchase of investment securities	**(62,591)**	(74,149)	**(673,022)**
Proceeds from sales and redemption of investment securities	**8,217**	14,022	**88,355**
Purchase of investments in subsidiaries resulting in change in scope of consolidation	**(156,859)**	—	**(1,686,656)**
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	**9,248**	—	**99,441**
Decrease in loans receivable, net	**6,832**	8,347	**73,462**
Other, net	**(12,363)**	(3,112)	**(132,935)**
Net cash used in investing activities	**(327,006)**	(189,233)	**(3,516,194)**
Cash flows from financing activities:			
Increase in short-term debt, net	**71,086**	110,179	**764,366**
Proceeds from issuance of long-term debt	**162,856**	179,315	**1,751,140**
Repayment of long-term debt	**(119,361)**	(78,998)	**(1,283,452)**
Cash dividends paid	**(11,013)**	(22,026)	**(118,419)**
Other, net	**(9,131)**	(8,944)	**(98,183)**
Net cash provided by financing activities	**94,437**	179,526	**1,015,452**
Effect of exchange rate changes on cash and cash equivalents	**1,422**	(9,429)	**15,290**
Net increase (decrease) in cash and cash equivalents	**(115,074)**	57,013	**(1,237,355)**
Cash and cash equivalents at beginning of the year	**226,410**	165,748	**2,434,516**
Increase in cash and cash equivalents resulting from change in scope of consolidation	**1,255**	3,649	**13,495**
Cash and cash equivalents at end of period (Note 10)	**¥ 112,591**	¥ 226,410	**$ 1,210,656**

The accompanying notes are an integral part of these statements.

Note 1

Significant Accounting Policies

(a) Basis of Presentation

The accompanying consolidated financial statements are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan and are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards. In presenting the accompanying consolidated financial statements, certain items have been reclassified for the convenience of readers outside Japan. As permitted, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sum of the individual amounts. Certain amounts from the prior year have been reclassified to conform to the current year's presentation.

(b) Principles of Consolidation and Accounting for Investments in Unconsolidated Subsidiaries and Affiliates

The accompanying consolidated financial statements include the accounts of MCHC and all significant subsidiaries over which substantial control is exerted either through majority ownership of voting stock and/or by other means. Investments in certain unconsolidated subsidiaries and significant affiliates are accounted for by the equity method. Other investments in unconsolidated subsidiaries and affiliates are stated at cost or less. Where there has been a permanent decline in the value of such investments, MCHC has written them down to reflect the impairment.

All significant intercompany balances and transactions have been eliminated in consolidation. On acquisition, the assets and liabilities of the subsidiaries are valued at fair value.

Goodwill on acquisition of underlying net equity in consolidated subsidiaries and the excess of cost over fair value in affiliates accounted for by the equity method is amortized on a straight-line basis over a period of less than 20 years depending on the source.

Application of Accounting Standards for Business Combinations

From the fiscal year under review, MCHC decided to adopt several standards that the Accounting Standards Board of Japan (ASBJ) announced on December 26, 2008, and approved for adoption from April 1, 2009, as follows:

- Accounting Standard for Business Combinations (ASBJ Statement No. 21)
- Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22)
- Partial amendments to Accounting Standard for Research and Development Costs (ASBJ Statement No. 23)
- Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7)
- Revised Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16)
- Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10).

(c) Securities

Investment securities are classified as either held-to-maturity debt securities or other securities. Held-to-maturity debt securities are either amortized or accumulated to face value. Other securities with quoted market prices are carried at market value. The difference between the acquisition cost and the carrying value of other securities, including unrealized gain and loss, net of the applicable income taxes, is recognized as a component of net assets and is reflected as "Net unrealized holding gain on other securities." The cost of other securities sold is computed by the moving average method. Other securities without quoted market prices are stated at cost based on the moving average method.

Held-to-maturity debt securities due within one year are presented as "Current assets" in the accompanying consolidated balance sheets. All other securities are presented as "Investments and other assets" in the accompanying consolidated balance sheets.

(d) Inventories

Finished goods, work in process, raw materials, and other inventory assets are stated principally at cost based on the average cost. Supplies are stated primarily at cost based on the moving average method.

Balance sheet amounts are calculated by writing down their book values in accordance with decreases in profitability.

(e) Property, Plant and Equipment

Property, plant and equipment is stated at cost. Depreciation of the property, plant and equipment of MCHC and its consolidated subsidiaries in Japan is principally calculated using the declining balance method over the estimated useful lives of the respective assets, except for buildings (excluding fixtures attached to the buildings), acquired on or after April 1, 1998, by MCHC and its domestic consolidated subsidiaries, which are depreciated by the straight-line method over their respective estimated useful lives. Depreciation of the property, plant and equipment of the overseas consolidated subsidiaries is principally calculated using the straight-line method over their estimated useful lives.

Principal estimated useful lives of the assets are as follows:

Buildings:	10–50 years
Machinery and equipment:	4–17 years

Significant renewals and betterments are capitalized at cost. Maintenance and repairs are charged to income.

(f) Allowance for Doubtful Accounts

Allowance for doubtful accounts is provided for at an amount estimated with reference to individual accounts deemed uncollectible plus an amount calculated by a historical rate based on the actual uncollectible amounts in prior years.

(g) Accrued Bonuses to Employees

To provide for payments of bonuses to its employees, accrued bonuses are recorded at the amount expected to be paid. The corresponding balance of ¥35,570 million ($382,473 thousand) is included in “Other current liabilities” in the accompanying consolidated balance sheets as of March 31, 2010.

(h) Reserves for Possible Losses in Connection with Litigation

Reserves for possible losses in connection with litigation are set aside for payments to settle lawsuits and in preparation for payments that may arise in the future.

1. Reserve for Health Management Allowances for HIV Compensation

¥1,627 million ($17,495 thousand) was included in “Other noncurrent liabilities.”

To provide for future payments of health management allowances and settlement payments (including attorney fees) in connection with a lawsuit for damages filed by plaintiffs infected with HIV, the consolidated subsidiary, Mitsubishi Tanabe Pharma Corporation (MTPC) has set aside an estimated amount for such future payments.

2. Reserve for HCV Litigation

¥10,689 million ($114,935 thousand) was included in “Other noncurrent liabilities.”

To provide for losses that may arise in the future from a settlement of lawsuits filed by plaintiffs infected with HCV (hepatitis C virus), MTPC has set aside an estimated amount for payments related to such settlement based on estimates of the number of people receiving relief and the amount of relief payments required under a law which stipulates that relief be provided to people who contacted hepatitis C from specific fibrinogen products or specific coagulation factor IX products.

3. Reserve for Health Management Allowances for Sub-acute Myelo-Optical Neuropathy (SMON) Compensation

¥4,205 million ($45,215 thousand) was included in “Other noncurrent liabilities.”

MTPC pays health management allowances and nursing expenses for plaintiffs covered under the compromise settlement reached in the SMON litigation.

MTPC has made a provision in the accompanying consolidated financial statements for the estimated future medical treatment payments to be made over the remaining lives of the parties entitled to such payments under the compromise settlement.

(i) Reserve for Periodic Repairs
Several consolidated subsidiaries provide for costs of periodic repairs of production facilities in plants and oil tanks. The corresponding balance of ¥5,909 million ($63,538 thousand) and ¥7,907 million were included in “Other current liabilities” and “Other noncurrent liabilities” in the accompanying consolidated balance sheets as of March 31, 2010 and 2009, respectively.

(j) Accrued Retirement Benefits and Pension Plans
Upon terminating their employment, employees of MCHC and its subsidiaries are entitled, under most circumstances, to lump-sum severance payments or pension payments by defined benefit plans and/or defined contribution plans. For retiring employees, under normal circumstances, payment is at an amount based on current rates of pay, length of service and the type of termination (voluntary or involuntary). In calculating payments for retiring employees due to meeting mandatory retirement age requirements, MCHC and its significant subsidiaries in Japan may grant additional benefits. MCHC and some of its significant subsidiaries in Japan have defined benefit pension plans funded through several financial institutions in accordance with the applicable laws and regulations. The funding policy is to make actuarially determined contributions to provide the plans with sufficient assets to meet future benefit payment requirements. The pension benefits are determined based on years of service and the compensation amounts, as stipulated in the pension plans’ regulations, are payable at the option of the retiring employee in a lump-sum amount or as a monthly pension.

(k) Directors’ Retirement Benefits
Accrued lump-sum retirement benefits for directors, executive officers and corporate auditors are determined based on internal regulations. The corresponding balances of ¥1,594 million ($17,140 thousand) and ¥1,616 million were included in “Other noncurrent liabilities” in the accompanying consolidated balance sheets as of March 31, 2010 and 2009, respectively.

(l) Reserve for Costs Associated with Liquidation of Subsidiaries and Affiliates
Several consolidated subsidiaries provide for estimated costs derived from liquidation of its subsidiaries and affiliates. The corresponding balance of ¥9,639 million ($103,645 thousand) is included in “Other noncurrent liabilities” in the accompanying consolidated balance sheets as of March 31, 2010.

(m) Reserve for Prospective Loss on Removal of Fixed Assets
Several consolidated subsidiaries provide for prospective loss on removal of fixed assets. The corresponding balances of ¥6,419 million ($69,022 thousand) and ¥5,931 million were included in “Other current liabilities” and “Other noncurrent liabilities” in the accompanying consolidated balance sheets as of March 31, 2010 and 2009, respectively.

(n) Foreign Currency Translation
Current and noncurrent monetary assets and liabilities denominated in foreign currencies of MCHC and its domestic consolidated subsidiaries are translated into yen at the exchange rates in effect at the balance sheet date. Gains and losses arising from foreign exchange differences are credited or charged to income in the year in which they are made or incurred.

(o) Foreign Currency Financial Statements
The balance sheet accounts of foreign subsidiaries and affiliates are translated into Japanese yen at the exchange rates in effect at the balance sheet date, except for the components of net assets excluding minority interests, which are translated at their historical exchange rates. Revenue and expense accounts of foreign subsidiaries and affiliates are translated into Japanese yen at the average exchange rates in effect during the year.

Translation adjustments resulting from the process of translating the financial statements of foreign subsidiaries and affiliates into Japanese yen are accumulated and presented under “Foreign currency translation adjustments” as a component of net assets.

(p) Amortization of Goodwill and Negative Goodwill

Goodwill and negative goodwill prior to March 31, 2009, are amortized on a straight-line basis over less than 20 years, depending on the source. Goodwill related to the launch of consolidated subsidiary Mitsubishi Tanabe Pharma Corporation is being amortized over 15 years. Goodwill from making Mitsubishi Plastics, Inc., a wholly owned subsidiary is being amortized over 10 years.

(q) Cash Equivalents

All highly liquid investments, generally with a maturity of three months or less when purchased, which are readily convertible into known amounts of cash and are so near maturity that they represent only an insignificant risk of any change in value attributable to changes in interest rates, are considered cash equivalents.

(r) Research and Development

Expenses related to research and development activities are charged to income as incurred.

(s) Distribution of Retained Earnings

Cash dividends are recorded in the fiscal year in which they are approved at the relevant shareholders' meeting or, in the case of interim dividends, the respective years in which they are declared by the Board of Directors.

(t) Income Taxes

Deferred income taxes are recognized by the asset and liability method under which deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities, and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

A valuation allowance is provided against the deferred tax assets where it is considered more likely than not that they will not be realized.

Note 2

U.S. Dollar Amounts

MCHC and its domestic consolidated subsidiaries maintain their accounting records in Japanese yen. The U.S. dollar amounts are included solely for convenience and have been translated, as a matter of arithmetical computation only, at the rate of ¥93 to U.S.$1.00, the approximate exchange rate prevailing on the Tokyo foreign exchange market at March 31, 2010. This translation should not be construed as a representation that yen amounts actually represent, or have been, or could be, converted into U.S. dollars at this, or any other rate.

Note 3

Loss on Liquidation of Subsidiaries and Affiliates

After a detailed study, in August 2009 consolidated subsidiary Mitsubishi Chemical Corporation concluded an agreement with a contractor to build a waste processing facility on the site of a rare-earth business in Malaysia from which that company withdrew in 1994. MCHC allocated ¥12,500 million ($134,409 thousand) in the fiscal year under review to cover a local subsidiary's costs relating to such construction.

Note 4

Contingent Liabilities

At March 31, 2010, MCHC and its consolidated subsidiaries were contingently liable for trade notes transferred by means of endorsement of ¥48 million ($516 thousand). They were also guarantors for the following borrowings principally incurred by unconsolidated subsidiaries, affiliates and others:

	Gross including third parties' liabilities		Net MCHC's and consolidated subsidiaries' own liabilities	
	Millions of yen	Thousands of U.S. dollars	Millions of yen	Thousands of U.S. dollars
Guarantees	**¥21,096**	**$226,839**	**¥20,460**	**$220,000**
Stand-by guarantees	**1,015**	**10,914**	**1,015**	**10,914**
Others	**106**	**1,140**	**53**	**570**

Trademark Infringement Lawsuit

The consolidated subsidiary Verbatim Corporation (US) was sued for trademark infringement in Brazil. In May 2007, a court in Manaus, in the Brazilian state of Amazonas, ruled in favor of the plaintiff and ordered Verbatim Corporation to pay 377 million reals (¥19,607 million).

Verbatim Corporation, believing that no trademark infringement took place, and dissatisfied with the fact that reasons for recognizing the plaintiff's monetary claim were not disclosed, immediately filed an appeal with Brazil's Supreme Court. In February 2008, the Supreme Court ruled in favor of Verbatim Corporation and returned the case to the Manaus court for retrial.

Note 5

Research and Development

For the years ended March 31, 2010 and 2009, the following items were recorded in the consolidated statements of income:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2010	March 31, 2009	**March 31, 2010**
Research and development	**¥136,863**	¥127,802	**$1,471,645**

Note 6

Supplementary Information for Consolidated Statements of Changes in Net Assets

(a) Type and Number of Outstanding Shares

	Year ended March 31, 2010			
	Number of shares (Thousands)			
	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
Type of shares				
Issued stock:				
Common stock	1,506,288	—	—	1,506,288
Total	1,506,288	—	—	1,506,288
Treasury stock:				
Common stock[1, 2]	130,076	4,807	457	134,426
Total	130,076	4,807	457	134,426

1. A 4,807 thousand increase in the number of shares of common stock held in treasury was as follows:

Purchases of fractional shares of less than one unit	194 thousand
Acquisitions of MCHC shares accounted for by the equity method	711 thousand
Changes in equity	56 thousand
Change in scope of consolidation	3,010 thousand
Change in scope of equaity method	834 thousand

2. A 457 thousand decrease in the number of shares of common stock held in treasury was as follows:

Sales of fractional shares of less than one unit	32 thousand
Withdrawal related to the exercise of stock options	216 thousand
Consolidated subsidiary sales of MCHC stock	208 thousand

(b) Warrants

	Description	Type of outstanding shares	Number of outstanding shares (Thousands) Balance at beginning of year	Increase (Decrease)	Balance at end of year	Millions of yen	Thousands of U.S. dollars
MCHC	Warrants as stock options			—		¥653	$7,022
Consolidated subsidiaries	—			—		—	—
Total				—		¥653	$7,022

(c) Dividends

(1) Dividends paid to shareholders

Date of approval	Resolution approved by	Type of shares	Amount (Millions of yen)	Amount (Thousands of U.S. dollars)	Amount per share (Yen)	Amount per share (U.S. dollars)	Entitlement date	Effective Date
June 24, 2009	Annual general meeting of shareholders	Common stock	¥5,506	$59,204	¥4	$0.04	March 31, 2009	June 25, 2009
November 4, 2009	Board of Directors	Common stock	¥5,506	$59,204	¥4	$0.04	September 30, 2009	December 2, 2009

(2) Dividends whose entitlement date was in the year ended March 31, 2009, and whose effective date will be in the subsequent fiscal year

Date of approval	Resolution approved by	Type of shares	Amount (Millions of yen)	Amount (Thousands of U.S. dollars)	Paid from	Amount per share (Yen)	Amount per share (U.S. dollars)	Entitlement date	Effective Date
June 24, 2010	Annual general meeting of shareholders	Common stock	¥5,506	$59,204	Retained earnings	¥4	$0.04	March 31, 2010	June 25, 2010

Note: The Japanese Corporate Law provides that an amount equal to 10% of the amount to be distributed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the common stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met, but neither the capital reserve nor the legal reserve is available for distributions.

Note 7

Lease Transactions

At March 31, 2010 and 2009, as lessee, finance leases other than those deemed to transfer the ownership of the leased assets to the lessees were accounted for as follows:

The pro forma acquisition costs, accumulated depreciation, accumulated impairment loss and balance at year-end

	Millions of yen		Thousands of U.S. dollars
	March 31, 2010	March 31, 2009	**March 31, 2010**
Machinery and equipment:			
Acquisition costs	**¥14,826**	¥17,281	**$159,419**
Accumulated depreciation	**10,862**	10,765	**116,796**
Accumulated impairment loss	**148**	168	**1,591**
Balance at year-end	**¥ 3,816**	¥ 6,348	**$ 41,032**

Notes: 1. Acquisition costs includes interest.
2. Acquisition costs excludes subleased assets.

Future minimum lease payments for the remaining lease periods

	Millions of yen		Thousands of U.S. dollars
	March 31, 2010	March 31, 2009	**March 31, 2010**
Due within one year	**¥2,221**	¥3,149	**$23,882**
Due after one year	**1,646**	3,677	**17,699**
	¥3,867	¥6,826	**$41,581**
Impairment loss on leased assets	**¥ 10**	¥ 42	**$ 108**

Paid lease fees, amortization expense, depreciation expense and impairment loss

	Millions of yen		Thousands of U.S. dollars
	March 31, 2010	March 31, 2009	**March 31, 2010**
Paid lease fees	**¥3,268**	¥4,292	**$35,140**
Amortization expense amount	**32**	44	**344**
Depreciation expense amount	**¥3,236**	¥4,264	**$34,796**
Impairment loss on leased assets	**¥ —**	¥ 16	**$ —**

Note: Depreciation expense is calculated using the straight-line method with the lease period as the useful life with a nil residual value.

At March 31, 2010 and 2009, as lessee noncancellable operating lease obligations were accounted for as follows:

Future minimum lease payments for the remaining lease periods

	Millions of yen		Thousands of U.S. dollars
	March 31, 2010	March 31, 2009	**March 31, 2010**
Due within one year	**¥ 4,295**	¥ 3,030	**$ 46,183**
Due after one year	**10,976**	9,730	**118,022**
	¥15,271	¥12,760	**$164,204**

At March 31, 2010 and 2009, finance leases other than those deemed to transfer the ownership of the leased assets to the lessees were accounted for as follows:

Acquisition costs, accumulated depreciation, accumulated impairment loss and balance at year-end

	Millions of yen		Thousands of U.S. dollars
	March 31, 2010	March 31, 2009	**March 31, 2010**
Buildings			
Acquisition costs	**¥921**	¥921	**$9,903**
Accumulated depreciation	**304**	277	**3,269**
Accumulated impairment loss	**—**	—	**—**
Balance at year-end	**¥617**	¥644	**$6,634**

	Millions of yen		Thousands of U.S. dollars
	March 31, 2010	March 31, 2009	**March 31, 2010**
Machinery, equipment and vehicles			
Acquisition costs	**¥939**	¥ —	**$10,097**
Accumulated depreciation	**620**	—	**6,667**
Accumulated impairment loss	**—**	—	**—**
Balance at year-end	**¥319**	¥ —	**$ 3,430**

Future minimum sublease income for the remaining lease periods

	Millions of yen		Thousands of U.S. dollars
	March 31, 2010	March 31, 2009	**March 31, 2010**
Due within one year	**¥209**	¥ 211	**$ 2,247**
Due after one year	**771**	945	**8,290**
	¥980	¥1,156	**$10,538**

Sublease income, amortization expense, depreciation expense and impairment loss

	Millions of yen		Thousands of U.S. dollars
	March 31, 2010	March 31, 2009	**March 31, 2010**
Sublease income	**¥195**	¥ 66	**$2,097**
Amortization expense amount	**—**	—	**—**
Depreciation expense amount	**156**	27	**1,677**
Impairment loss on leased assets	**¥ —**	¥ —	**$ —**

Note: Depreciation expense is calculated using the straight-line method with the lease period as the useful life with a nil residual value.

At March 31, 2010 and 2009, noncancellable operating lease receivables were accounted for as follows:

Future minimum sublease income for the remaining lease periods

	Millions of yen		Thousands of U.S. dollars
	March 31, 2010	March 31, 2009	**March 31, 2010**
Due within one year	**¥ 91**	¥118	**$ 978**
Due after one year	**544**	625	**5,849**
	¥635	¥743	**$6,828**

Note: Effective from the fiscal year ended March 31, 2009, MCHC adopted the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, March 30, 2007) and the ASBJ Guidance on Accounting Standard for Lease Transactions (ASBJ Guidance No. 16, March 30, 2007). Under these standards, from 1 April 2008, MCHC accounts for leases that do not stipulate the transfer of ownership of leased property to the lessee in the same manner as sales and purchase transactions. However, such leases for which the lease transaction commenced on or before March 31, 2008, are accounted for as operating leases.

The depreciation method applied to lease assets related to leases that do not stipulate the transfer of ownership of the leased property to the lessee is the straight-line method over the lease period, with a residual value of zero.

Note 8

Financial Instruments

Effective from the fiscal year ended March 31, 2010, MCHC adopted the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, March 10, 2008) and the ASBJ Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Statement No. 19, March 10, 2008).

Overview

(1) Policy for Financial Instruments

MCHC's policy is to manage highly stable financial assets, centered on investments in short-term deposits, and raise funds largely by obtaining bank loans, issuing commercial paper and corporate bonds. MCHC deployed a cash management system to facilitate intragroup lending and borrowing and use funds more efficiently and reduce financial costs, engaging in intragroup lending and borrowing. Other policies are to ensure that derivatives transactions purely accommodate actual demand and to refrain from speculative trading.

(2) Financial Instruments and Risks

Trade receivables are exposed to customer credit risk. As MCHC operates globally, foreign currency denominated trade receivables are subject to foreign exchange fluctuations. MCHC hedges the resulting risks, net of trade payables in those currencies, with forward foreign exchange contracts. Marketable and investment securities are subject to market risk. Those securities mainly comprise held-to-maturity debt securities and shares in other companies with which the Group does business or has capital affiliations.

Most trade payables are due within one year. While partly exposed to foreign exchange risks from imports of raw materials and other items, MCHC hedges with forward foreign exchange contracts as it does with trade receivables.

Borrowings, corporate bonds, and bonds with subscription rights to shares are to secure the funding needed for operations and capital investments. Some of these instruments are subject to interest rate fluctuation risks, which MCHC hedges using interest rate swaps.

MCHC engages in various types of derivatives transaction. They include forward foreign exchange contracts and currency swaps to hedge foreign exchange fluctuation risks associated with foreign currency denominated trade receivables and payables, borrowings, and loans. MCHC also uses interest rate swaps to hedge fluctuations in interest rates on borrowings and loans, as well as commodity futures contracts to hedge the risks of price fluctuations from raw materials purchases.

(3) Financial Instrument Risk Management Structure

a. Credit Risk Management (including risks of customers breaching contracts)
In keeping with its credit management rules, MCHC regularly monitors the statuses of key customers with outstanding operating and long-term receivables and oversees dates and balances while endeavoring to swiftly identify and ameliorate collection concerns that could stem from deteriorating financial positions or other factors.

The credit risks of held-to-maturity debt securities are insignificant, as MCHC's portfolio includes only instruments with high credit ratings.

MCHC minimizes credit risks relating to counterparty breaches of contract with derivatives by transacting solely with highly creditworthy financial institutions.

The maximum credit risk amount at March 31, 2010, is the balance sheet value of financial assets exposed to such risks.

b. Market Risk Management (foreign exchange and interest rate risks)

Where necessary, MCHC uses forward exchange contracts and currency swaps to hedge foreign currency denominated operating receivables, debt and loans. It uses interest rate swaps to minimize the risks of interest payment fluctuations for debt and corporate bonds.

MCHC regularly assesses the prices of marketable and investment securities and the financial positions of issuers (business partners). It factors in relationships with business partners in constantly reviewing the necessity of instruments other than held-to-maturity debt securities.

In keeping with internal rules on transaction rights and limitations, reports on the contract balances and market prices of derivative transactions are submitted regularly to the director in charge of such matters.

c. Funding-Related Liquidity Risk Management (risk of inability to settle by payment dates)

MCHC is exposed to liquidity risk for customer credit and debt, managing them by producing and managing funding plans.

(4) Supplementary Explanation of the Estimated Fair Value of Financial Instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value.

Estimated Fair Value of Financial Instruments

The carrying value of financial instruments in the consolidated balance sheets as of March 31, 2010, and estimated fair value are shown in the following table. The table below excludes instruments whose fair value is extremely difficult to determine (see Note 8, 2.).

	Millions of yen			
March 31, 2010	Carrying value	Gross unrealized gains	Gross unrealized losses	Fair value
Cash and deposits	**¥ 119,114**	**¥ —**	**¥ —**	**¥ 119,114**
Trade receivables	**595,661**	**—**	**—**	**595,661**
Marketable and investment securities:				
Held-to-maturity debt securities	**22,540**	**—**	**(1,880)**	**20,660**
Shares of affiliates	**39,152**	**20,092**	**—**	**59,244**
Other marketable securities	**270,846**	**105**	**—**	**270,951**
Total assets	**¥1,047,313**	**¥20,197**	**¥(1,880)**	**¥1,065,630**
Trade payables	**¥ 370,846**	**¥ —**	**¥ —**	**¥ 370,846**
Short-term debt	**367,010**	**—**	**—**	**367,010**
Commercial paper	**125,000**	**—**	**—**	**125,000**
Bonds due in one year or less	**30,000**	**—**	**—**	**30,000**
Corporate bonds	**185,000**	**5,498**	**—**	**190,498**
Bonds with subscription rights to shares	**140,136**	**—**	**(6,917)**	**133,219**
Long-term debt	**606,980**	**8,030**	**—**	**615,010**
Total liabilities	**¥1,824,972**	**¥13,528**	**¥(6,917)**	**¥1,831,583**
Derivatives transactions:				
Hedge accounting applied	**¥ (1,376)**	**¥ —**	**¥ —**	**¥ (1,376)**
Hedge accounting not applied	**(507)**	**—**	**—**	**(507)**
Total derivatives transactions	**¥ (1,883)**	**¥ —**	**¥ —**	**¥ (1,883)**

Note: Net receivables and payables from derivatives transactions are presented, with net payables in totals shown in parentheses.

March 31, 2010	Thousands of U.S. dollars Carrying value	Gross unrealized gains	Gross unrealized losses	Fair value
Cash and deposits	$ 1,280,796	$ —	$ —	$ 1,280,796
Trade receivables	6,404,957	—	—	6,404,957
Marketable and investment securities:				
Held-to-maturity debt securities	242,366	—	(20,215)	222,151
Shares of affiliates	420,989	216,043	—	637,032
Other marketable securities	2,912,323	1,129	—	2,913,452
Total assets	$11,261,430	$217,172	$(20,215)	$11,458,387
Trade payables	$ 3,987,591	$ —	$ —	$ 3,987,591
Short-term debt	3,946,344	—	—	3,946,344
Commercial paper	1,344,086	—	—	1,344,086
Bonds due in one year or less	322,581	—	—	322,581
Corporate bonds	1,989,247	59,118	—	2,048,366
Bonds with subscription rights to shares	1,506,839	—	(74,376)	1,432,462
Long-term debt	6,526,667	86,344	—	6,613,011
Total liabilities	$19,623,355	$145,462	$(74,376)	$19,694,441
Derivatives transactions:				
Hedge accounting applied	$ (14,796)	$ —	$ —	$ (14,796)
Hedge accounting not applied	(5,452)	—	—	(5,452)
Total derivatives transactions	$ (20,247)	$ —	$ —	$ (20,247)

1. Method to Determine the Estimated Fair Values of Financial Instruments and Other Matters Related to Securities and Derivatives Transactions

Assets

Cash and deposits

Book value is used, as it approximates market value because of the short maturities of these instruments.

Trade receivables

Book value is used, as it approximates market value because of the short maturities of these instruments.

Marketable and investment securities

The fair value of stocks is based on quoted market prices, while the fair value of debt securities is based on quoted market prices or the prices provided by the financial institutions with which MCHC conducts transactions. Book value is used for negotiable certificates of deposit and commercial paper, as it approximates market value because of the short settlements of these instruments. For information on securities classified by holding purpose, please refer to Note 9, Securities.

Liabilities

Trade payables, short-term debt, commercial paper, and bonds due in one year or less

Book value is used, as it approximates market value because of the short maturities of these instruments.

Corporate bonds and bonds with subscription rights to shares

The market price of corporate bonds and bonds with subscription rights to shares that MCHC issues is based on the quoted market price or, in the absence of quoted prices, is based on present value by totaling the value of principle and interest, discounted by the interest rate determined taking into account the remaining maturities of the relevant corporate bonds and their credit risks.

Long-term debt

Market value is based on the present value of principle and interest, discounted using current assumed rates for similar new debt.

Long-term debt is subject to special procedures for interest rate swaps (see Note 11, Derivative Financial Instruments and Hedge Accounting), and the total principal and interest for these swaps are discounted using rationally estimated interest rates for similar new debt.

2. Financial Instruments for which it Is Extremely Difficult or Impossible to Determine the Fair Value

	Millions of yen	Thousands of U.S. dollars
March 31, 2010	Balance sheet values	
Unlisted shares	**¥111,671**	**$1,200,763**
Unlisted bonds	**2,000**	**21,505**
Investment securities	**2,062**	**22,172**

These instruments are omitted from marketable and investment securities because they have no market price and it is extremely difficult or impossible to estimate forward cash flows or assess their fair value.

3. Projected Redemptions of Monetary Claims and Marketable Securities Due after March 31, 2010

	Millions of yen			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥119,114	¥ —	¥ —	¥ —
Trade receivables	595,661	—	—	—
Marketable and investment securities				
Held-to-maturity debt securities				
(1) Government bonds	10	—	2,285	—
(2) Others	2,602	2,609	2,034	13,000
Other securities with maturities				
(1) Government bonds	27,116	67,641	—	—
(2) Others	32,587	—	—	—
Total	¥770,090	¥70,250	¥4,319	¥13,000

	Thousands of U.S. dollars			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	$1,280,796	$ —	$ —	$ —
Trade receivables	6,404,957	—	—	—
Marketable and investment securities				
Held-to-maturity debt securities				
(1) Government bonds	108	—	24,570	—
(2) Others	27,978	28,054	21,871	139,785
Other securities with maturities				
(1) Government bonds	291,570	727,323	—	—
(2) Others	350,398	—	—	—
Total	$8,280,538	$755,376	$46,441	$139,785

4. See Note 17 for Scheduled Repayments of Corporate Bonds, Long-Term Borrowings, and Other Interest-Bearing Debt after the Close of the Term.

Note 9

Securities

Held-to-maturity debt securities are measured at amortized cost in the accompanying balance sheets.

However, certain held-to-maturity debt securities have fair value. The carrying value, gross unrealized gains, gross unrealized losses and estimated fair value of held-to-maturity debt securities at March 31, 2010 and 2009, are summarized as follows:

	Millions of yen			
March 31, 2010	Carrying value	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Held-to-maturity debt securities:				
Government bonds	**¥ 2,295**	**¥153**	**¥ 0**	**¥ 2,448**
Corporate bonds	**1,078**	**9**	**0**	**1,087**
Other debt securities	**19,167**	**1**	**(2,043)**	**17,125**
	¥22,540	**¥163**	**¥(2,043)**	**¥20,660**

	Millions of yen			
March 31, 2009	Carrying value	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Held-to-maturity debt securities:				
Government bonds	¥ 2,272	¥394	¥ 0	¥ 2,666
Corporate bonds	—	—	—	—
Other debt securities	18,004	—	(2,693)	15,311
	¥20,276	¥394	¥(2,693)	¥17,977

	Thousands of U.S. dollars			
March 31, 2010	Carrying value	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Held-to-maturity debt securities:				
Government bonds	**$ 24,677**	**$1,645**	**$ 0**	**$ 26,323**
Corporate bonds	**11,591**	**97**	**0**	**11,688**
Other debt securities	**206,097**	**11**	**(21,968)**	**184,140**
	$242,366	**$1,753**	**$(21,968)**	**$222,151**

Other securities with quoted market prices are measured at fair value. Differences between fair value and acquisition costs are recorded as a component of net assets. The differences at March 31, 2010 and 2009, are summarized as follows:

	Millions of yen				
				(Breakdown)	
March 31, 2010	Acquisition costs	Fair value	Net differences	Gross gains	Gross losses
Other securities:					
Equity securities	**¥104,844**	**¥142,937**	**¥38,093**	**¥59,035**	**¥(20,942)**
Government bonds	**126,630**	**127,344**	**714**	**784**	**(70)**
Corporate bonds	**—**	**—**	**—**	**—**	**—**
Other debt securities	**573**	**565**	**(8)**	**2**	**(10)**
	¥232,047	**¥270,846**	**¥38,799**	**¥59,821**	**¥(21,022)**

	Millions of yen				
				(Breakdown)	
March 31, 2009	Acquisition costs	Fair value	Net differences	Gross gains	Gross losses
Other securities:					
Equity securities	¥100,813	¥119,951	¥19,138	¥31,118	¥(11,980)
Government bonds	71,001	71,701	700	719	(19)
Corporate bonds	—	—	—	—	—
Other debt securities	617	595	(22)	4	(26)
	¥172,431	¥192,247	¥19,816	¥31,841	¥(12,025)

March 31, 2010	Thousands of U.S. dollars				
	Acquisition costs	Fair value	Net differences	(Breakdown) Gross gains	Gross losses
Other securities:					
Equity securities	**$1,127,355**	**$1,536,957**	**$409,602**	**$634,785**	**$(225,183)**
Government bonds	**1,361,613**	**1,369,290**	**7,677**	**8,430**	**(753)**
Corporate bonds	**—**	**—**	**—**	**—**	**—**
Other debt securities	**6,161**	**6,075**	**(86)**	**22**	**(108)**
	$2,495,129	**$2,912,323**	**$417,194**	**$643,237**	**$(226,043)**

Sales of other securities for the fiscal year ended March 31, 2010, are shown below:

	Millions of yen		
	Sales	Gains	Losses
Year ended March 31, 2010	**¥5,546**	**¥2,244**	**¥36**

	Thousands of U.S. dollars		
	Sales	Gains	Losses
Year ended March 31, 2010	**$59,634**	**$24,129**	**$387**

Investment securities of unconsolidated subsidiaries and affiliates at March 31, 2010, are shown below:

	Millions of yen	Thousands of U.S. dollars
At March 31, 2010	**¥112,254**	**$1,207,032**

Note 10

Supplementary Cash Flow Information

Cash and cash equivalents as of March 31, 2010 and 2009, are reconciled to the accounts reported in the consolidated balance sheets as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2010	March 31, 2009	**March 31, 2010**
Cash and deposits	**¥119,114**	¥ 96,364	**$1,280,796**
Time deposits with maturities of more than three months	**(9,623)**	(1,454)	**(103,473)**
Cash equivalents included in securities[1]	**3,100**	131,500	**33,333**
Cash and cash equivalents	**¥112,591**	¥226,410	**$1,210,656**

1. This represents short-term, highly liquid investments readily convertible into cash held by foreign subsidiaries.

Note 11

Derivative Financial Instruments and Hedge Accounting

Derivative Transactions

1. Unhedged Derivative Transactions

(1) Currency-related transactions

	Millions of yen			
Year ended March 31, 2010	Notional value	Maturing after one year	Fair value	Appraised gains/losses
Off-market transactions				
Forward exchange agreements				
Put				
Thai baht	**¥ 104**	**¥ —**	**¥ (1)**	**¥ (1)**
Currency swaps				
Receive yen, pay U.S. dollars	**20,000**	**20,000**	**(1,371)**	**(1,371)**
Receive dollars, pay Thai baht	**3,207**	**3,207**	**(4)**	**(4)**

	Thousands of U.S. dollars			
Year ended March 31, 2010	Notional value	Maturing after one year	Fair value	Appraised gains/losses
Off-market transactions				
Forward exchange agreements				
Put				
Thai baht	**$ 1,118**	**$ —**	**$ (11)**	**$ (11)**
Currency swaps				
Receive yen, pay U.S. dollars	**215,054**	**215,054**	**(14,742)**	**(14,742)**
Receive dollars, pay Thai baht	**34,484**	**34,484**	**(43)**	**(43)**

Note: Fair value calculations are based on quoted prices from financial and other institutions with which MCHC conducts transactions.

2. Hedged Derivative Transactions

(1) Currency-related transactions

		Millions of yen		
Year ended March 31, 2010	Main hedging targets	Notional amounts	Maturing after one year	Fair value
Hedge accounting method				
Principle-based accounting				
Forward exchange agreements				
Put				
U.S. dollars	Accounts receivable trade	**¥ 227**	**¥ —**	**¥ (5)**
Call				
U.S. dollars	Accounts payable trade, etc.	**24,734**	**11,629**	**(558)**
Euros	Accounts payable trade, etc.	**697**	**—**	**7**
British pounds	Accounts payable trade, etc.	**622**	**—**	**9**
Malaysian ringgit	Accounts payable trade, etc.	**6,887**	**4,456**	**354**
Currency options				
Put				
U.S. dollars	Accounts payable trade	**9,779**	**9,779**	**(33)**
Call				
U.S. dollars	Accounts payable trade	**9,779**	**9,779**	**(63)**
Hedge accounting method				
Forward exchange deferral accounting				
Currency swaps				
Receive yen, pay U.S. dollars	Long-term debt	**1,642**	**1,642**	
Forward exchange contracts				
Put				
U.S. dollars	Accounts receivable trade	**3,679**	**—**	
Euros	Accounts receivable trade	**1,097**	**—**	
British pounds	Accounts receivable trade	**59**	**—**	
Call				
U.S. dollars	Accounts payable trade	**312**	**—**	
Euros	Accounts payable trade	**91**	**—**	

Year ended March 31, 2010	Main hedging targets	Thousands of U.S. dollars Notional amounts	Maturing after one year	Fair value
Hedge accounting method				
Principle-based accounting				
Forward exchange agreements				
Put				
U.S. dollars	Accounts receivable trade	**$ 2,441**	**$ —**	**$ (54)**
Call				
U.S. dollars	Accounts payable trade, etc.	**265,957**	**125,043**	**(6,000)**
Euros	Accounts payable trade, etc.	**7,495**	**—**	**75**
British pounds	Accounts payable trade, etc.	**6,688**	**—**	**97**
Malaysian ringgit	Accounts payable trade, etc.	**74,054**	**47,914**	**3,806**
Currency options				
Put				
U.S. dollars	Accounts payable trade	**105,151**	**105,151**	**(355)**
Call				
U.S. dollars	Accounts payable trade	**105,151**	**105,151**	**(677)**
Hedge accounting method				
Forward exchange deferral accounting				
Currency swaps				
Receive yen, pay U.S. dollars	Long-term debt	**17,656**	**17,656**	
Forward exchange contracts				
Put				
U.S. dollars	Accounts receivable trade	**39,559**	**—**	
Euros	Accounts receivable trade	**11,796**	**—**	
British pounds	Accounts receivable trade	**634**	**—**	
Call				
U.S. dollars	Accounts payable trade	**3,355**	**—**	
Euros	Accounts payable trade	**978**	**—**	

Notes: 1. Fair value calculations are based on quoted prices from financial and other institutions with which MCHC conducts transactions.
2. MCHC accounts for forward exchange deferrals by together accounting for hedged long-term debt and trade receivables and payables, and thus presents fair values that include the fair values of those instruments.

(2) Interest-related transactions

Year ended March 31, 2010	Main hedging targets	Millions of yen Notional amounts	Maturing after one year	Fair value
Hedge accounting method				
Principle-based accounting				
Interest rate swaps	Long-term debt	**¥ 9,407**	**¥ 8,780**	**¥ (209)**
Pay fixed rate, receive floating rate	Securitized receivables	**2,000**	**—**	**(7)**
Special accounting procedures for interest rate swaps				
Interest rate swaps				
Pay floating rate, receive fixed rate	Long-term debt	**8,574**	**6,872**	
Pay fixed rate, receive floating rate	Long-term debt	**214,337**	**207,581**	

Year ended March 31, 2010	Main hedging targets	Thousands of U.S. dollars Notional amounts	Maturing after one year	Fair value
Hedge accounting method				
Principle-based accounting				
Interest rate swaps	Long-term debt	**$ 101,151**	**$ 94,409**	**$ (2,247)**
Pay fixed rate, receive floating rate	Securitized receivables	**21,505**	**—**	**(75)**
Special accounting procedures for interest rate swaps				
Interest rate swaps				
Pay floating rate, receive fixed rate	Long-term debt	**92,194**	**73,892**	
Pay fixed rate, receive floating rate	Long-term debt	**2,304,699**	**2,232,054**	

Notes: 1. Fair value calculations are based on quoted prices from financial and other institutions with which MCHC conducts transactions.
2. With special accounting procedures for interest rate swaps, MCHC accounts for hedged long-term debt and trade receivables and payables, and thus presents fair values that include the fair values of the relevant long-term debt.

Note 12

Pension and Severance Plans

At March 31, 2010 and 2009, a breakdown of the amounts recognized in the accompanying consolidated balance sheets was as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2010	March 31, 2009	**March 31, 2010**
Projected benefit obligation at end of year	**¥(556,882)**	¥(441,837)	**$(5,987,978)**
Fair value of plan assets at end of year	**422,773**	308,259	**4,545,946**
Funded status	**(134,109)**	(133,578)	**(1,442,032)**
Unrecognized transition amount under post-employment benefit accounting	**4,004**	5,006	**43,054**
Unrecognized actuarial loss	**51,661**	101,146	**555,495**
Unrecognized prior service cost	**(1,708)**	(1,356)	**(18,366)**
Net amount recognized	**(80,152)**	(28,782)	**(861,849)**
Prepaid pension expense	**54,591**	54,173	**587,000**
Accrued retirement benefits	**(134,743)**	(82,955)	**(1,448,849)**

The components of net pension and severance cost for the years ended March 31, 2010 and 2009, were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2010	March 31, 2009	**March 31, 2010**
Service cost	**¥11,983**	¥14,923	**$128,849**
Interest cost	**10,336**	10,537	**111,140**
Expected return on plan assets	**(7,131)**	(7,599)	**(76,677)**
Amortization of transition amount under post-employment benefit accounting	**756**	830	**8,129**
Recognized actuarial loss (gain)	**14,094**	(745)	**151,548**
Amortization of prior service cost	**202**	(7,697)	**2,172**
Defined contribution plan cost	**2,454**	2,038	**26,387**
Net periodic pension cost	**¥32,694**	¥12,287	**$351,548**

Notes:
1. Actuarial loss (gain) is recognized using the straight-line method over a period of mainly five years from the fiscal year following the year in which the loss (gain) arises.
2. Prior service cost is amortized using the straight-line method over a period of mainly ten years from the relevant fiscal year.
3. Transition amount under post-employment benefits accounting is amortized using the straight-line method over a period of mainly fifteen years from the year ended March 31, 2001.
4. Additional benefits for employees' early retirement amounting to ¥1,753 million ($18,849 thousand) and ¥4,510 million were recorded in addition to the amount of net periodic pension cost for the years ended March 31, 2010 and 2009, respectively.
5. Main assumptions used for the years ended March 31, 2010 and 2009, were discount rates of 2.0% in both years and an expected return on plan assets of 2.5% or 2.0% in the year ended March 31, 2010, and 2.0% a year earlier.

Note 13

Stock-Based Compensation Plan

There were no stock-based compensation plans granted during the fiscal year ended March 31, 2010. Therefore, there are no changes to the stock-based compensation plans as at March 31, 2009.

	2008 plan	2008 plan	2008 plan
Grantees	3 directors of MCHC	1 retiring director of MCHC	1 director of a subsidiary
			1 retiring director of a subsidiary
			20 executive officers of a subsidiary
			4 retiring executive officers of a subsidiary
Type of stock	Common stock	Common stock	Common stock
Date of grant	September 10, 2008	September 10, 2008	September 12, 2008
Number of shares granted	32,650	12,800	227,700
Exercise price (yen)	1	1	1
Exercisable period	from September 11, 2008 to September 10, 2028	from September 11, 2008 to September 10, 2028	from September 13, 2008 to September 12, 2028

	2007 plan	2007 plan	2007 plan
Grantees	2 directors of MCHC	1 executive officer of MCHC	1 director of a subsidiary
		2 retiring directors of MCHC	1 retiring director of a subsidiary
			20 executive officers of a subsidiary
			5 retiring executive officers of a subsidiary
Type of stock	Common stock	Common stock	Common stock
Date of grant	December 12, 2007	December 12, 2007	December 14, 2007
Number of shares granted	39,700	49,450	311,100
Exercise price (yen)	1	1	1
Exercisable period	from December 13, 2007 to December 12, 2027	from December 13, 2007 to December 12, 2027	from December 15, 2007 to December 14, 2027

	2006 plan	2006 plan	2006 plan	2005 plan
Grantees	3 directors of MCHC	1 executive officer of MCHC	2 directors of a subsidiary	7 directors of a subsidiary
		1 retiring director of MCHC	1 retiring director of a subsidiary	19 executive officers of a subsidiary
			19 executive officers of a subsidiary	3 retiring executive officers of a subsidiary
			4 retiring executive officers of a subsidiary	
Type of stock	Common stock	Common stock	Common stock	Common stock
Date of grant	December 13, 2006	December 13, 2006	December 15, 2006	July 1, 2005
Number of shares granted	70,400	28,200	331,000	466,050
Exercise price (yen)	1	1	1	1
Exercisable period	from December 14, 2006 to December 13, 2026	from June 28, 2007 to June 27, 2027	from December 16, 2006 to December 15, 2026	from June 28, 2006 to June 27, 2026

Note 14

Income Taxes

At March 31, 2010 and 2009, significant components of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2010	March 31, 2009	**March 31, 2010**
Deferred tax assets:			
Tax loss carryforwards	**¥ 150,187**	¥ 81,615	**$ 1,614,914**
Employees' retirement benefits	**38,600**	20,213	**415,054**
Accrued bonuses to employees	**13,714**	12,725	**147,462**
Write-downs of investment securities	**13,584**	10,162	**146,065**
Depreciation	**11,016**	8,835	**118,452**
Impairment loss on fixed assets	**8,507**	—	**91,473**
Loss on liquidation of subsidiaries and affiliates	**7,280**	—	**78,280**
Loss on valuation of inventories	**—**	9,292	**—**
Unrealized earnings	**—**	6,029	**—**
Other	**68,427**	51,511	**735,774**
Gross deferred tax assets	**¥ 311,315**	¥200,382	**$ 3,347,473**
Valuation allowance	**(104,343)**	(62,915)	**(1,121,968)**
Total deferred tax assets	**¥ 206,972**	¥137,467	**$ 2,225,505**
Deferred tax liabilities:			
Valuation of assets	**(28,376)**	(20,186)	**(305,118)**
Accelerated tax depreciation	**(19,825)**	(6,328)	**(213,172)**
Valuation gain on investment securities	**(19,595)**	(15,626)	**(210,699)**
Tax deductible reserve	**(4,257)**	(3,642)	**(45,774)**
Other	**(3,839)**	(2,816)	**(41,280)**
Total deferred tax liabilities	**¥ (75,892)**	¥ (48,598)	**$ 816,043)**
Net deferred tax assets	**¥ 131,080**	¥ 88,869	**$ 1,409,462**

At March 31, 2010 and 2009, deferred tax assets and liabilities included in the consolidated balance sheets were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2010	March 31, 2009	**March 31, 2010**
Deferred income taxes—current	**¥ 37,867**	¥ 34,828	**$ 407,172**
Deferred income taxes—noncurrent	**114,269**	72,955	**1,228,699**
Other current liabilities	**(15)**	—	**(161)**
Other noncurrent liabilities	**(21,041)**	(18,914)	**(226,247)**

A reconciliation of the statutory tax rates to the effective tax rates for the years ended March 31, 2010 and 2009, was as follows:

	March 31, 2010	March 31, 2009
Statutory tax rate	**40.6%**	—%
Increase (decrease) in taxes resulting from:		
Valuation allowance	**10.4**	—
Permanent differences	**8.5**	—
Increase in valuation allowance for cumulative losses of consolidated subsidiaries	**7.1**	—
Amortization of goodwill	**7.0**	—
Unrecognized tax effect on unrealized gains and losses	**5.5**	—
Gain on changes in equity of affiliated companies	**(21.5)**	—
Tax credits for research and development costs	**(13.6)**	—
Decrease in valuation allowance for cumulative losses of consolidated subsidiaries	**(12.4)**	—
Equity in earnings of unconsolidated subsidiaries and affiliates	**(5.4)**	—
Difference of statutory tax rate in overseas subsidiaries	**(3.4)**	—
Other	**1.4**	—
Effective tax rates	**24.2%**	—%

Because the Company posted a loss before income taxes and minority interests in consolidated subsidiaries for the fiscal year ended March 31, 2009, the reconciliation of the statutory tax rate to the effective tax rates after the application of tax-effect accounting has been omitted.

Note 15

Business Combination and Divestitures

1. Acquisition of Mitsubishi Rayon Shares

In meetings on November 19, 2009, the Boards of Directors of both MCHC and Mitsubishi Rayon Co., Ltd., resolved to integrate the latter company into MCHC. As part of the integration process, MCHC implemented a tender offer for all the issued and outstanding shares of Mitsubishi Rayon (excluding that company's treasury shares) between February 17 and March 19, 2010.

MCHC obtained shares representing a majority of the total voting rights of Mitsubishi Rayon shareholders through this tender offer, making that company a consolidated subsidiary as of March 30, 2010.

MCHC plans to acquire all the shares that were not tendered through a share exchange, making Mitsubishi Rayon a wholly owned subsidiary of MCHC as of October 1, 2010.

Details of Acquisition

(1) Name of acquired company, principal business, reason for acquisition, acquisition date, legal form of acquisition, and acquired voting right ratio

a. Name and principal business of acquired company
Name: Mitsubishi Rayon Co., Ltd.
Principal businesses: Chemical and plastics business, acrylic fibers & acrylonitrile (AN) monomer and derivatives business, carbon fibers & composite materials business, acetate fibers & membranes and others business

b. Reason for acquisition
The acquisition aimed to make Mitsubishi Rayon a new core operating company for MCHC as a pure holding company, augmenting MCHC's ownership of Mitsubishi Chemical Corporation, Mitsubishi Tanabe Pharma Corporation, and Mitsubishi Plastics, Inc. The goals of the merger were to integrate the managements of MCHC and Mitsubishi Rayon, expand corporate scale, build robust business foundations, reinforce operational competitiveness and development capabilities, and create a corporate group that can withstand global competition that will likely become increasingly intense.

c. Acquisition date
March 30, 2010

d. Legal form of acquisition
Share acquisition through payment in cash

e. Acquired voting right ratio
Voting right ratio immediately before acquisition: 1.1%
Additional voting right ratio secured upon acquisition date: 77.0%
Total voting right ratio following acquisition: 78.1%

(2) Period for which Mitsubishi Rayon's operating results are included in the consolidated financial statements
None, as the deemed acquisition date was March 31, 2010

(3) Acquisition cost and details
The direct expenses with respect to the ¥170,158 million ($1,829,656 thousand) price were ¥1,232 million ($13,247 thousand), for a total acquisition cost of ¥171,390 million ($1,842,903 thousand). The 1.1% stake owned before taking control is valued at the market value as of the date on which MCHC took control.

(4) The difference between acquisition price and total costs of individual transactions in the process of acquiring Mitsubishi Rayon was ¥933 million ($10,032 thousand).

(5) Goodwill, source, and amortization period and method

a. Goodwill: ¥77,122 million ($829,269 thousand)

b. Source
The goodwill derives from the difference between the value of the equity interest in Mitsubishi Rayon and the acquisition cost.

c. Amortization method and period
Goodwill will be amortized over 20 years using the straight-line method.

d. Goodwill is based on preliminary calculations
The share acquisition was just before the close of the fiscal year, so MCHC accounted for some of Mitsubishi Rayon's assets and liabilities on a preliminary basis based on paragraph 69 of the Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, revised 2008).

(6) Assets and liabilities assumed on the merger date

	Millions of yen	Thousands of U.S. dollars
Current assets	¥175,488	$1,886,968
Long-term assets	377,268	4,056,645
Total assets	¥552,756	$5,943,613
Current liabilities	¥134,044	$1,441,333
Long-term liabilities	278,317	2,992,656
Total liabilities	¥412,361	$4,433,989

The consolidated financial statements reflect these preliminary amounts as of the close of the fiscal year.

(7) The impact on the consolidated statements of operation for the fiscal year ended March 31, 2010, assuming acquisition completion on first day of that year

	Millions of yen	Thousands of U.S. dollars
Net sales	¥365,047	$3,925,237
Operating income	3,299	35,473
Income (loss) before income taxes and minority interests in consolidated subsidiaries	(12,410)	(133,441)
Net income (loss)	(6,055)	(65,108)

Note: Method for calculating estimates

Estimates reflect the impact of the difference between sales and income information calculations that assume acquisition completion on the first day of the consolidated fiscal year and sales and income information for that year. These estimates are unaudited.

2. Mitsubishi Chemical Corporation's Acquisition of the Nippon Synthetic Chemical Industry Co., Ltd.

Domestic consolidated subsidiary Mitsubishi Chemical Corporation acquired additional shares in equity-method affiliate, the Nippon Synthetic Chemical Industry Co., Ltd., to strengthen ties with that company. Nippon Synthetic Chemical Industry thus became a consolidated subsidiary of MCHC in line with effective control standards, as Mitsubishi Chemical secured more than 40% of total voting rights.

Details of Acquisition

(1) Name of acquired company, principal business, acquisition date, legal form of acquisition, and acquired voting right ratio

a. Name and principal businesses of acquired company

Name: The Nippon Synthetic Chemical Industry Co., Ltd.

Principal businesses: Manufacturing, processing and marketing functional resins, functional films, IT's and electronic products, raw materials for pharmaceuticals and pharmaceuticals intermediates, fine chemicals, and acetyl chemicals

b. Acquisition date

September 9, 2009

c. Legal form of acquisition

Share acquisition through payment in cash

d. Acquired voting right ratio

Voting right ratio immediately before acquisition: 37.6% (because purchases were ongoing and in stages, the ratio presented is as of the end of the previous fiscal year ended March 31, 2009)

Additional voting right ratio secured upon acquisition date: 2.4%

Total voting right ratio following acquisition: 40.0%

(2) Period for which Nippon Synthetic Chemical Industry's operating results are included in the consolidated financial statements

From April 1, 2009, to March 31, 2010.

As the deemed acquisition date was September 30, 2009, the consolidated statements of operation account for the purchase under the equity method, including results for April 1, 2009 to September 30, 2009.

(3) Acquisition cost and details

Common stock of Nippon Synthetic Chemical Industry

¥25,681 million ($276,140 thousand)

Acquisition cost is the market value of all shares owned as of the acquisition date.

(4) The difference between acquisition price and total costs of individual transactions in the process of acquiring Nippon Synthetic Chemical Industry was ¥6,564 million ($70,581 thousand).

(5) Goodwill, source, and amortization period and method
a. Goodwill: ¥4,250 million ($45,699 thousand)
b. Source
The goodwill derives from the difference between the value of MCHC's equity interest in Nippon Synthetic Chemical Industry and the acquisition cost.
c. Amortization method and period
Goodwill is amortized over 10 years using the straight-line method.

(6) Assets and liabilities assumed on the merger date

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 52,071	$ 559,903
Long-term assets	61,376	659,957
Total assets	¥113,447	$1,219,860
Current liabilities	¥ 30,415	$ 327,043
Long-term liabilities	27,010	290,430
Total liabilities	¥ 57,425	$ 617,473

(7) The impact on the consolidated statements of operation for the fiscal year ended March 31, 2010, assuming acquisition completion on first day of that year

	Millions of yen	Thousands of U.S. dollars
Net sales	¥39,580	$425,591
Operating income	5,446	58,559
Income before income taxes and minority interests in consolidates subsidiaries	5,169	55,581
Net income	1,034	11,118

Note: Method for calculating estimates
Estimates reflect the impact of the difference between sales and income information calculations that assume acquisition completion on the first day of the consolidated fiscal year and sales and income information for that year. These estimates are unaudited.

3. Mitsubishi Plastics, Inc.,'s Acquisition of Quadrant AG

As part of efforts to cultivate its engineering plastics business, domestic consolidated subsidiary Mitsubishi Plastics, Inc., concluded a strategic alliance with Quadrant AG, a Swiss engineering plastics manufacturer. Mitsubishi Plastics and Quadrant's founders then established Dutch joint venture Aquamit B.V. as a holding company, acquiring the majority of Quadrant's shares through a tender offer. Aquamit and Quadrant thereby became consolidated subsidiaries of MCHC.

Details of Acquisition

(1) Name of acquired company, principal business, acquisition date, legal form of acquisition, and acquired voting right ratio
a. Name and principal business of acquired company
Name: Quadrant AG
Principal business: Producing and processing high-perfomance plastics and plastic composites & pipes
b. Acquisition date
September 9, 2009
c. Legal form of acquisition
Share acquisition through payment in cash (acquiring through Aquamit, MCHC's consolidated subsidiary)
d. Total voting right ratio following acquisition: 98.0%

(2) Period for which Quadrant's operating results are included in the consolidated financial statements
From October 1, 2009, to December 31, 2009.

(3) Acquisition cost and details
The direct expenses with respect to the ¥22,370 million ($240,538 thousand) price were ¥773 million ($8,312 thousand), for a total acquisition cost of ¥23,143 million ($248,849 thousand).

(4) Goodwill, source, and amortization period and method
a. Goodwill: ¥8,633 million ($92,828 thousand)
b. Source
The goodwill derives from the difference between the value of the equity interest in Quadrant and the acquisition cost.
c. Amortization method and period
Goodwill is amortized over 20 years using the straight-line method.

(5) Assets and liabilities assumed on the merger date

	Millions of yen	Thousands of U.S. dollars
Current assets	¥19,461	$209,258
Long-term assets	46,831	503,559
Total assets	¥66,292	$712,817
Current liabilities	¥21,698	$233,312
Long-term liabilities	28,428	305,677
Total liabilities	¥50,126	$538,989

(6) The impact on the consolidated statements of operation for the fiscal year ended March 31, 2010, assuming acquisition completion on first day of that year

	Millions of yen	Thousands of U.S. dollars
Net sales	¥31,368	$337,290
Operating income (loss)	(3,540)	(38,065)
Income (loss) before income taxes and minority interests in consolidated subsidiaries	(3,811)	(40,978)
Net income (loss)	(2,821)	(30,333)

Note: Method for calculating estimates
Estimates reflect the impact of the difference between sales and income information calculations that assume acquisition completion on the first day of the consolidated fiscal year and sales and income information for that year. These estimates are unaudited.

Note 16

Per Share Information

	Yen March 31, 2010	U.S. dollars March 31, 2010
Net assets	**¥490.99**	**$5.28**
Net income—Basic	**9.32**	**0.10**
—Diluted	**8.55**	**0.09**

1. The basis for calculating net income per share and diluted net income per share was as follows:

Net income per share	Millions of yen March 31, 2010	Thousands of U.S. dollars March 31, 2010
Net income	**¥ 12,833**	**$137,989**
Net income applicable to common shares	**12,833**	**137,989**
Average number of common shares during period (thousands of shares)	**1,375,676**	**—**
Adjustment of net income:	**(52)**	**(559)**
Interest income (after deducting tax)	**(52)**	**(559)**
Increase in number of common shares: (thousands of shares)	**118,482**	**—**
Bonds with subscription rights to shares	**117,468**	**—**
Warrants	**1,014**	**—**

2. The basis for calculating net assets per share was as follows:

Net assets per share	Millions of yen March 31, 2010	Thousands of U.S. dollars March 31, 2010
Total net assets	**¥1,032,865**	**$11,106,075**
Amounts deducted from total net assets:	**359,291**	**3,863,344**
Warrants	**653**	**7,022**
Minority interests in consolidated subsidiaries	**358,638**	**3,856,323**
Net assets applicable to common shares	**673,574**	**7,242,731**
Number of common shares at the end of the fiscal year used in calculation of net assets per share (thousands of shares)	**1,371,861**	**—**

Note 17

Short-Term Debt and Long-Term Debt

At March 31, 2010 and 2009, short-term debt of MCHC and its consolidated subsidiaries consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2010	March 31, 2009	**March 31, 2010**
Short-term loans principally from banks and other financial institutions at average interest rate of 0.812% at March 31,2010, and 1.673% at March 31,2009	**¥320,888**	¥ 233,881	**$3,450,409**
Commercial paper	**125,000**	105,000	**1,344,086**
	¥445,888	¥ 338,881	**$4,794,495**

At March 31, 2010 and 2009, long-term debt of MCHC and its consolidated subsidiaries consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2010	March 31, 2009	**March 31, 2010**
Debt issued by MCC:			
1.43% notes due 2009	**¥ —**	¥ 15,000	**$ —**
1.27% notes due 2009	**—**	20,000	**—**
2.65% notes due 2010	**—**	5,000	**—**
1.15% notes due 2010	**10,000**	10,000	**107,527**
1.30% notes due 2011	**10,000**	10,000	**107,527**
1.46% notes due 2011	**10,000**	10,000	**107,527**
1.51% notes due 2011	**10,000**	10,000	**107,527**
1.80% notes due 2013	**15,000**	15,000	**161,290**
1.16% notes due 2013	**10,000**	10,000	**107,527**
1.90% notes due 2014	**10,000**	10,000	**107,527**
2.02% notes due 2014	**10,000**	10,000	**107,527**
1.20% notes due 2014	**15,000**	—	**161,290**
2.01% notes due 2016	**20,000**	20,000	**215,054**
2.05% notes due 2016	**10,000**	10,000	**107,527**
2.03% notes due 2018	**20,000**	20,000	**215,054**
2.02% notes due 2019	**10,000**	—	**107,527**
Debt issued by MCHC:			
Bonds with subscription rights to shares due 2011	**70,136**	70,224	**754,151**
Bonds with subscription rights to shares due 2013	**70,000**	70,000	**752,688**
Debt issued by consolidated subsidiaries other than MCC, due 2009–2019 at interest rates ranging from 0.98% to 1.94% at March 31, 2010, and from 0.75% to 1.63% at March 31, 2009	**55,000**	15,000	**591,398**
Loans, principally from banks and insurance companies due 2009 to 2025:			
Collateralized	**18,080**	7,510	**194,409**
Non-collateralized	**635,022**	356,624	**6,828,194**
	1,008,238	694,358	**10,841,268**
Less, current portion	**(76,122)**	(98,361)	**(818,516)**
	¥ 932,116	¥595,997	**$10,022,753**

Note: The average interest rates of loans were as follows:
March 31, 2010
Current portion 1.740%
Less current portion 1.429%

At March 31, 2010, assets pledged as collateral and debt secured by such assets were as follows:

	Millions of yen	Thousands of U.S. dollars
	March 31, 2010	**March 31, 2010**
Collateral assets	**¥170,193**	**$1,830,032**
Secured debt	**¥ 23,961**	**$ 257,645**

The aggregate annual maturities of long-term debt is summarized as follows:

	Millions of yen	Thousands of U.S. dollars
	March 31, 2010	**March 31, 2010**
2012	**¥177,782**	**$ 1,911,634**
2013	**120,160**	**1,292,043**
2014	**232,687**	**2,502,011**
2015 and thereafter	**401,487**	**4,317,065**
	¥932,116	**$10,022,753**

Note 18

Segment Information

	Net Sales[1]			Inter-segment Sales and Transfers		
	Millions of yen		Thousands of U.S. dollars	Millions of yen		Thousands of U.S. dollars
INDUSTRY SEGMENT	**March 31, 2010**	March 31, 2009	**March 31, 2010**	**March 31, 2010**	March 31, 2009	**March 31, 2010**
Electronics Applications	**¥ 300,455**	¥ 327,531	**$ 3,230,699**	**¥ 2,843**	¥ 7,142	**$ 30,570**
Designed Materials	**303,590**	276,472	**3,264,409**	**10,793**	10,612	**116,054**
Health Care	**504,414**	497,072	**5,423,806**	**746**	239	**8,022**
Chemicals	**785,708**	1,074,962	**8,448,473**	**147,401**	192,809	**1,584,957**
Polymers	**479,071**	573,040	**5,151,301**	**62,465**	67,299	**671,667**
Others	**141,841**	159,953	**1,525,172**	**152,617**	234,995	**1,641,043**
Subtotal	**2,515,079**	2,909,030	**27,043,860**	**376,865**	513,096	**4,052,312**
Eliminations	**—**	—	—	**(376,865)**	(513,096)	**(4,052,312)**
Total	**¥2,515,079**	¥2,909,030	**$27,043,860**	**¥ —**	¥ —	**$ —**

1. Inter-segment sales and transfers are not included.

	Operating Income			Total Assets		
	Millions of yen		Thousands of U.S. dollars	Millions of yen		Thousands of U.S. dollars
INDUSTRY SEGMENT	**March 31, 2010**	March 31, 2009	**March 31, 2010**	**March 31, 2010**	March 31, 2009	**March 31, 2010**
Electronics Applications	**¥ 7,098**	¥ 4,780	**$ 76,323**	**¥ 286,051**	¥ 279,528	**$ 3,075,817**
Designed Materials	**8,185**	(2,110)	**88,011**	**569,229**	219,351	**6,120,742**
Health Care	**71,571**	79,277	**769,581**	**830,399**	817,580	**8,929,022**
Chemicals	**7,302**	(55,543)	**78,516**	**688,641**	670,574	**7,404,742**
Polymers	**(21,741)**	(12,968)	**(233,774)**	**749,946**	419,313	**8,063,935**
Others	**6,246**	8,833	**67,161**	**319,767**	307,793	**3,438,355**
Subtotal	**78,661**	22,269	**845,817**	**3,444,033**	2,714,139	**37,032,613**
Corporate Costs, Corporate Assets and Eliminations	**(12,319)**	(14,091)	**(132,462)**	**(88,936)**	26,737	**(956,301)**
Total	**¥ 66,342**	¥ 8,178	**$ 713,355**	**¥3,355,097**	¥2,740,876	**$36,076,312**

	Depreciation and Amortization			Capital Expenditures		
	Millions of yen		Thousands of U.S. dollars	Millions of yen		Thousands of U.S. dollars
INDUSTRY SEGMENT	**March 31, 2010**	March 31, 2009	**March 31, 2010**	**March 31, 2010**	March 31, 2009	**March 31, 2010**
Electronics Applications	**¥ 21,747**	¥ 22,196	**$ 233,839**	**¥ 29,705**	¥ 26,244	**$ 319,409**
Designed Materials	**20,662**	15,379	**222,172**	**13,384**	12,852	**143,914**
Health Care	**19,879**	20,510	**213,753**	**16,289**	19,844	**175,151**
Chemicals	**40,698**	36,895	**437,613**	**38,656**	43,981	**415,656**
Polymers	**19,051**	15,411	**204,849**	**14,941**	22,903	**160,656**
Others	**4,292**	3,798	**46,151**	**4,256**	4,819	**45,763**
Subtotal	**126,329**	114,189	**1,358,376**	**117,231**	130,643	**1,260,548**
Corporate Assets, Corporate R&D and Other	**3,245**	5,041	**34,892**	**1,794**	8,368	**19,290**
Total	**¥129,574**	¥119,230	**$1,393,269**	**¥119,025**	¥139,011	**$1,279,839**

Note: Assets rose ¥552,756 million ($5,943,613 thousand) following the consolidation of Mitsubishi Rayon Co., Ltd. By industry segment, the rises were ¥139,228 million ($1,497,075 thousand) in Designed Materials, ¥21,284 million ($228,860 thousand) in Chemicals, ¥319,517 million ($3,435,667 thousand) in Polymers, ¥43,235 million ($464,892 thousand) in Others, and ¥29,492 million ($317,118 thousand) in Corporate Costs, Corporate Assets and Eliminations. The Companywide portion of the increase in assets was ¥74,106 million ($796,839 thousand).

GEOGRAPHIC SEGMENT	Net Sales[1] Millions of yen March 31, 2010	March 31, 2009	Thousands of U.S. dollars March 31, 2010	Inter-segment Sales and Transfers Millions of yen March 31, 2010	March 31, 2009	Thousands of U.S. dollars March 31, 2010
Japan	**¥2,116,385**	¥2,477,426	**$22,756,828**	**¥ 35,236**	¥ 36,513	**$ 378,882**
Asia	**243,153**	276,269	**2,614,548**	**19,991**	25,577	**214,957**
Other	**155,541**	155,335	**1,672,484**	**5,830**	7,229	**62,688**
Subtotal	**2,515,079**	2,909,030	**27,043,860**	**61,057**	69,319	**656,527**
Eliminations	**—**	—	**—**	**(61,057)**	(69,319)	**(656,527)**
Total	**¥2,515,079**	¥2,909,030	**$27,043,860**	**¥ —**	¥ —	**$ —**

1. Inter-segment sales and transfers are not included.

GEOGRAPHIC SEGMENT	Operating Income Millions of yen March 31, 2010	March 31, 2009	Thousands of U.S. dollars March 31, 2010	Total Assets Millions of yen March 31, 2010	March 31, 2009	Thousands of U.S. dollars March 31, 2010
Japan	**¥ 56,564**	¥ 25,763	**$ 608,215**	**¥2,652,386**	¥2,228,552	**$28,520,280**
Asia	**18,294**	(6,940)	**196,710**	**317,066**	173,610	**3,409,312**
Other	**3,139**	3,446	**33,753**	**311,440**	102,461	**3,348,817**
Subtotal	**77,997**	22,269	**838,677**	**3,280,892**	2,504,623	**35,278,409**
Corporate Costs, Corporate Assets and Eliminations	**(11,655)**	(14,091)	**(125,323)**	**74,205**	236,253	**797,903**
Total	**¥ 66,342**	¥ 8,178	**$ 713,355**	**¥3,355,097**	¥2,740,876	**$36,076,312**

Note: Assets rose ¥552,756 million ($5,943,613 thousand) following the consolidation of Mitsubishi Rayon Co., Ltd. By geographic segment, the rises were ¥412,993 million ($4,440,785 thousand) in Japan, ¥137,285 million ($1,476,183 thousand) in Asia, ¥132,006 ($1,419,419 thousand) in Other regions and ¥(129,528) million ($(1,392,774 thousand)) in Corporate Costs, Corporate Assets and Eliminations. The Companywide portion of the increase in assets was ¥74,106 million ($796,839 thousand).

OVERSEAS SALES	Millions of yen March 31, 2010	March 31, 2009	Thousands of U.S. dollars March 31, 2010
Asia	**¥ 456,223**	¥ 458,059	**$ 4,905,624**
Other	**180,984**	210,052	**1,946,065**
Total Overseas Sales	**637,207**	668,111	**6,851,688**
Consolidated Sales	**2,515,079**	2,909,030	**27,043,860**
Total Overseas Sales as a Percentage of Consolidated Sales	**25.3%**	22.9%	**—**

Note: Major countries or areas in the Asia and Other regions are as follows:
Asia: PRC, Taiwan, South Korea, Indonesia, Thailand, India
Other: North America, Europe

Note 19

Subsequent Events

1. Share Exchange with Mitsubishi Rayon Co., Ltd.

In keeping with a basic merger agreement concluded on November 19, 2009, MCHC and consolidated subsidiary Mitsubishi Rayon Co., Ltd., passed resolutions at their respective Board of Directors meetings on April 28, 2010, to execute a share exchange that would make MCHC a full parent company and Mitsubishi Rayon Co., Ltd., a wholly owned subsidiary. The share exchange agreement was ratified on the same day.

The purpose and outline of this share exchange are as follows.

(1) Profile of Mitsubishi Rayon, legal form of business combination, and purpose and outline of transaction

a. Profile of Mitsubishi Rayon (on consolidated basis, for the year ended March 31, 2010)

Trade name	Mitsubishi Rayon Co., Ltd.
Address	6-41, Konan 1-chome, Minato-ku, Tokyo
Paid-in capital	¥53,229 million $572,355 thousand
Number of issued and outstanding shares	599,997 thousand
Net assets	¥169,406 million $1,821,570 thousand
Total assets	¥567,454 million $6,101,656 thousand
Net sales	¥365,047 million $3,925,237 thousand
Net loss	¥5,013 million $53,903 thousand
Business description	Chemical and plastics business, acrylic fibers & AN monomer and derivatives business, carbon fibers & composite materials business, acetate fibers & membranes and others businesses
Representative	Masanao Kambara, President & Chief Executive Officer
Number of employees	8,427

c. Purpose and outline of transaction

In meetings on November 19, 2009, MCHC and Mitsubishi Rayon Co., Ltd., agreed to integrate the latter company into MCHC. MCHC was accordingly to implement a tender offer for all the issued and outstanding shares of Mitsubishi Rayon (excluding that company's treasury shares). If unable to buy all those shares (excluding Mitsubishi Rayon's treasury shares), MCHC was to acquire all the shares (excluding Mitsubishi Rayon's treasury shares) that were not tendered through a share exchange, making Mitsubishi Rayon a wholly owned subsidiary of MCHC.

MCHC duly made a tender offer for all issued and outstanding shares of Mitsubishi Rayon from February through March 2010, acquiring shares representing 74.5% of the total number issued and outstanding. Mitsubishi Rayon thus became a consolidated subsidiary in March 2010. MCHC was unable to acquire all of the issued and outstanding shares, so as originally planned both companies decided to make Mitsubishi Rayon a wholly owned subsidiary of MCHC through a share exchange. This step will be in keeping with the simplified share exchange procedures of Article 796, Paragraph 3, of the Companies Act of Japan, and therefore did not require approval at a general meeting of shareholders.

With MCHC serving as the pure holding company and Mitsubishi Rayon as a new core operating company of the MCHC Group through integration, both companies can consolidate their resources, expand, and reinforce their foundations while strengthening their competitiveness and development capabilities, thus overcoming intensified competition in the years ahead.

Mitsubishi Rayon will be delisted on September 28, 2010, just before the effective exchange date of October 1, 2010.

(2) Share exchange ratio of each share category and basis for calculating share exchange ratio

a. Share category and share exchange ratio

Share category: Common stock

Exchange ratio: 0.80 share of MCHC common stock for one share of Mitsubishi Rayon common stock

The share exchange will be based on the above ratio for Mitsubishi Rayon shareholders of record (not including MCHC) as of September 30, 2010.

MCHC plans to use its treasury shares (of common stock) as of the effective exchange date for the allocation.

b. Basis for calculating share exchange ratio

After considering the share ratio calculations from their respective third party appraisers, as well as the terms and results of the tender offer and the market value of MCHC, both companies engaged in a series of discussions in determining that the share exchange ratio presented above would be appropriate.

2. Administrative Action Imposed on Consolidated Subsidiaries for Violating Pharmaceutical Affairs Law

On April 13, 2010, the Minister of Health, Labour and Welfare imposed an administrative action, comprising a suspension of business and an order for improvement, on Mitsubishi Tanabe Pharma Corporation and its subsidiary, Bipha Corporation, for violating the Pharmaceutical Affairs Act. The violation related to Bipha Corporation manufacturing and Mitsubishi Tanabe Pharma Corporation marketing Medway Injection. The action included a 25-day suspension for Mitsubishi Tanabe Pharma Corporation from April 17 and a 30-day suspension for Bipha Corporation from April 14.

Although the action could affect MCHC's financial position and operating results in the year ending March 31, 2011, it is very difficult at this stage to reasonably estimate the amounts involved.

Report of Independent Auditors

The Board of Directors
Mitsubishi Chemical Holdings Corporation

We have audited the accompanying consolidated balance sheets of Mitsubishi Chemical Holdings Corporation and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mitsubishi Chemical Holdings Corporation and consolidated subsidiaries at March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Supplemental information
As described in Note 1 Significant Accounting Policy (b) Principles of Consolidation and Accounting for Investments in Unconsolidated Subsidiaries and Affiliates, the Company has adopted the Accounting Standards for Business Combinations effective the fiscal year ended March 31, 2010.
As described in Note 19 Subsequent Events 1, the Company and consolidated subsidiary Mitsubishi Rayon Co., Ltd., concluded the share exchange agreement on April 28, 2010, which would make the Company a full parent company and Mitsubishi Rayon Co., Ltd., a wholly owned subsidiary.
The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

Ernst & Young ShinNihon LLC

June 24, 2010

Corporate Data

As of March 31, 2010

Mitsubishi Chemical Holdings Group

● Consolidated subsidiaries
○ Affiliates accounted for by the equity method

Core Operating Companies

	Company	Major Products or Lines of Business	Equity Participation (%)
1	● Mitsubishi Chemical Corporation	Performance products, Health care, Chemicals	100.0%
2	● Mitsubishi Tanabe Pharma Corporation	Pharmaceuticals	56.4%
3	● Mitsubishi Plastics, Inc.	Plastics products	100.0%
4	● Mitsubishi Rayon Co., Ltd.	Chemicals and plastics, acrylic fibers, acrylonitrile, carbon fibers, functional membranes	78.1%

Major Affiliates

Performance Products Domain

Elelctronics Applications Segment

	Japan	Major Products or Lines of Business	Equity Participation (%)
1	● Mitsubishi Kagaku Media Co., Ltd.	CD-R/RW, DVD±R/RW, BD-R/RE, USB flash memory, SD memory card, External HDD	100.0%
1	● Nippon Kasei Chemical Company Limited	Industrial chemicals, Specialty chemicals, Inorganic chemicals	52.8%
1	● Shinryo Corporation	Ecological recycling, Semiconductors, Fine chemicals	100.0%
1	● Yuka Denshi Company Limited	Materials for electronics devices	100.0%
3	● Dia Molding Co., Ltd.	Injection molding, Painting and assembling of injection molded products	100.0%
	Asia Pacific		
1	● Mitsubishi Chemical Infonics Pte Ltd	Copy machine-related and printer-related products (OPC), DVD±R, BD-R	100.0%
3	● PT. MC PET FILM INDONESIA	Polyester films	97.9%
3	● Shanghai Baoling Plastics Co., Ltd.	Plastic injection molded products	77.4%
1	● Tai Young High Tech Co., Ltd.	Electronics grade chemicals, Precision cleaning, LCD glass recycling	100.0%
	America		
1	● Mitsubishi Kagaku Imaging Corporation	Copy machine-related and printer-related products (OPC, Toner)	100.0%
3	● Mitsubishi Polyester Film, Inc.	Manufacturing, sales and R&D of polyester films	100.0%
1	● Verbatim Americas, LLC	CD-R/RW, DVD±R/RW, BD-R/RE, External HDD, USB flash memory, SD memory card	100.0%
	Europe		
3	● Dia Moulding Slovakia s.r.o.	Plastic injection molded products	100.0%
3	● Mitsubishi Polyester Film GmbH	Manufacturing, sales and R&D of polyester films	100.0%
1	● Verbatim Limited	CD-R/RW, DVD±R/RW, BD-R/RE, External HDD, USB flash memory, SD memory card	100.0%

Designed Materials Segment

	Japan	Major Products or Lines of Business	Equity Participation (%)
3	● Alpolic Co.	Aluminum composite materials	100.0%
3	● Astro Corp.	Artificial turf, Synthetic panels for skating	95.0%
1	○ Chuo Rika Kogyo Corporation	Emulsions	46.2%
1	○ Frontier Carbon Corporation	Nanocarbon products	50.0%
3	● Hanyu Plastics Industries Ltd.	PVC piping, Medical equipment	99.8%
3	● Hishi Tec Co., Ltd.	Water tanks, Cooling towers and associated equipment	100.0%
1	● Japan Epoxy Resins Co., Ltd.	Epoxy resins	100.0%
1	● Mitsubishi Chemical Analysis Co., Ltd.	Analysis equipment, Environment analysis, Investigation and assessment	100.0%
1	● Mitsubishi-Kagaku Foods Corporation	Food ingredients, Sugar esters, Erythritol	100.0%
3	● MKV DREAM Co., Ltd.	Agricultural materials	99.0%
3	● Nippon Polypenco Ltd.	Engineering plastics and associated products	100.0%
3	● Ryobi Techno Inc.	Deck materials, Housing materials, PVC and other pipings	100.0%
3	● Ryoju Corp.	Sales of construction materials and industrial materials for electronics	100.0%
3	● Ryoukou Industrial Co., Ltd.	Plastic transparent cases	100.0%
3	● Ryohsei Plastic Industries Co., Ltd.	Plastic shrinkable labels for PET bottles	100.0%
1	● The Nippon Synthetic Chemical Industry Co., Ltd.	PVOH, EVOH, PVOH films, Specialty polymers, Industrial and fine chemicals	40.0%
3	● Toyo Plastic Industries Corp.	PVC pipe joints, Lined steel pipe joints, PVC drainage basins	100.0%
	Asia Pacific		
1	● Tai Young Chemical Co., Ltd.	Ion exchange resins	100.0%
3	● Tai Young Film Co., Ltd.	Breathable film for diapers and sanitary goods	100.0%
	America		
4	● Dianal America, Inc.	Production and sales of coating resins	100.0%
3	● Hishi Plastics U.S.A., Inc.	Heat-shrinkable tubes	100.0%
3	● Mitsubishi Plastics Composites America, Inc.	Aluminum composite materials, Carbon fibers, Alumina fibers	100.0%
	Europe		
3	● Aquamit B.V.	Holding company of Quadrant AG	50.0%
3	● Quadrant AG	Engineering plastics products and composite products	98.0%
1	● RESINDION S.R.L.	Ion exchange resins	100.0%

Health Care Domain

Health Care Segment

Japan	Major Products or Lines of Business	Equity Participation (%)
1 ● API Corporation	Chemicals and related products	100.0%
2 ● Mitsubishi Tanabe Pharma Factory Ltd.	Manufacture and sales of pharmaceuticals	100.0%
2 ● Benesis Corporation	Manufacture and sales of pharmaceuticals	100.0%
2 ● Yoshitomiyakuhin Corporation	Provision of information on pharmaceuticals	100.0%
1 ● Mitsubishi Chemical Medience Corporation	Clinical testing & diagnotics, Safety testing and research for chemicals, Medical analytical instruments, Research reagents	99.4%
Asia Pacific		
2 ● Mitsubishi Pharma (Guangzhou) Co., Ltd.	Manufacture and sales of pharmaceuticals	100.0%
2 ● Tianjin Tanabe Seiyaku Co., Ltd.	Manufacture and sales of pharmaceuticals	66.7%
America		
2 ● Mitsubishi Tanabe Pharma Holdings America, Inc.	Management of Group companies in the United States	100.0%
2 ● Mitsubishi Tanabe Pharma America, Inc.	Development of pharmaceuticals	100.0%
2 ● MP Healthcare Venture Management, Inc.	Investments in bio-ventures, etc.	100.0%

Chemicals Domain

Chemicals Segment

Japan	Major Products or Lines of Business	Equity Participation (%)
1 ● Dia Chemical Co., Ltd.	Industrial chemicals, Specialty chemicals	100.0%
1 ● Dia-Nitrix Co., Ltd.	Acrylonitrile, Acrylamide, Polyacrylamide, N-vinylformamide and its polymers	100.0%
1 ● Dia Terephthalic Acid Corporation	Purified terephthalic acid	65.0%
1 ● J-PLUS Co., Ltd.	Plasticizers	50.0%
1 ● JCAM Agri, Co., Ltd.	Fertilizers, Green and gardening materials	35.0%
1 ● KANSAI COKE AND CHEMICALS CO., LTD.	Coke, Tar derivatives	51.0%
1 ● KAWASAKI KASEI CHEMICALS LTD.	Organic acid and its derivatives, Quinone-related products	38.6%
1 ● Nippon Ester Co., Ltd.	Polyester fibers, PET resins	40.0%
1 ● Osaka Kasei Co., Ltd.	Chemicals	75.0%
1 ● San-Dia Polymers, Ltd.	Super-absorbent polymers	40.0%
1 ● Yokkaichi Chemical Co., Ltd.	Nonionic surfactants, Glycol ethers, Fine chemicals	55.0%
Asia Pacific		
1 ● MCC PTA India Corp. Private Limited	Purified terephthalic acid	66.0%
1 ● Ningbo Mitsubishi Chemical Co., Ltd.	Purified terephthalic acid	54.9%
1 ● P.T. Mitsubishi Chemical Indonesia	Purified terephthalic acid, PET resins	100.0%
1 ● Samnam Petrochemical Co., Ltd.	Purified terephthalic acid	40.0%

Polymers Segment

Japan	Major Products or Lines of Business	Equity Participation (%)
1 ● Echizen Polymer Co., Ltd.	PET resins, A-PET sheet	95.0%
1 ● Japan Polychem Corporation	Holding company of Japan Polyethylene Corp. and Japan Polypropylene Corp.	100.0%
1 ● Japan Polyethylene Corporation	Polyethylene resins	58.0%
1 ● Japan Polypropylene Corporation	Polypropylene resins	65.0%
1 ● Japan Unipet Co., Ltd.	PET resins for bottles	44.9%
1 ● Mitsubishi Engineering-Plastics Corporation	Engineering plastics	50.0%
1 ● V-Tech Corporation	Electrolytes products, Vinyl chloride monomer, Polyvinyl chloride	85.1%
1 ● Yuka Schenectady Co., Ltd.	Alkylphenol products (PTBP, PTOP, PDDP)	50.0%
1 ● YUPO CORPORATION	Synthetic paper	50.0%
Asia Pacific		
1 ● Beijing Ju-Ling-Yan Plastic Co., Ltd.	Polypropylene compounds for automotive industry	55.0%
4 ● DAESAN MMA Corp.	Production and sales of MMA monomer and acrylic molding materials	50.0%
4 ● Huizhou MMA Co., Ltd.	Production and sales of MMA monomer	100.0%
4 ● Mitsubishi Rayon Polymer Nantong Co., Ltd.	Production and sales of PMMA sheets, PMMA pellets and acrylic coating resins	50.0%
4 ● Suzhou MRC Opto-Device Co., Ltd.	Production and sales of optoelectronics components	98.4%
1 ● Sam Yang Kasei Co., Ltd.	Polycarbonate	37.5%
1 ● Tai Young Nylon Co., Ltd.	Nylon resins	100.0%
4 ● Thai MMA Co., Ltd.	Production and sales of MMA monomer, Methacrylic esters and PMMA sheets	50.0%
America		
1 ● Mitsubishi Chemical Performance Polymers, Inc.	Thermoplastic polyester elastomer: *THERMORUN*, *RABALON*, High-performance adhesive polymer: *MODIC*, Fine chemicals	100.0%
1 ● Mytex Polymers US Corporation	Polypropylene compounds for automotive industry	100.0%
Europe		
4 ● Lucite International Group Limited	Production and sales of MMA monomer, PMMA sheets, PMMA pellets and acrylic coating resins	100.0%
4 ● MRC Group Holdings (UK) Limited	Holding company of Lucite International Group Limited	100.0%

Others

Others

Japan	Major Products or Lines of Business	Equity Participation (%)
1 ● Dia Analysis Service Inc.	Environmental analysis, investigation and assessment	100.0%
3 ● Dia Hozai Co., Ltd.	Wholesale of packing and transportation materials	100.0%
1 ● DIA RIX CORPORATION	Real estate, Insurance agency, Office services	100.0%
3 ● Dia Services Co., Ltd.	Health and welfare services	100.0%
3 ● Hokuryo Mold Co., Ltd.	Design and manufacture of dies	100.0%
3 ● Kodama Chemical Industry Co., Ltd.	Plastic molding products	20.7%
1 ● MCFA Inc.	Financing and accounting for the Mitsubishi Chemical Holdings Group	100.0%
1 ● MC Humanets Corporation	Education, Training, Recruiting, Job placement, Temporary personnel service, Job consulting	100.0%
1 ● Misuzu Erie Co., Ltd.	Construction and maintenance of electrical measuring instruments	92.0%
1 ● Mitsubishi Chemical Engineering Corporation	Engineering, Plant construction	100.0%
1 ● Mitsubishi Chemical Group Science and Technology Research Center, Inc.	Research and technology development, Analysis services	100.0%
1 ● Mitsubishi Chemical Logistics Corporation	Logistics services	100.0%
1 ● Mitsubishi Chemical Techno-Research Corporation	Research and analysis	100.0%
4 ● Mitsubishi Rayon Engineering Co., Ltd.	Engineering, Production and sales of hollow-fiber membrane products	100.0%
1 ● Nippon Rensui Co.	Plant engineering for water treatment, Ion exchange resins	100.0%
3 ● NITTO KAKO CO., LTD.	Rubber for industrial use	37.1%
1 ● RHOMBIC CORPORATION	Resin compounds	100.0%
1 ● Ryoka Systems Inc.	Computer systems, Software development	88.0%
3 ● Ryosho Sangyo Ltd.	Manufacturing, processing, and inspection of synthetic resin products	100.0%
3 ● Ryouei Co., Ltd.	Recycling of PVC pellets, Process improvement support	100.0%
3 ● Ryowa Logitem Co., Ltd.	Logistics services	100.0%
4 ● UMG ABS, Ltd.	Production and sales of ABS resins	42.7%
● The KAITEKI Institute, Inc.	Research and investigation into future social trends, Research and development for new enterprises, Operation and management of contract research	100.0%

Directory

Mitsubishi Chemical Holdings Corporation

	Address	TEL	FAX
Head Office	14-1, Shiba 4-chome, Minato-ku, Tokyo 108-0014, Japan	[+81] (0)3-6414-4870	[+81] (0)3-6414-4879

Mitsubishi Chemical Corporation

Domestic	Address	TEL	FAX
Head Office	14-1, Shiba 4-chome, Minato-ku, Tokyo 108-0014, Japan	[+81] (0)3-6414-3730	[+81] (0)3-6414-3745
Overseas			
Mitsubishi Chemical USA, Inc. New York Office	One North Lexington Avenue, White Plains, NY 10601, USA	[+1] 914-286-3600	[+1] 914-286-3677
Mitsubishi Chemical USA, Inc. Virginia Office	401 Volvo Parkway, Chesapeake, VA 23320, USA	[+1] 757-382-5750	[+1] 757-547-0119
Mitsubishi Chemical Europe GmbH	Willstaetterstr. 30, 40549 Duesseldorf, Germany	[+49] (0)211-520541-0	[+49] (0)211-591272
Mitsubishi Chemical Hong Kong Ltd.	Unit 2513, 25th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong	[+852] 2522-7031	[+852] 2868-1470
Mitsubishi Chemical Singapore Pte Ltd	60 Anson Road, #10-01, Mapletree Anson, Singapore 079914	[+65] 6226-3707	[+65] 6226-1676
Mitsubishi Chemical (Thailand) Co., Ltd.	18th Floor, Regent House Building, 183 Rajdamri Road, Bangkok 10330, Thailand	[+66] (0)2-255-2821	[+66] (0)2-255-2824
Mitsubishi Chemical India Private Ltd.	Office No. 8 & 9, Ground Floor, Tower 'B', Unitech Cyber Park, Sector 39, Gurgaon 122001, Haryana, India	[+91] (0)124-469-9800	[+91] (0)124-420-2030
Mitsubishi Chemical China Commerce Limited	Room 4201B, The Center, No. 989 Chang Le Road, Shanghai 200031, PRC	[+86] (0)21-5407-6161	[+86] (0)21-5407-6262
Beijing Office	Room 519, Beijing Fortune Building, No. 5 Dong San Huan Bei Lu, Chao Yang District, Beijing 100004, PRC	[+86] (0)10-6590-8621	[+86] (0)10-6590-8623
Shanghai Office	Room 4209, The Center, No. 989 Chang Le Road, Shanghai 200031, PRC	[+86] (0)21-5407-6000	[+86] (0)21-5407-6111

Mitsubishi Tanabe Pharma Corporation

Domestic	Address	TEL	FAX
Head Office	6-18, Kitahama 2-chome, Chuo-ku, Osaka 541-8505, Japan	[+81] (0)6-6205-5085	[+81] (0)6-6205-5262
Tokyo Head Office	2-6, Nihonbashi-Honcho 2-chome, Chuo-ku, Tokyo 103-8405, Japan	[+81] (0)3-3241-4670	[+81] (0)3-3241-5188
Overseas			
Shanghai Office	Room 1505B, Westgate Mall 1038 West, Nanjing Road, Shanghai 200041, PRC	[+86] (0)21-5228-9316	—

Mitsubishi Plastics, Inc.

Domestic	Address	TEL	FAX
Head Office	2-2, Nihonbashihongokucho 1-chome, Chuo-ku, Tokyo 103-0021, Japan	[+81] (0)3-3279-3800	—
Overseas			
Taiwan Representative Office	8F-A, No. 57, Tien Shiang Road, Taipei, Taiwan	[+886] (0)2-2586-7371	—
Turkey Liaison Office	Baglarbasi Kisikli Cad., No.4, Sarkuysan-Ak Is Merkezi, S-Blok, Teras Kat, Altunizade, Uskudar, 34664 Istanbul, Turkey	[+90] (0)216-651-8670	—

Mitsubishi Rayon Co., Ltd.

Domestic	Address	TEL	FAX
Head Office	6-41, Konan 1-chome, Minato-ku, Tokyo 108-8506, Japan	[+81] (0)3-5495-3100	[+81] (0)3-5495-3184
Overseas			
Mitsubishi Rayon America Inc.	747 Third Avenue, 19th Floor, New York, NY 10017, USA	[+1] 212-223-3043	[+1] 212-223-3017
MRC Asia (Thailand) Ltd.	100/63 Sathorn Nakorn Tower, 30th Floor, North Sathorn Road, Khwaeng Silom, Khet Bangrak, Bangkok, 10500, Thailand	[+66] (0)2-636-7569	[+66] (0)2-636-7576
MRC Hong Kong Co. Ltd.	Suite 3701, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Kowloon, Hong Kong	[+852] 2368-0121	[+852] 2724-4174
Mitsubishi Rayon (Shanghai) Co., Ltd.	Room 1201 Aetna Tower, No. 107 Zunyi Road, Shanghai 200051, PRC	[+86] (0)21-6237-5868	[+86] (0)21-6237-5832

Corporate Information

Mitsubishi Chemical Holdings Corporation

Establishment:	October 3, 2005
Paid-in Capital:	¥50,000 million
Authorized Shares:	6,000,000,000
Outstanding Shares:	1,506,288,107
Number of Shareholders:	168,568
General Meeting of Shareholders:	The general meeting of shareholders was held on June 24, 2010.
Stock Listings:	Tokyo Stock Exchange Osaka Securities Exchange
Transfer Agent:	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212

Major Shareholders (as of March 31, 2010)

Name	Number of Shares (Thousands)	Percentage (%)
Master Trust Bank of Japan, Ltd. (Trust account)	88,262	5.8
Japan Trustee Services Bank, Ltd. (Trust account)	69,759	4.6
Meiji Yasuda Life Insurance Company	60,644	4.0
Takeda Pharmaceutical Company Limited	51,730	3.4
Nippon Life Insurance Company	49,428	3.2
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	46,661	3.0
The Tokio Marine & Nichido Fire Insurance Co., Ltd.	40,957	2.7
Japan Trustee Services Bank, Ltd. (Trust account 4)	24,410	1.6
Mitsubishi UFJ Trust and Banking Corporation	20,289	1.3
Japan Trustee Services Bank, Ltd. (Trust account 9)	19,024	1.2

Mitsubishi Chemical Holdings Corporation

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