May 12, 2009

Mitsubishi Chemical Holdings Corporation
Condensed Consolidated Financial Information
for the Year Ended March 31, 2009

1. Business Results for the Year Ended March 31, 2009
(Business period: April 1, 2008 - March 31, 2009)

	Millions of Yen		Thousands of U.S. Dollars
	FY2008	FY2007	FY2008
	Year Ended March 31, 2009	Year Ended March 31, 2008	Year Ended March 31, 2009
(1) Results of Operations:			
Net sales	**2,909,030**	2,929,810	29,683,980
Operating income	**8,178**	125,046	83,449
Income before income taxes	**(44,002)**	217,791	(449,000)
Net income	**(67,178)**	164,064	(685,490)
(2) Financial Position:			
Total assets	**2,740,876**	2,765,837	27,968,122
Inventories	**463,305**	427,143	4,727,602
Property, plant and equipment	**834,046**	852,806	8,510,673
Short-term and long-term debt	**1,033,239**	822,520	10,543,255
Shareholders' equity	**668,973**	827,809	6,826,255
Ratio of shareholders' equity to total assets (%)	**24.4**	29.9	

* Shareholders' equity: Net assets – Minority interests – Stock warrant

	Millions of Yen		Thousands of U.S. Dollars
(3) Cash Flows:			
Net cash provided by operating activities	**76,149**	156,173	777,031
Net cash used in investing activities	**(189,233)**	(177,985)	(1,930,949)
Net cash provided by (used in) financing activities	**179,526**	70,871	1,831,898
Cash and cash equivalents at end of the year	**226,410**	165,748	2,310,306
(4) General:			
Capital expenditures	**139,011**	170,051	1,418,480
Depreciation and amortization	**119,230**	102,172	1,216,633
R&D expenditures	**127,802**	112,064	1,304,102
Employees (number)	**41,480**	39,305	
(5) Per Share:			(U.S. dollar)
Net income - Basic	**(48.81)**	119.51	(0.50)
- Diluted	**-**	114.51	-
Shareholders' equity	**486.09**	601.45	4.96

* Net income per share is based on the average number of common shares (excluding treasury stocks) during the respective period.

[March 31, 2009] 1,376,279 [March 31, 2008] 1,372,799 (Thousands of shares)

* Shareholders' equity per share is based on the number of common shares outstanding (excluding treasury stocks) as of the following closing dates.

[March 31, 2009] 1,376,211 [March 31, 2008] 1,376,344 (Thousands of shares)

	FY2008	FY2007
(6) Ratio of Net Income to:		
Shareholders' equity	**(8.9)**	21.3
Total assets	**(2.4)**	6.4
Net sales	**(2.3)**	5.5

* Based on the average of each amount at the beginning and at the end of the respective periods.

	Millions of Yen		Thousands of U.S. Dollars
	FY2008	FY2007	FY2008
	Year Ended March 31, 2009	Year Ended March 31, 2008	Year Ended March 31, 2009

(7) Segment Information:

[Net Sales by Segment] (Note.3)

Electronics Applications	**327,531**	404,430	3,342,153
Designed Materials	**276,472**	295,765	2,821,143
Health Care	**497,072**	395,793	*5,072,163*
Chemicals	**1,074,962**	1,170,160	*10,969,000*
Polymers	**573,040**	467,662	5,847,347
Others	**159,953**	196,000	1,632,173
Total	**2,909,030**	2,929,810	29,683,980

[Operating Income (Loss) by Segment]

Electronics Applications	**4,780**	31,653	48,776
Designed Materials	**(2,110)**	9,693	(21,531)
Health Care	**79,277**	57,230	*808,949*
Chemicals	**(55,543)**	10,885	*(566,765)*
Polymers	**(12,968)**	11,170	(132,327)
Others	**8,833**	14,128	90,133
Elimination & corporate costs	**(14,091)**	(9,713)	(143,786)
Total	**8,178**	125,046	83,449

[Total Assets by Segment]

Electronics Applications	**279,528**	348,795	2,852,327
Designed Materials	**219,351**	256,815	2,238,276
Health Care	**817,580**	811,730	*8,342,653*
Chemicals	**670,574**	793,449	*6,842,592*
Polymers	**419,313**	369,343	4,278,704
Others	**307,793**	334,580	3,140,745
Elimination & corporate costs	**26,737**	(148,875)	272,827
Total	**2,740,876**	2,765,837	27,968,122

[Depreciation by Segment]

Electronics Applications	**22,196**	22,196	226,490
Designed Materials	**15,379**	14,238	156,929
Health Care	**20,510**	16,841	*209,286*
Chemicals	**36,895**	30,370	*376,480*
Polymers	**15,411**	10,078	157,255
Others	**3,798**	3,415	38,755
Corporate costs	**5,041**	5,034	51,439
Total	**119,230**	102,172	1,216,633

[Capital Expenditures by Segment]

Electronics Applications	**26,244**	23,136	267,796
Designed Materials	**12,852**	19,867	131,143
Health Care	**19,844**	13,658	*202,490*
Chemicals	**43,981**	66,857	*448,786*
Polymers	**22,903**	32,937	233,704
Others	**4,819**	6,199	49,173
Corporate assets	**8,368**	7,397	85,388
Total	**139,011**	170,051	1,418,480

2. Prospects for the Following Fiscal Year

	Millions of Yen		Thousands of U.S. Dollars	
	The First Half of Following Fiscal Year	The Following Fiscal Year	The First Half of Following Fiscal Year	The Following Fiscal Year
	April 1, 2009 - September 30, 2009	April 1, 2009 - March 31, 2010	April 1, 2009 - September 30, 2009	April 1, 2009 - March 31, 2010
Net sales	1,160,000	2,500,000	11,836,735	25,510,204
Operating income	(10,000)	65,000	(102,041)	663,265
Net income	(25,000)	(9,000)	(255,102)	(91,837)
				(U.S. dollar)
Net income per share	(18.16)	(6.53)	(0.19)	(0.07)

Notes:

1. From this fiscal year, an inventory valuation method was changed due to a change of Japanese accounting standard. This change decreased operating income by 6.6 billion yen, income before income taxes and minority interests in consolidated subsidiaries by 7.3 billion yen. The difference resulting from the change on operating income of each segment are as follows:

(Millions of Yen)	Segment	Difference
The Current Fiscal Year	Electronics Applications	(1,045)
	Designed Materials	(1,587)
	Health Care	(459)
	Chemicals	(7,376)
	Polymers	3,924
	Others	(46)
	Elimination & corporate costs	(6)

2. From this fiscal year, useful life of machinery and equipment was changed due to a change of Japanese corporate tax laws. This change decreased operating income by 2.8 billion yen, income before income taxes and minority interests in consolidated subsidiaries by 2.8 billion yen. The difference resulting from the change on operating income of each segment are as follows:

(Millions of Yen)	Segment	Difference
The Current Fiscal Year	Electronics Applications	(277)
	Designed Materials	(886)
	Health Care	615
	Chemicals	(2,300)
	Polymers	107
	Others	(16)

3. From this fiscal year, the segmentation was changed from Petrochemicals, Performance Products, Functional Products, Health Care and Others to Electronics Applications, Designed Materials, Health Care, Chemicals, Polymers and Others. The figure of the previous fiscal year in the segment information was adjusted to the change.
4. The Corporation and its domestic consolidated subsidiaries maintain their accounting recorded 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 98 yen to US$, the approximate exchange rate prevailing in the Tokyo foreign exchange market at the end of March 2009. This translation should not be construed as a representation that the yen amounts actually represent, or have been, or could be, converted into U.S. dollars at this, or at any other rate.

3. Business Performance and Financial Position

(1) Business Performance

1) Consolidated Business Performance for the Year Ended March 31, 2009 (FY2008)
FY2008: April 1, 2008 - March 31, 2009

Overview of General Performance

In the first half of FY2008, the Japanese economic slowdown continued due to the rise in raw material and fuel prices. In the second half of FY2008, we faced further severe economic conditions due to the sharp hike in the yen, soaring oil prices, and the sudden decline in domestic and overseas demand affected by the global financial crisis that started with the US subprime mortgage loan problem.

In the Mitsubishi Chemical Holdings Group, the business environment in the Performance Products Domain and the Chemicals Domain became extremely severe due to the sudden decline in demand and the confusion in the product market caused by the fall of raw material and fuel prices in the second half of FY2008. In the Health Care Domain, its business environment was under severe conditions due to the medical cost restraint such as the review of medical treatment fee system and the NHI drug price revision executed in April 2008.

Under the circumstances, the Mitsubishi Chemical Holdings Group took measures to recover profits based on the mid-term management plan, *APTSIS 10* (FY2008-FY2010). The Group accelerated the reformation of its business structure by concentrating management resources on capital expenditure and R&D expenditure for promising business areas and the disposal of unprofitable businesses. Concurrently, the Group made efforts to execute product price adjustments, thorough cost reductions, review of capital expenditure, and reduction of assets.

Accordingly, the consolidated business performance for FY2008 resulted as follows. Net sales decreased by ¥20.8 billion (0.7% decrease) to ¥2,909.0 billion compared to FY2007 due to the sudden decline in demand in a broad range of areas in the second half of FY2008, in spite of contribution of pharmaceutical business performance of Mitsubishi Tanabe Pharma Corporation throughout FY2008. Operating income decreased by ¥116.8 billion (93.5% decrease) to ¥8.2 billion compared to FY2007 due to influences on inventory valuation losses in accordance with the fall of raw material and fuel prices and the substantial decrease in demand in the second half of FY2008. Ordinary income decreased by ¥130.8 billion to operating loss of ¥1.9 billion compared to FY2007 due to deteriorating conditions of equity in net income of affiliates and mounting exchange-rate losses. Net income decreased by ¥231.3 billion to net loss of ¥67.2 billion compared to FY2007, as a result of influences of one time gain on changes in equity in accordance with the establishment of Mitsubishi Tanabe Pharma Corporation in 2007, an increase of loss on revaluation of investments in securities, losses posted by impairment loss on fixed assets, and provision of reserve for HCV litigation of Mitsubishi Tanabe Pharma Corporation.

Overview of Business Segments

Electronics Applications Segment, Performance Products Domain
(Recording media, Information and electronics-related materials, Imaging supplies, Inorganic chemicals)

Net sales of the segment decreased by ¥76.9 billion (19.0% decrease) to ¥327.5 billion compared to FY2007. Operating income decreased by ¥26.8 billion (84.8% decrease) to ¥4.8 billion compared to FY2007.

As for recording media, net sales decreased with the price drop of DVDs, despite the increase in demand for portable HDD and flash memory. In polyester films and plastic injection moldings, net sales significantly decreased due to the decrease in sales volume of products for liquid crystal displays. As for imaging supplies such as organic photo conductor drums, toners, and chemical toners, net sales decreased due to the continued weakened demand. As for inorganic chemicals, net sales decreased due to the downturn in economy in the second half of FY2008, despite price adjustment for some products.

Major actions taken for the Electronics Applications Segment during FY2008 are as follows:

- Mitsubishi Plastics, Inc. decided to expand production facility of optical polyester film for flat panel displays. (May)
- Mitsubishi Chemical Corporation decided to merge with its subsidiary Kasei Optonix, Ltd. by absorption, as of April 1, 2009, to further strengthen its phosphor businesses, for which demand has grown as these serve as the key materials for white light emitting

diodes (LEDs) and flat panel displays, and enhance a production facility for red and green phosphors, which are used with high brightness white LEDs. (September)

- Mitsubishi Chemical Corporation entered into an exclusive patent license agreement on GaN substrate with Cree, Inc., in order to improve white LED business. (January 2009)

<u>**Designed Materials Segment, Performance Products Domain**</u>

(Food ingredients, Battery materials, Fine chemicals, Polymer processing products, Composite materials)

Net sales of the segment decreased by ¥19.2 billion (6.5% decrease) to ¥276.5 billion compared to FY2007. Operating income decreased by ¥11.8 billion to operating loss of ¥2.1 billion compared to FY2007.

As for food ingredients, net sales stayed at the same level as FY2007 due to the adjustment of sales price, despite that the demand for food emulsifier was decreased. As for battery materials and fine chemicals, net sales decreased due to the decreasing global demand in the second half of FY2008, though they continued favorably in the first half of FY2008. As for polymer processing products, net sales in films, composite films and sheets decreased due to weak demand. Net sales in construction related products decreased by restraint on public constructions and decreasing demand for building equipment. As for composite materials, net sales of carbon fibers decreased due to the decrease in demand for the use of automobiles.

Major actions taken for the Designed Materials Segment during FY2008 are as follows:

- Astro Corporation concluded an agreement for exclusive agency in Japan with a product developer Spain's Extraice S.L. (May)
- Mitsubishi Plastics, Inc. launched the super high gas barrier film *X-BARRIER* on July 1. (July)
- Mitsubishi Plastics, Inc. launched *HISHI* COOLING TOWER M-Hi series, a new cubed Crossflow open-type cooling tower, which has been designed to save energy and space. (July)
- Mitsubishi Plastics, Inc. and Ryoka E-Tech K.K. concluded an agreement for Mitsubishi Plastics to purchase the insulation panel business owned by Ryoka E-Tech. (July)
- Mitsubishi Plastics, Inc. and MAYEKAWA MFG. CO., LTD. succeeded in stably

operating the next-generation solar power-driven adsorption chiller using the zeolite-based adsorbent, *AQSOA*. (August)

- Mitsubishi Plastics, Inc. started to import and sell *FORTA-FERROW*, synthetic fibers for reinforcement of concrete manufactured by the FORTA Corporation (Pennsylvania, USA). (August)
- Mitsubishi Plastics, Inc. started to import and sell *FORTA AR*, synthetic fibers for reinforcement of asphalt manufactured by the FORTA Corporation. (September)
- Mitsubishi Plastics, Inc. started to import and sell *SST-50* biodegradable filtration system manufactured by North American Green, Inc. (November)
- Mitsubishi Chemical Corporation and Mitsubishi Plastics, Inc. announced to develop separators for Li-ion battery, and Mitsubishi Plastics, Inc. decided to establish a new production facility for the commercial production starting from summer 2009. (November)
- Mitsubishi Chemical Corporation decided to expand production facilities of electrolytes and anodes for Li-ion battery materials. (December)
- Mitsubishi Plastics, Inc. decided to absorb its wholly-owned subsidiary, Ryoka MACS Corporation, in order to enhance competitiveness in aluminum related products businesses, as of April 1, 2009, and also decided to acquire all the shares of ETSURYO Co., Ltd., a wholly-owned subsidiary of Mitsubishi Chemical Corporation, as of April 1, 2009. (January 2009)
- Mitsubishi Plastics, Inc. succeeded in development and commercialization of a heat-resistant grade of carbon fiber composite rollers *CARBOLEADER* used in manufacturing machines for printing, film manufacturing and papermaking, offering high-precision performance in furnace. (February 2009)

<u>Health Care Segment, Health Care Domain</u>
(Pharmaceuticals, Diagnostic reagents and instruments, Clinical testing)

Net sales of the segment increased by ¥101.3 billion (25.6% increase) to ¥497.1 billion compared to FY2007. Operating income increased by ¥22.1 billion (38.6% increase) to ¥79.3 billion compared to FY2007.

In the pharmaceutical business, net sales substantially increased due to the business expansion of Mitsubishi Tanabe Pharma Corporation established by the merger between Mitsubishi Pharma Corporation and Tanabe Seiyaku Co., Ltd. in October 2007, and favorable sales growth recorded by *Remicade*, an anti-TNFα monoclonal antibody;

Mearubik, a measles and rubella combined vaccine; *Anplag*, an anti-Platelet agent; *and Talion*, a treatment for allergic disorders. As for diagnostic reagents and instruments and clinical testing, performances were satisfactory in general.

Major actions taken for the Health Care Segment during FY2008 are as follows:

- Mitsubishi Tanabe Pharma Corporation established a subsidiary, Tanabe Seiyaku Hanbai Co., Ltd. on April 1, 2008 for the purposes of the promotion and marketing of generic drugs. (April)
- Mitsubishi Tanabe Pharma Corporation concluded a letter of understanding concerning the acquisition of a majority of the shares of Choseido Pharmaceutical Co., Ltd. and the promotion of a comprehensive capital and business alliance between the companies centered on generic drug operations. (May)
- Mitsubishi Tanabe Pharma Corporation initiated sales of *Medway* Injection 25% 50mL and *Medway* Injection 5% 250mL, the recombinant human serum albumin preparations. (May)
- Mitsubishi Tanabe Pharma Corporation announced that Yuhan Corporation (Head office: Seoul, South Korea) started sales of *Zione* Injection, an internal hemorrhoid sclerotherapy agent in South Korea. (June)
- Mitsubishi Tanabe Pharma Corporation and Bayer Yakuhin, Ltd. concluded a joint marketing contract for *Glucobay* Tablet 50mg and 100mg (generic name: acarbose), a post-prandial hyperglycemia improvement drug currently marketed by Bayer. (June)
- Mitsubishi Tanabe Pharma Corporation offered an early retirement support program. (June)
- Mitsubishi Tanabe Pharma Corporation obtained approval for an additional indication for “the inhibition of thrombosis in heparin-induced thrombocytopenia (HIT) type II” for the selective antithrombin agents *Novastan* HI injection 10mg/2mL. (July)
- Mitsubishi Tanabe Pharma Corporation and Cytochroma signed a license agreement under which Cytochroma granted Mitsubishi Tanabe Pharma Corporation an exclusive license in the US and Asia, including Japan, to develop and commercialize CTA018, Cytochroma’s novel vitamin D analog. (July)
- Mitsubishi Tanabe Pharma Corporation and its subsidiary Benesis Corporation concluded a basic agreement with the national plaintiffs group and its lawyers in order to solve the cases, as the companies were sued for compensatory damages by those who claimed to have been infected with HCV (hepatitis C virus) via administration of the fibrinogen preparation and the blood coagulation factor IX preparation *Christmassin*

made and sold by one of its predecessor companies Green Cross Corporation. (September)

- Mitsubishi Tanabe Pharma Corporation merged with its consolidated subsidiaries, MP Technopharma Corporation and Tanabe Seiyaku Yamaguchi Co., Ltd. and started operations as Mitsubishi Tanabe Pharma Factory Ltd, as of October 1, 2008. (October)
- Mitsubishi Chemical Medience Corporation merged with its subsidiary, Iwata Kessei Kensajo (Japanese name using Roman characters), by absorption, as of October 1, 2008. (October)
- Mitsubishi Tanabe Pharma Corporation announced to undertake a corporate divestiture of the company's Kashima Factory as of April 1, 2009, and then integrate the factory into Mitsubishi Tanabe Pharma Factory Ltd. (November)
- Mitsubishi Tanabe Pharma Corporation announced to restructure the domestic subsidiaries that undertake service functions within the Company Group as of April 1, 2009. (November)
- Mitsubishi Tanabe Pharma Corporation announced to transfer a portion of outstanding shares of API Corporation to Mitsubishi Chemical Corporation. (December)
- Mitsubishi Tanabe Pharma Corporation announced that they introduce new-generation electric vehicles to be released in summer 2009 as company vehicles for sales, in order to develop an eco promotion system. (December)
- Mitsubishi Tanabe Pharma Corporation announced that its consolidated subsidiary, Tanabe Seiyaku Hanbai Co., Ltd. and a wholly-owned subsidiary of Choseido Phamaceutical Co., Ltd., Chosei Yakuhin Co., Ltd. merge as of April 1, 2009. (December)
- Mitsubishi Chemical Medience Corporation announced to integrate its site management organization service business with NEUES Co., Ltd. by corporate divestiture as of February 1, 2009. (December)
- Mitsubishi Tanabe Pharma Corporation offered an early retirement support program. (January 2009)
- Mitsubishi Tanabe Pharma Corporation newly marketed a quasi drug, *ASPARA Drink DX*. (Februray 2009)
- Mitsubishi Tanabe Pharma Corporation and GlaxoSmithKline K.K. (GSK) announced that they have come to an agreement to co-promote *Adoair*, a combination drug manufactured and marketed by GSK for the treatment of asthma and COPD, in Japan from 1 April, 2009. (February 2009)
- Mitsubishi Tanabe Pharma Corporation renewed and launched *FLUCORT F* treatment for eczema and dermatitis. (March 2009)

・ Mitsubishi Tanabe Pharma Corporation decided to withdraw the marketing authorization for the recombinant human serum albumin preparation *Medway Injection 5%* and to voluntarily recall *Medway Injection 5%* and *Medway Injection 25%* from the market, which have been developed by the company jointly with the consolidated subsidiary Bipha Corporation and manufactured and distributed by the company. (March 2009)

Chemicals Segment, Chemicals Domain

(Basic petrochemicals, Chemical derivatives, Synthetic fiber materials, Carbon products, Fertilizers)

Net sales of the segment decreased by ¥95.2 billion (8.1% decrease) to ¥1,075.0 billion compared to FY2007. Operating income decreased by ¥66.4 billion to operating loss of ¥55.5 billion compared to FY2007 due to the sharp decline in demand, market downturn, and inventory valuation losses by the fall of raw material and fuel prices.

The production volume of ethylene, a basic raw material of petrochemicals was 1 million tons, a decrease by 16.6% compared to FY2007, owing to the reduction of production capacity with decreasing demand, the scale expansion of regular maintenance compared to FY2007, and the influence of the fire accident at the Kashima Plant of Mitsubishi Chemical Corporation in December 2007. As for basic petrochemicals, chemical derivatives, and synthetic fiber materials, net sales drastically decreased, owing to the elimination of sales of ethylene to Japan Polyethylene Corporation by consolidated accounting system due to its consolidation as a subsidiary of Mitsubishi Chemical Holdings Corporation and the abrupt deterioration of demand in the second half of FY2008. As for blast furnace coke in carbon products, despite decrease in export sales volume in the third quarter of FY2008, net sales increased compared to FY2007, as product price rose in conjunction with soaring raw material coal price. As for fertilizers, net sales increased due to product price adjustment associated with the sharp rise in raw material and fuel prices, despite the decline in sales volume.

Major actions taken for the Chemicals Segment during FY2008 are as follows:

・ Mitsubishi Chemical Corporation restarted operation of 2F-206 cracking furnace of the No. 2 ethylene production facility which the suspension order was lifted at the Kashima Plant. (May)

- Mitsubishi Chemical Corporation succeeded in developing the new type reactor for manufacturing acrylic acid. (September)
- Mitsubishi Chemical Corporation developed a brand new technology to manufacture butadiene from butenes using proprietary catalyst. (December)
- Mitsubishi Chemical Corporation decided to shut down a terephthalic acid production facility at the Matsuyama Plant and a production facility at the Mizushima Plant that makes paraxylene, a raw material of terephthalic acid. The company also decided to shift a part of headquarters operations of its terephthalic acid business from Japan to Singapore and India. (February 2009)
- Mitsubishi Chemical Corporation entered into a basic agreement to integrate fertilizer business of Mitsubishi Chemical Agri, Inc. a subsidiary of Mitsubishi Chemical Corporation and another fertilizer business of Chisso Asahi Fertilizer Co., Ltd., a joint venture between Chisso Corporation and Asahi Kasei Chemicals Corporation with Chisso Corporation and Asahi Kasei Chemicals Corporation. (February 2009)

Polymers Segment, Chemicals Domain
(Neat resins and compounds)

Net sales of the segment increased by ¥105.3 billion (22.5% increase) to ¥573.0 billion compared to FY2007 due to the consolidation of Japan Polyethylene Corporation and product price adjustments associated with the sharp rise in raw material and fuel prices in the first half of FY2008, despite the abrupt decrease in demand in the second half of FY2008. Operating income decreased by ¥24.2 billion and operating loss of ¥13.0 billion was posted compared to FY2007 due to the abrupt decrease in demand, despite product price adjustments.

Major actions taken for the Polymers Segment during FY2008 are as follows:

- V-Tech Corporation decided to discontinue its export of polyvinyl chloride, excluding supply to affiliated companies and to review its production and shipping system into a form that is best suited to this purpose. (April)
- Mitsubishi Chemical Corporation decided to postpone the commercial operation of a new polycarbonate resin production facility at the Kurosaki Plant. (July)
- Mitsubishi Chemical Corporation, through its subsidiary, Japan Polypropylene Corporation, formed a business alliance agreement with Borealis AG, to strengthen polypropylene compound production and supply for the automotive industry in the US

and Europe. (August)

- Mitsubishi Chemical Corporation decided to dissolve a wholly-owned subsidiary, Novapex Australia Pty Ltd. (November)
- Mitsubishi Chemical Corporation transferred all the shares of Techno Polymer Co., Ltd., a joint venture with JSR Corporation to JSR Corporation and withdrew from ABS resin business. (March)

Others

(Engineering, Logistics)

Net sales decreased by ¥36.1 billion (18.4% decrease) to ¥159.9 billion compared to FY2007, and operating income decreased by ¥5.3 billion (37.6% decrease) to ¥8.8 billion compared to FY2007.

Net sales in logistics and engineering service decreased due to the decline of external orders.

Major actions taken other than above-mentioned items in each segment during FY2008 are as follows:

- Mitsubishi Chemical Corporation decided to terminate operating agreements on plant management with Mitsubishi Chemical Engineering Corporation effective as of January 1, 2009, in order to conduct the management by Mitsubishi Chemical Corporation. (August)

Group in General

Major actions taken for the Group in general other than the above-mentioned segments during FY2008 are as follows:

- Mitsubishi Chemical Corporation issued the 37th domestic straight bonds. [Total bond issue: ¥20 billion; period: 10 years] (August)
- Mitsubishi Chemical Corporation decided to restructure 12 Group companies undertaking service businesses and aggregate them to four companies as of April 1, 2009. (October)
- Mitsubishi Chemical Holdings Corporation announced to establish a wholly-owned

subsidiary, The KAITEKI Institute, Inc. as of April 1, 2009. (March 2009)

2) Business Forecast for the Fiscal Year Ending March 31, 2010 (FY2009)

The Japanese economy in FY2009 is expected to move toward moderate recovery by the easing of monetary policy and the advancement of inventory adjustment, although the global economic deterioration since the second half of FY2008 seems to continue.

In the Mitsubishi Chemical Holdings Group, the demand in the Performance Products Domain and the Chemicals Domain is expected to move toward moderate recovery with the advancement of inventory adjustment. In the Health Care domain, the medical cost restraint is expected to continue.

As for the forecast for the consolidated business results for FY2009, net sales is expected to decrease and will amount to ¥2,500.0 billion (¥409.0 billion decrease) compared to FY2008. Profit and loss is expected to be net loss due to amortization burden of ¥13.4 billion by actuarial losses and extraordinary loss of ¥14.0 billion by the reformation of business structure. The amount of extraordinary loss by the reformation of business structure will be changed depending on the progress. Operating income is expected to increase and will amount to ¥158.0 billion. Ordinary income is expected to increase and will amount to ¥65.0 billion (¥56.8 billion increase) compared to FY2008. Ordinary profit is expected to increase and will amount to ¥41.0 billion (¥42.9 billion increase) compared to FY2008. Net profit is expected to be net loss of ¥9.0 billion.

The expected numeral values of the major indices area as follows:

(Billions of yen)

	Actual results for FY2008	Forecast for FY2009
Capital investment	139.0	104.0
Depreciation	119.2	132.0
R&D expenses	127.8	142.0
Exchange rate (¥/$)	103	95
Naphtha (¥/kl)	58,800	36,000

3) Progress in the Mid-term Management Plan

Under the circumstances that we have faced ever-severe business environment in a broad-range of areas because of the global economic deterioration, the Mitsubishi Chemical Holdings Group has taken measures to recover profits based on the mid-term management plan, *APTSIS 10* (FY2008-FY2010). The Group has accelerated the reformation of its business structure by disposal of unprofitable businesses, concentrating management resources on next-generation growth businesses, and strategic business alliances.

4) Numeral Targets

	Targets for FY2010	Actual results for FY2008
Operating income	Over ¥190.0 billion	¥8.2 billion
ROA (EBIT/Total Assets)	Over 6.0%	—
CO_2 emission reduction (Unit energy consumption)	Over 20% vs. 1990	*

The Mitsubishi Chemical Holdings Group has numerical targets for operating income, ROA, and CO_2 emission reduction during *APTSIS 10*.

*The Group has achieved the amount of CO_2 emission reduction, but not the unit energy consumption.

(2) Consolidated Financial Position

1) Financial Position for FY2008

The consolidated assets were ¥2,740.9 billion, a decrease of ¥24.9 billion compared to FY2007. The decrease was primarily due to a decrease of operating receivables with the drop in sales and a decrease of yen equivalents of consolidated overseas subsidiaries' assets with an appreciation of the yen.

Total consolidated liabilities were ¥1,800.8 billion, an increase of ¥130.9 billion compare to FY2007. The increase was primarily due to an increase in interesting-bearing debt, in spite of the decrease of operating receivables with a raw material price drop.

The balance of shareholder's equity was ¥940.1 billion, a decrease of ¥155.8 billion compared to FY2007. The decrease was primarily due to factors: shareholders' equity decreased by ¥89.3 billion in accordance with that the amount of ¥67.2 billion was recorded as net loss and dividend payments; valuation and translation adjustments decreased by ¥69.5 billion compared to FY2007 due to the amount of marketable securities valuation difference decreased with sliding market price of shares held and the equity adjustment from foreign currency translation decreased with the appreciation of the yen.

As a result, the equity ratio was 24.4%, down 5.5% compared to FY2007 and the debt-equity ratio became 1.55%, rose 0.56% compared to FY2007.

2) Consolidated Statements of Cash Flows for FY2008

The free cash flow, which consists of cash flows from operating and investing activities, was an expenditure of ¥113.1 billion, an increase of ¥91.3 billion in expenditure compared to FY2007.

The net cash provided by operating activities totaled ¥76.1 billion, a decrease of ¥80.0 billion in income compared to FY2007. The decrease was due to that income before income taxes and depreciation recorded ¥44.0 billion and ¥119.2 billion respectively.

The net cash flow used in investing activities was ¥189.2 billion, an increase of ¥11.2 billion compared to FY2007. The increase was primarily due to increase in capital expenditure and purchases of securities and investment securities by managing cash reserves.

The net cash generated in financing activities was ¥179.5 billion, an increase of ¥108.7 billion in income compared to FY2007. The increase was primarily due to increase in short- and long-term debts and issuing commercial papers, despite divided payments of ¥22.0 billion and redemption of corporate bonds.

Cash and cash equivalents as of March 31, 2009 stood at ¥226.4 billion, an increase of ¥60.7 billion compared to FY2007.

3) Forecast for Consolidated Statements of Cash Flows for FY2009

The consolidated income before income taxes in FY2009 is expected to be ¥27.0 billion. The Mitsubishi Chemical Holdings Group will strive to recover profits and improve continuously financial standings, by control of capital expenditure and reduction of inventories.

4) Cash Flow Ratios

	FY2005	FY2006	FY2007	FY2008
Ratio of shareholders' equity to total assets (%)	30.9	30.7	29.9	24.4
Ratio of market value shareholders' equity to total assets (%)	46.8	59.2	32.8	16.9
Debt payment year (year)	3.6	11.7	5.3	13.6
Interest coverage ratio (%)	1,577.3	532.1	987.1	550.9

・Ratio of shareholders' equity to total assets:
Book value of shareholders' equity / Book value of total assets
・Ratio of market value shareholders' equity to total assets:
Market value of shareholders' equity / Book value of total assets
・Debt payment year:
Interest-bearing debts / Net cash provided by operating activities*
・Interest coverage ratio:
Net cash provided by operating activities / Interest paid

1. Each ratio is calculated by consolidated financial figures.
2. Market value shareholders' equity is calculated by multiplying market value of a share by the number of shares outstanding at the end of the fiscal year.
3. Net cash provided by operating activities is from ‘net cash provided by operating activities’ in the consolidated financial information.
Interest-bearing debts consist of all of the liabilities which bear interest in the consolidated balance sheet including discounted notes.
Interest paid is from the consolidated statement of cash flows.

(3) Basic Policy for Profit Distribution and Dividends

Mitsubishi Chemical Holdings Corporation’s basic policy is to reward our shareholders with continued dividends according to the business results, while simultaneously considering stable dividends for mid- and long-term perspectives and retaining of sufficient internal reserves for the future business developments.
In the Group, the business environment in the Performance Products Domain and the Chemicals Domain became extremely severe due to the sudden decline in demand and

the confusion in the product market caused by the fall of raw material and fuel prices in the second half of FY2008. Though this situation seems to continue, it is expected to move toward moderate recovery with the advancement of inventory adjustment in FY2009. In the Health Care domain, the medical cost restraint is expected to continue.

As a result, with respect to the dividends for FY2008, Mitsubishi Chemical Holdings Corporation intends a year-end dividend of ¥4 per share considering business results of FY2008, retaining of sufficient internal reserves for the future business developments and results of consolidated cash flows. Together with the interim dividend of ¥8 per share, this will results in an annual dividend of ¥12 per share.

With respect to the dividends for FY2009, Mitsubishi Chemical Holdings Corporation plans an interim dividend of ¥4 per share and a year-end dividend of ¥4 per share, as a result, an annual dividend of ¥8 per share.

4. Management Policy

(1) Basic Management Policy

The Mitsubishi Chemical Holdings Group philosophy is "Good Chemistry for Tomorrow" – creating better relationships among people, society, and our planet. Under the philosophy, the Group introduced three decision criteria for corporate activities: "sustainability", "health", and "comfort", in the light of future business environment in the mid-term management plan, *APTSIS 10*. The Group will further focus on development and production of resource saving, energy conservation, and the global environment-oriented products and technologies.

(2) Management Indices

The Mitsubishi Chemical Holdings Group has numerical targets for operating income, ROA, and CO_2 emission reduction during *APTSIS 10*.

(3) Mid- and Long-term Management Strategy

The Mitsubishi Chemical Holdings Group formed the "KAITEKI" project in order to actively respond to global environmental issues in July 2008. As part of project activities, Mitsubishi Chemical Holdings Corporation established a wholly-owned subsidiary, The KAITEKI Institute, Inc. in April 2009, as a research organization to identify major societal challenges related to energy, the environment, health, and sustainability that could represent opportunities for the Mitsubishi Chemical Holdings Group in 2030 and beyond.

The Group aims to contribute to society through providing solutions to issues on energy, the environment, water, food, medical care, and health.

(4) Challenges

The Mitsubishi Chemical Holdings Group will make efforts to improve profits by accelerating the reformation of its business structure, advancing technologies, strengthening marketing capabilities, thorough cost reduction, focused capital expenditure, and reduction of assets, in order to respond to the unprecedented severe business situation.

Base on the mid-term management plan, *APTSIS 10* – “Growing, Innovating, and Leaping Ahead, the Group will execute strategies, while concentrating management resources on capital expenditure and R&D expenditure for promising business areas and disposal of unprofitable businesses.

As for the Performance Products Domain, we will expand the scale of existing global businesses such as recording media, and aim for the early realization of commercializing the next-generation growth businesses: white LED materials and Li-ion battery materials.

As for the Health Care Domain, we will make further advances in realizing the next-generation growth business, personalized medicine, while increasing profitability and enhancing international business deployment.

As for the Chemicals Domain, we will reform its business structure by withdrawing from unprofitable businesses, invest to high-performance and high-value-added products, and develop the next-generation growth businesses, environmentally-friendly products and materials, while strengthening our international competitiveness by strategic alliances with overseas leading companies.

The Mitsubishi Chemical Holdings Group will make efforts to secure thorough safety at production sites as a top priority, further commit to compliance and risk management including observing laws and regulations such as antitrust law, secure reliability of financial reporting, and strengthen internal control, to become the Group trusted in society.

Forward-looking Statements

The forward-looking statements are based largely on company expectations and information available as of the date hereof, and are subject to risks and uncertainties, which may be beyond company control. Actual results could differ materially due to numerous factors, including without limitation, market conditions and the effects of industry competition. The company expectations for the forward-looking statements are described in page [3], [13] through [15], [17] and [18] hereof.