

Briefing regarding Management Integration

November 19, 2009

Mitsubishi Chemical Holdings Corporation

Mitsubishi Rayon Co., Ltd.

Contents

1. Overview of Management Integration
2. Significance of Management Integration
 - * Acceleration of Global Business Development
 - * Shift to high-performance, high added-value business
 - * Synergy
3. Financial Impact due to Management Integration
4. The MCHC Group after Management Integration

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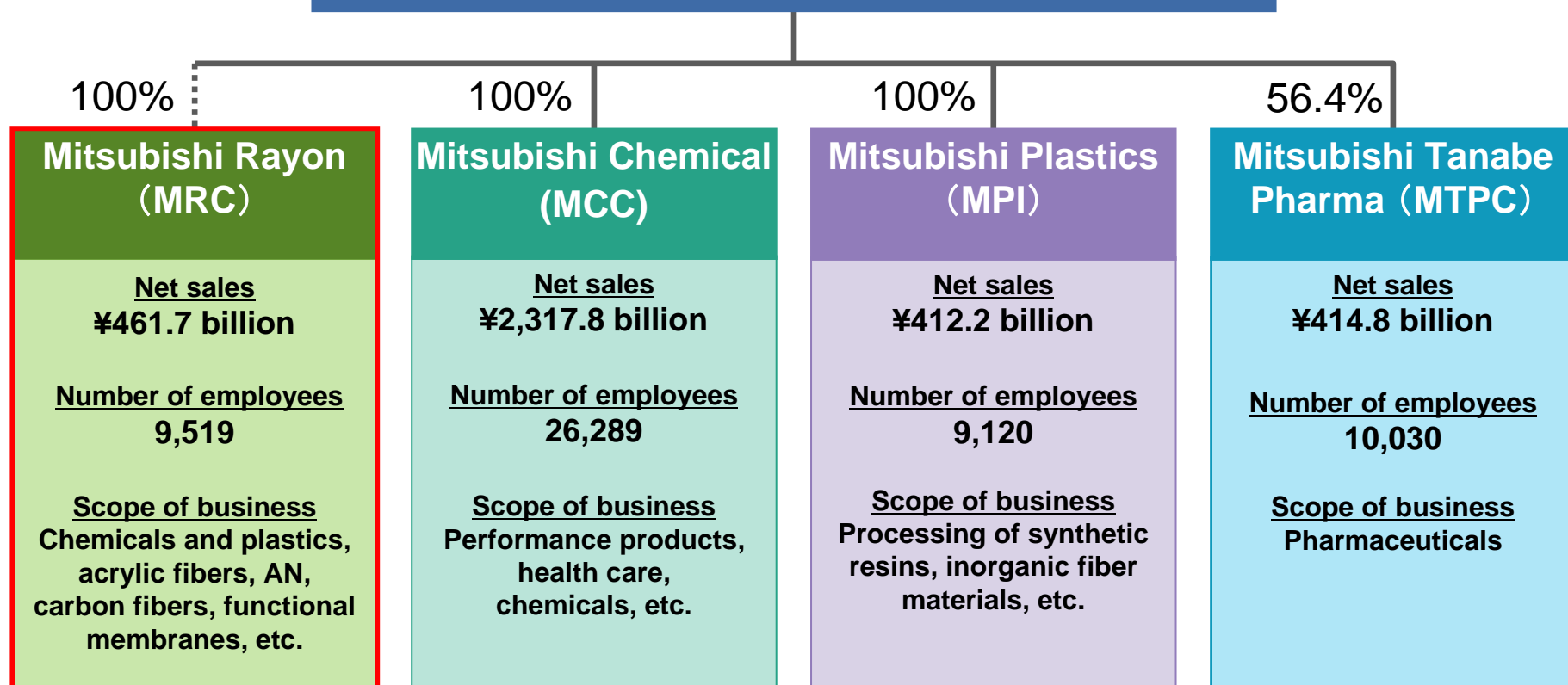
3. Financial Impact due to Management Integration

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Overview of Management Integration New MCHC Group Structure

APTSIS

Mitsubishi Chemical Holdings (MCHC)



* Business results for the fiscal year ended March 2009

* MRC: Respective business results of Lucite International Group Limited (Lucite) for the fiscal year ended December 2008 are aggregated in net sales and the number of employees.

* MCC: Business results of The Nippon Synthetic Chemical Industry Co., Ltd. (Nippon Synthetic Chemical Industry) for the fiscal year ended March 2009 are aggregated in net sales and the number of employees.

* MPI: Respective business results of Quadrant AG (Quadrant) for the fiscal year ended December 2008 are aggregated in net sales and the number of employees.

BEST QUALITY
FOR A BETTER LIFE

Good Chemistry for Tomorrow

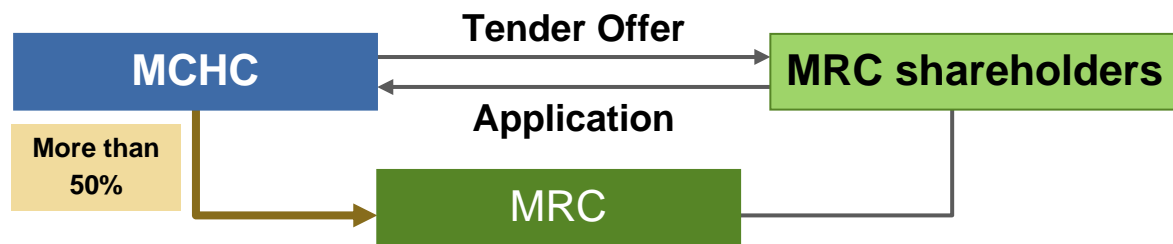
Creating better relationships among people, society, and our planet.

Management Integration Scheme

Implement “Tender Offer” and “share exchange” subject to the completion of all necessary procedures and responses pursuant to relevant laws in Japan and overseas.

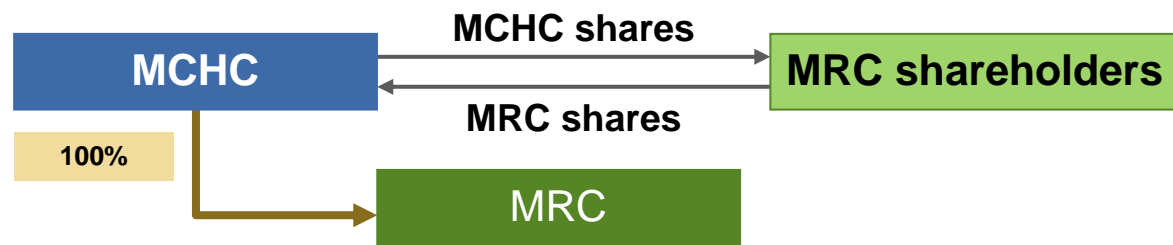
1. Tender Offer

- Implement Tender Offer for the purpose of acquiring all outstanding shares of MRC (excluding treasury shares held by MRC)
- Minimum number of shares to be purchased will be set at the number of shares possessing more than half of MRC’s voting rights



2. Share exchange

- In cases where all shares are cannot be acquired through Tender Offer, aim to make MRC a wholly owned subsidiary of MCHC via share exchange
- *Details of conditions including effective exchange date and exchange ratios will be examined between the two companies in the future and swift notification of relevant aspects will be made upon determination.



Overview of Tender Offer

Date	Action
November 19, 2009	<ul style="list-style-type: none"> • Announcement of management integration
By the beginning February 2010	<ul style="list-style-type: none"> • Initiation of Tender Offer
By the end of March 2010	<ul style="list-style-type: none"> • Completion of Tender Offer settlement

- **Tender price offer: ¥380 per share**
- **Number of shares to be acquired: 572,226,048 shares
(excluding treasury shares (27,771,772 shares) held by MRC)**

*Various aspects including scheme and schedule may change in accordance with the status of completion of all necessary procedures and responses pursuant to relevant laws in Japan and overseas.

*Notification of status will be consecutively announced in line with progress.

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Significance of Management Integration (1)

Early achievement of the mid-term management plan, *APTSIS 10*

Expansion of corporate scale to better respond to an era of global competition

Acceleration of global business development

- Strengthening business foundation in Asia, the Middle East and Europe

Expand, improve and strengthen business portfolios toward high-performance, high added-value businesses

- Strengthening next-generation core businesses

Synergy effects

Significance of Management Integration (2)

Early achievement of the MCHC Group mid-term management plan

APTSIS 10

- **Become a global leading company**
- **What we should be in 2015:**
 - **¥4 trillion or higher in net sales, ¥400 billion or higher in operating income**
- **Respond swiftly to economic contraction by structural reforms, accelerate innovation and leaping ahead**
 - **Organic growth: business structural reforms and focus on existing growth businesses**
 - **Innovation: accelerate development in focused next-generation growth businesses**
 - **Leaping ahead: early realization of portfolio reforms through strategic investments**

Significance of Management Integration (3)

Early achievement of MRC mid-term management plan

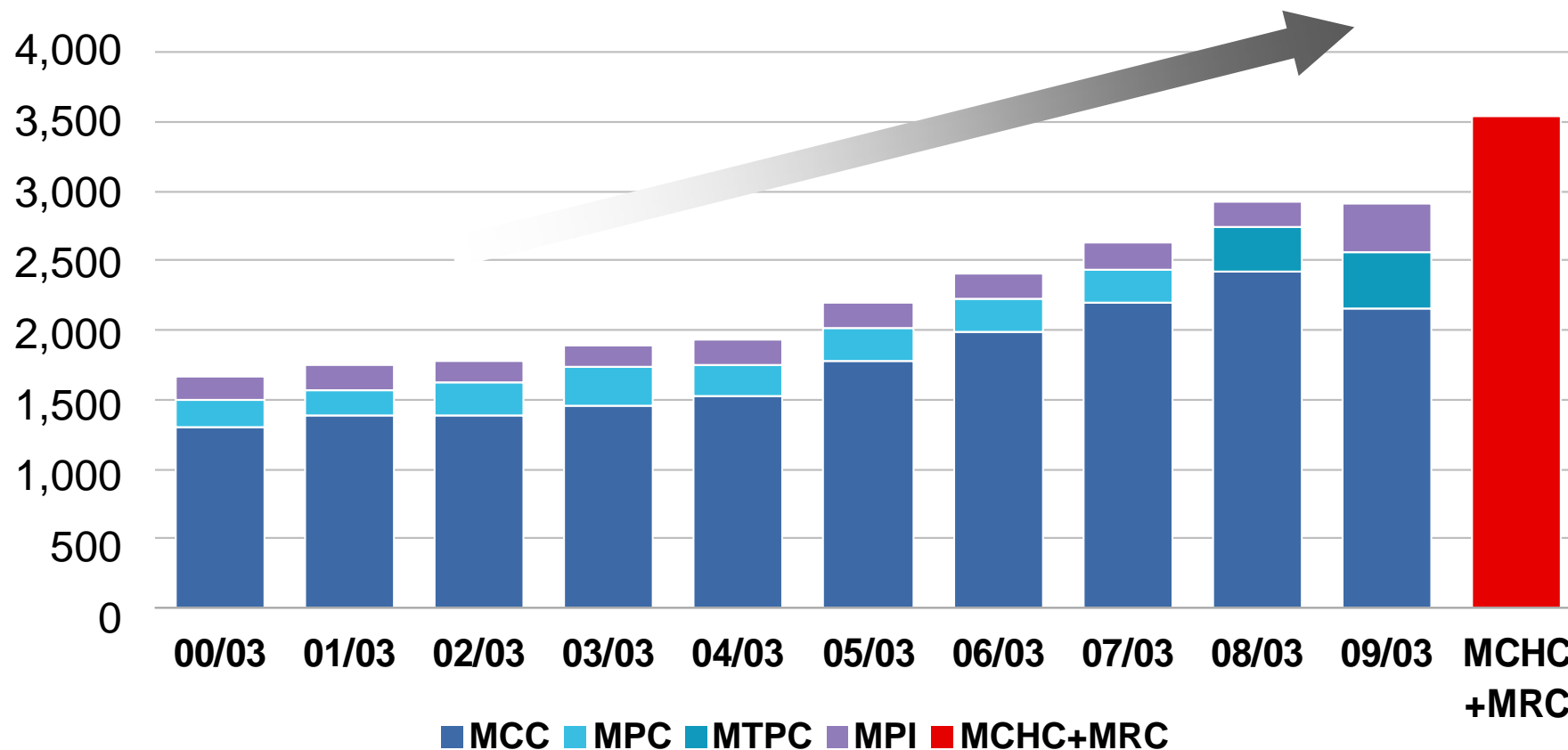
New Design MRC

- Establish and develop the top-ranking business units in the global markets
- Achieve sales revenue of ¥1 trillion and operating profit of ¥100 billion by 2018
- Major issues:
 - Accelerate growth of MMA Business Complex
 - Develop the new core businesses
 - R&D for emerging new businesses
 - Pursue an ongoing program to strengthen operational efficiency (JK→2010)
 - Restructuring unprofitable businesses
 - Optimize in the global production

Expansion of Corporate Scale through Integration (1)

Increase in consolidated net sales to ¥3.5 trillion level

Net sales (Billions of yen)

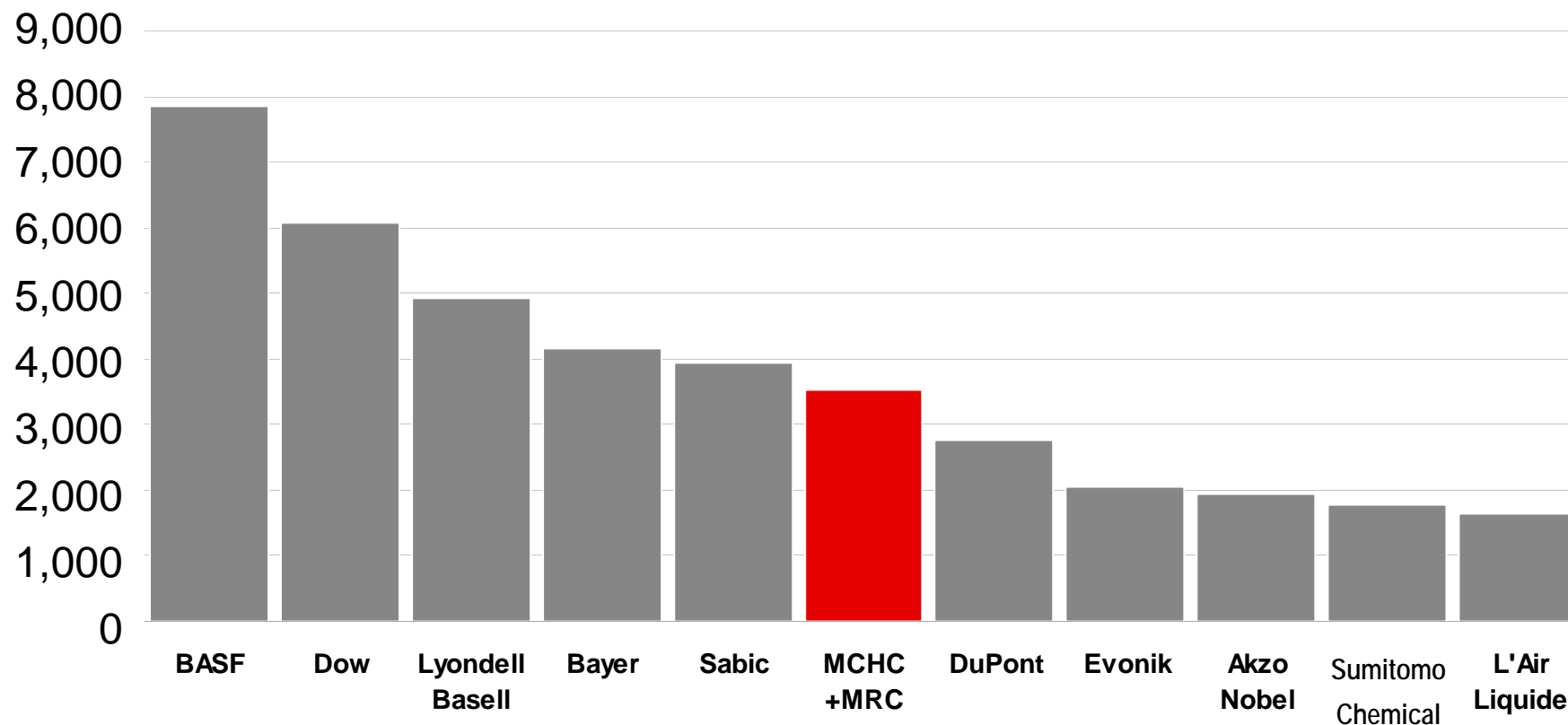


*Nippon Synthetic Chemical Industry, Lucite and Quadrant are included in MCHC + MRC.

Expansion of Corporate Scale through Integration (2)

Rank among global top players in the industry

Net sales (Billions of yen)

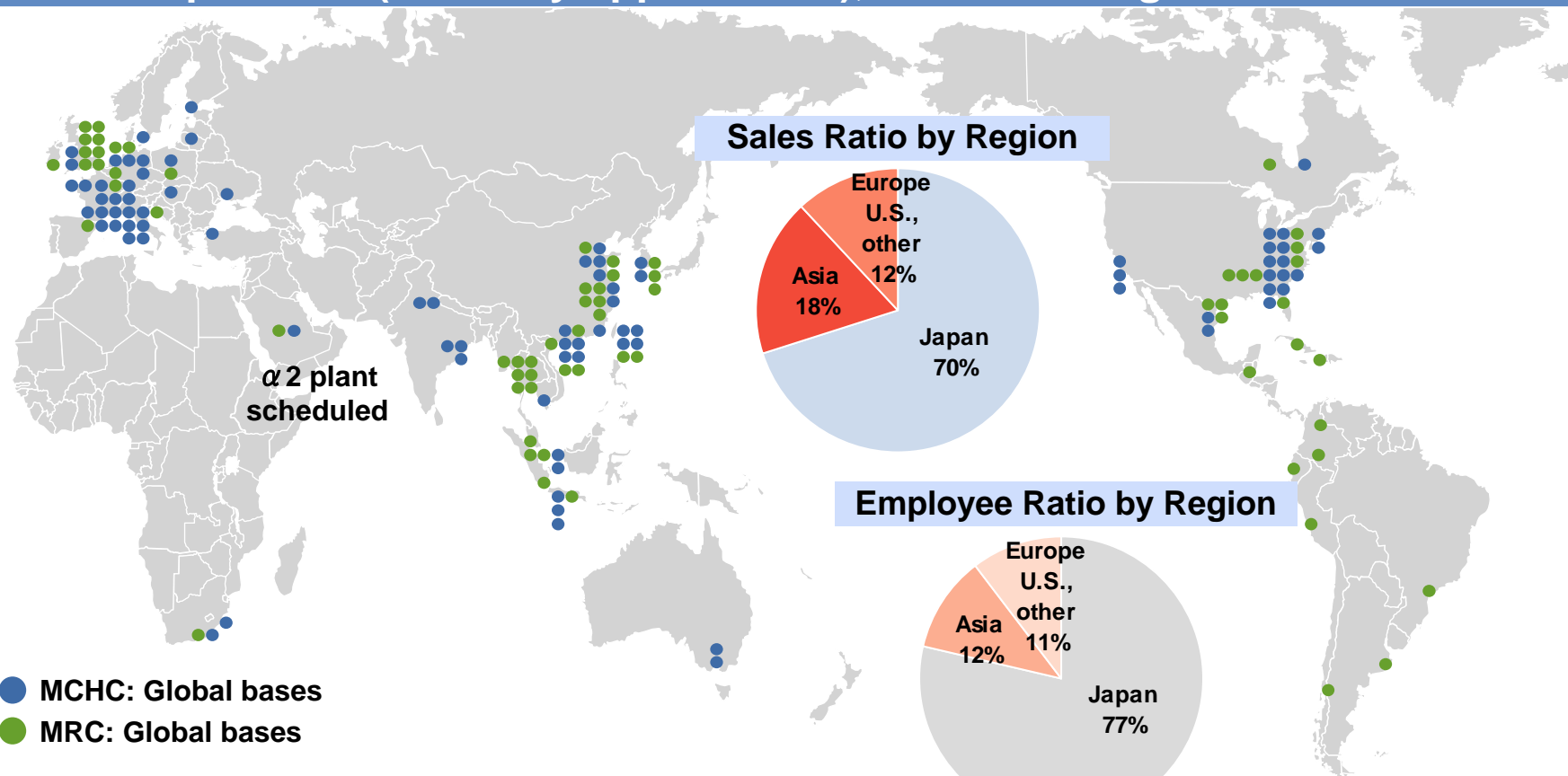


Source: Latest data of respective companies by Thomson Reuters

* Lucite, Nippon Synthetic Chemical Industry and Quadrant are included in MCHC + MRC.

Acceleration of Global Business Development (1)

Management integration with MRC (overseas net sales ratio: approx. 60%), which is pursuing globalization, will boost overseas sales ratio of the MCHC Group to 30% (currently approx. 25%), which is the goal of *APTSIS 10*.

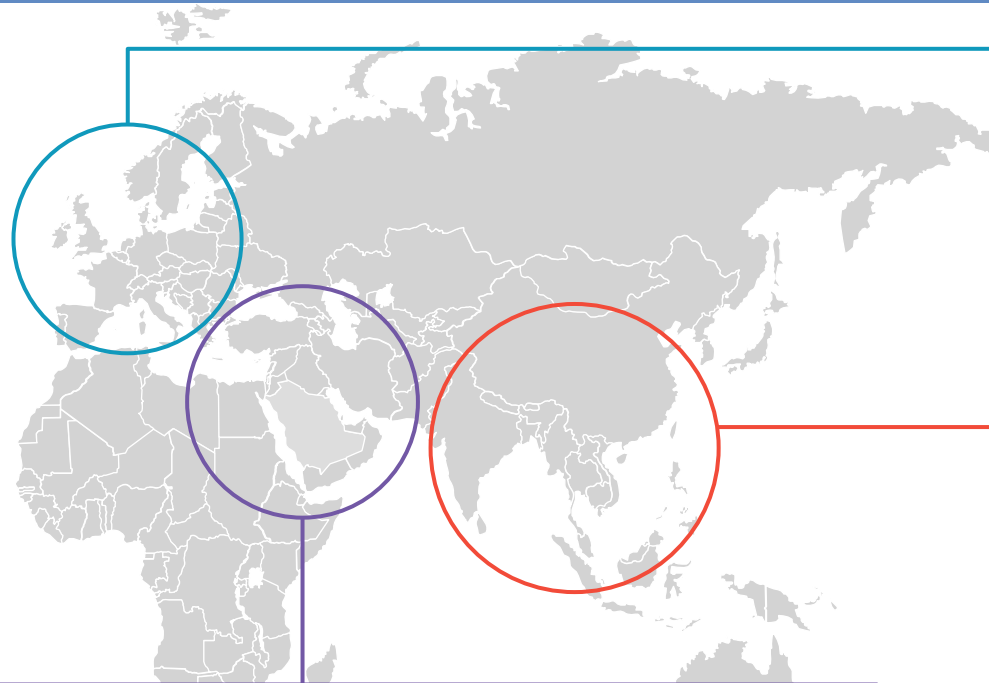


* Estimated from net sales of MCHC, MRC and Nippon Synthetic Chemical Industry for the fiscal term ended March 2009 and net sales of Lucite and Quadrant for the fiscal term ended December 2008

* Estimated from number of employees of MCHC, Quadrant and Nippon Synthetic Chemical Industry in September 2009, MRC in March 2009 and Lucia in January 2009

Acceleration of Global Business Development (2)

Accelerate globalization via expansion and improvement of overseas bases and stronger partnerships



Europe, U.S.: Capture demand for high-performance products

■ Global business expansion of high-performance products

- PP compounds: Cooperate with Borealis
- PC compounds: Acquisition of DSM's PC business (currently under review)
- Engineering plastics processing: Acquisition of Quadrant
- Expansion of LED lighting for Verbatim brand

■ Expansion of carbon fiber demand

- Business alliance with Cytec Engineered Materials
- Expand the scope of business alliance with SGL (Currently under discussion)

Middle East: Forge stronger relationship with dominant companies

■ Improvement of overseas bases and alliance companies

- Long-term cooperative relationship with Sabic via Sharq

■ Realization of $\alpha 2$ project

- Business alliance with Sabic
 - MMA Monomer: 250,000 tons, acrylic resin pellets: 30,000 tons
 - 50:50 investment, aiming to commence operations in 2013

Asia: Capture demand and secure competitive strength

■ Improvement of overseas bases and alliance companies

- Expanding China market
 - PP compounds: } Cooperate with Sinopec
 - PC/BPA launch: }
- TPA:
 - Strengthen competitiveness via new TPA
 - Commence operation of No.2 Plant in India
- Expansion of PET films in Asia

■ Business Expansion in Asia

- Commence operation of new ethylene process plant (Singapore)
 - MMA monomer: 120,000 tons
- Expansion and improvement of production system in growth areas
 - China: MMA 90,000 tons
 - Korea: MMA 90,000 tons, acrylic resin pellets 40,000 tons
 - Thailand: MMA 90,000 tons \Rightarrow 180,000 tons (planned for 2010/2Q)

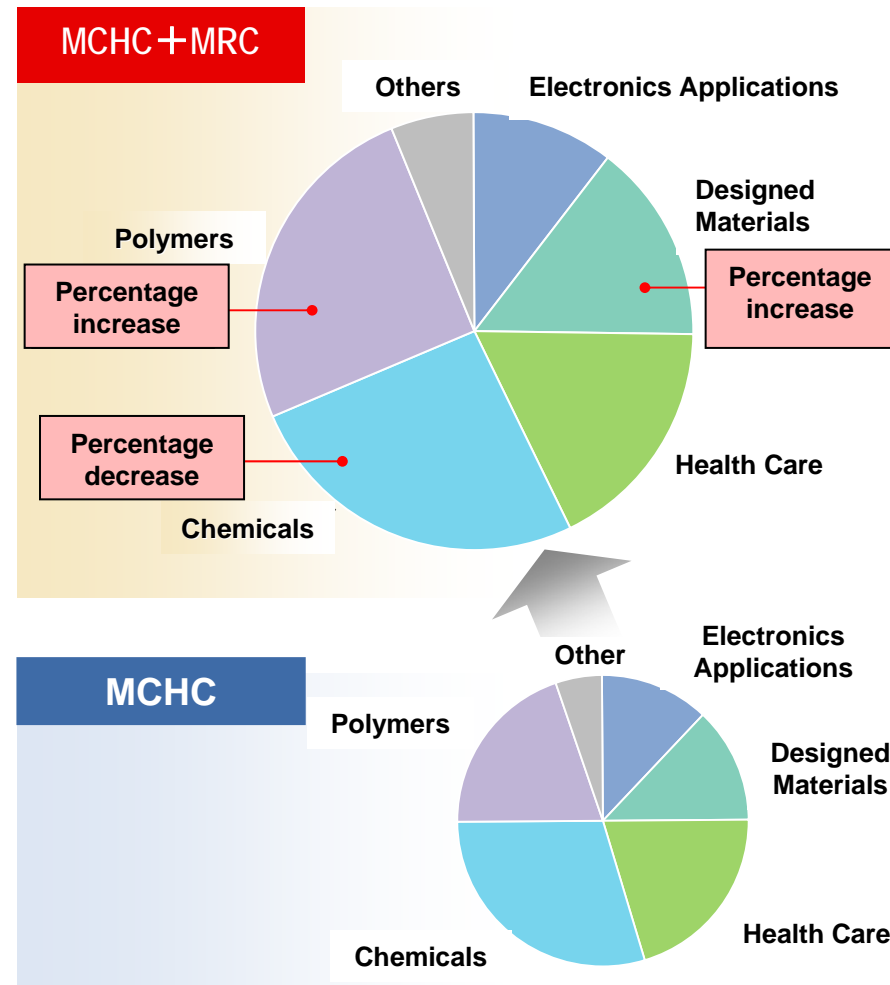
Innovation of Business Structure: *APTSIS*

Shift Portfolio toward High Added-Value Businesses

Previous measures

- Consolidation of Mitsubishi Pharma and Tanabe Seiyaku (Oct. 2007)
- Making Mitsubishi Plastics a wholly-owned subsidiary (Oct. 2007) and integration of functional products businesses (Apr. 2008)
- Strategic business alliance of Mitsubishi Chemical and Sinopec
- Strategic business alliance of Mitsubishi Plastics and Quadrant (May 2009) and making Quadrant a subsidiary (Sep. 2009)
- Mitsubishi Chemical:
 - Made Nippon Synthetic Chemical Industry a consolidated subsidiary
 - Made Taiyo Nippon Sanso Corporation an equity method affiliate
- Started discussion regarding exchange of high-performance product (PC/nylon) businesses with DSM and withdrawal from caprolactam business (Mar. 2010)
- Discontinuation of unprofitable production facilities and development of global operations in terephthalic acid business
- Withdrawal from SM and related businesses (Mar. 2011) (Disposal of shares of Techno Polymer (Apr. 2009) and PS Japan (Oct. 2009))
- Withdrawal from PVC business (Mar. 2011)

Composition of net sales after integration



Major Chemicals Businesses in the MCHC Group after Integration

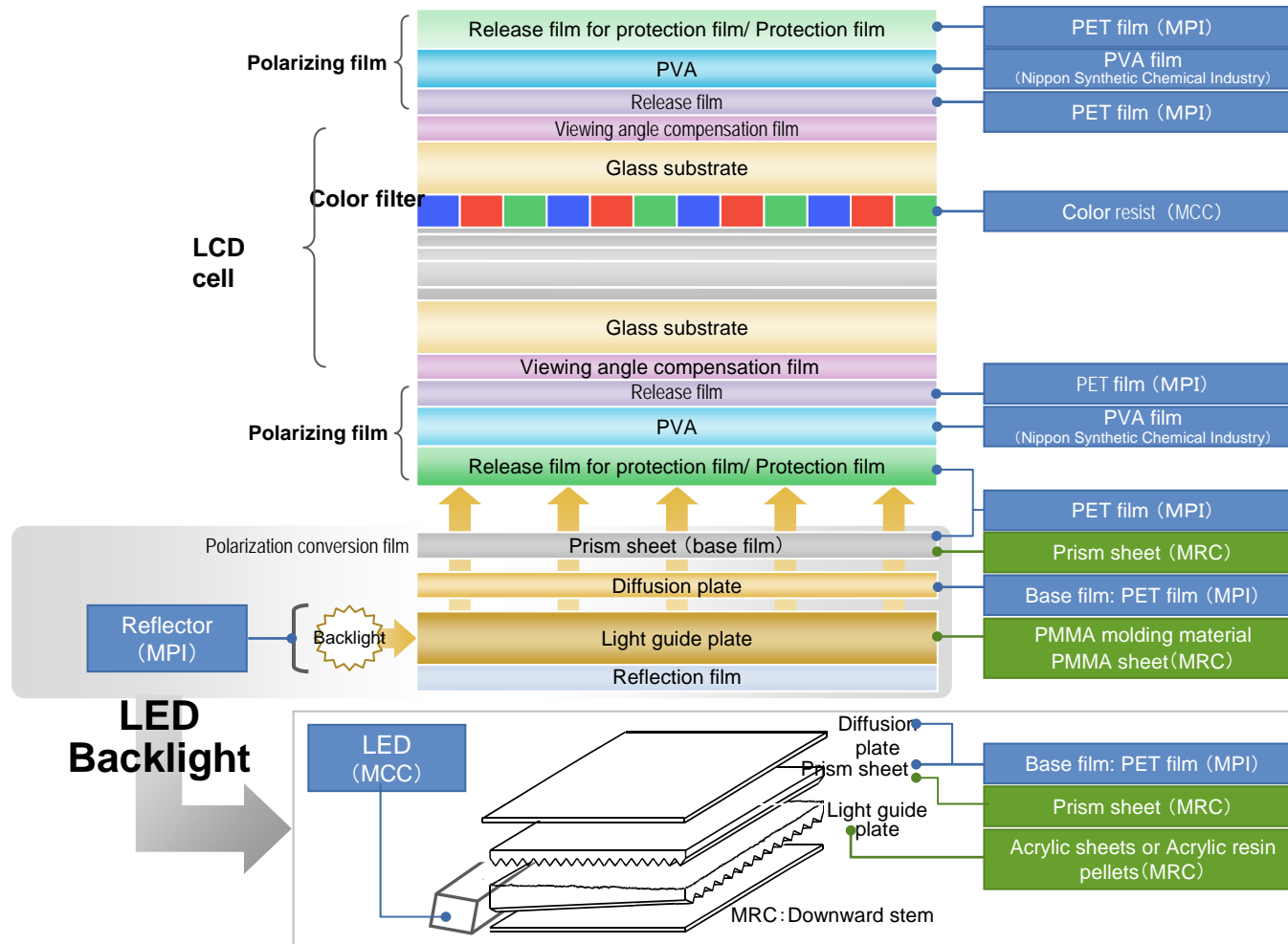
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Expand businesses through forming alliances with globally strong partners by area

MRC	MMA and PMMA businesses (Sabic)	<ul style="list-style-type: none"> • Top in the global market (MRC/Lucite) • Possesses several manufacturing methods (ACH, C4, New ethylene process) • Strategic alliance with Sabic 	Existing growth businesses Strengthening high-performance polymer business
	Bolster the polymer businesses to achieve the balanced growth		
MCHC (MCC)	PP business (Sinopec, Borealis)	<ul style="list-style-type: none"> • Top in the domestic market • Global development of high-performance compounds and products 	
	BPA and PC businesses (Sinopec, DSM)	<ul style="list-style-type: none"> • Top class in the domestic market. More than 10% global market share • China: Scheduled to complete production facilities within 2010 • Europe: Transfer of PC (compound) business from DSM 	
	Performance polymer business (global operation)	<ul style="list-style-type: none"> • Establish a presence in high added-value polymer business market • Promotion of global business development 	
	C4 chemicals business (Sinopec)	<ul style="list-style-type: none"> • Domestic market leader. Focus on Asian market • Commence operation of China plant in 2009 	
	Terephthalic acid business (global operation)	<ul style="list-style-type: none"> • Ranked second in the global market • Transfer a part of headquarters operations (Singapore) • Withdrawal from domestic business and strengthen overseas area strategy 	

MRC's PMMA Business and FPD Component Materials Business

Reinforce material supply capability and technological and development capabilities in FPD fields



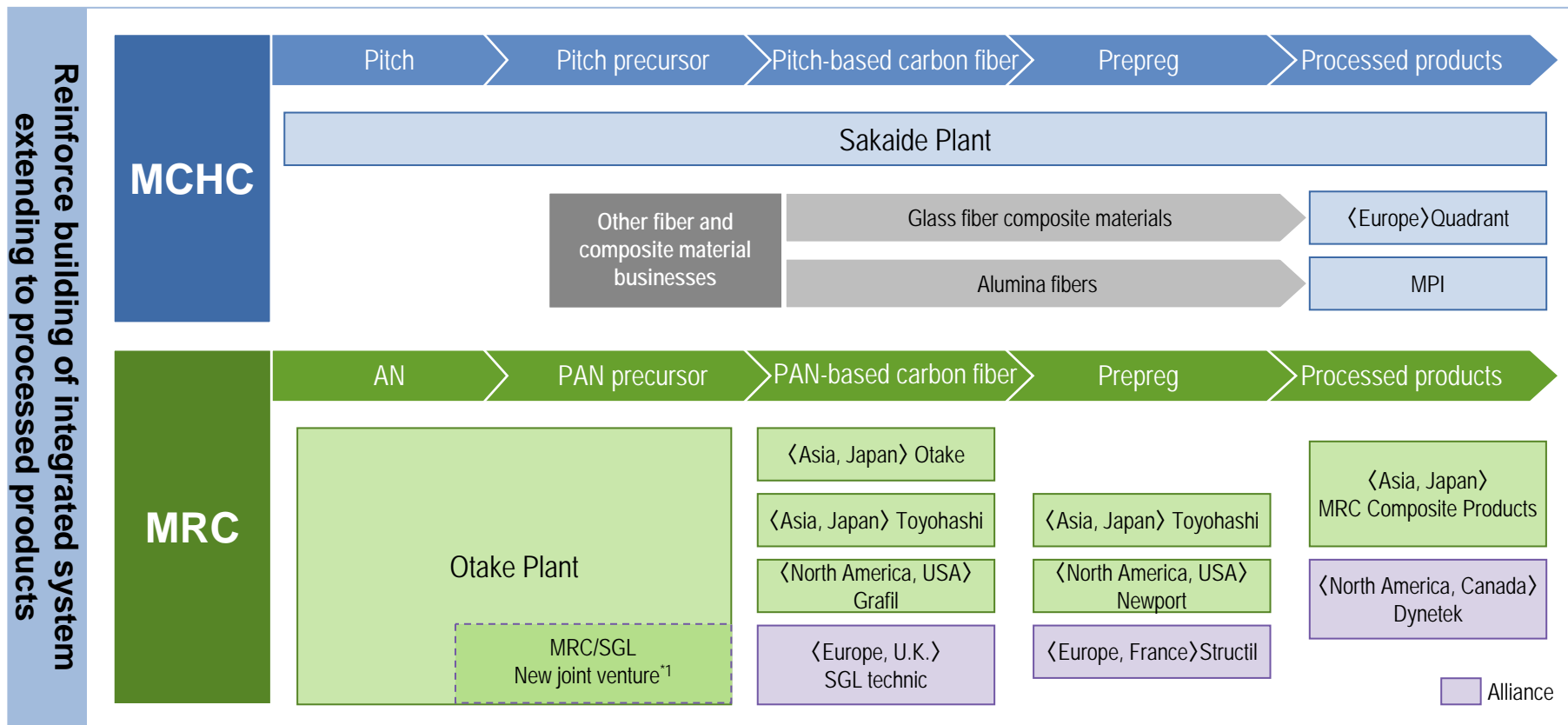
Strengthening Development Capability of Next-Generation Core Businesses (1)-1

Carbon Fiber and Composite Materials

- Strengthen carbon fiber composite materials and processed products field
- Reinforce presence in energy and automotive fields
- Accelerate the development of high-performance products by utilizing technology platforms of both companies (Development of CFRTP, molding technologies)

Properties of carbon fiber

- PAN-based: High-intensity, high-modulus
- Pitch-based: High-rigidity, low thermal expansion, high thermal conductivity



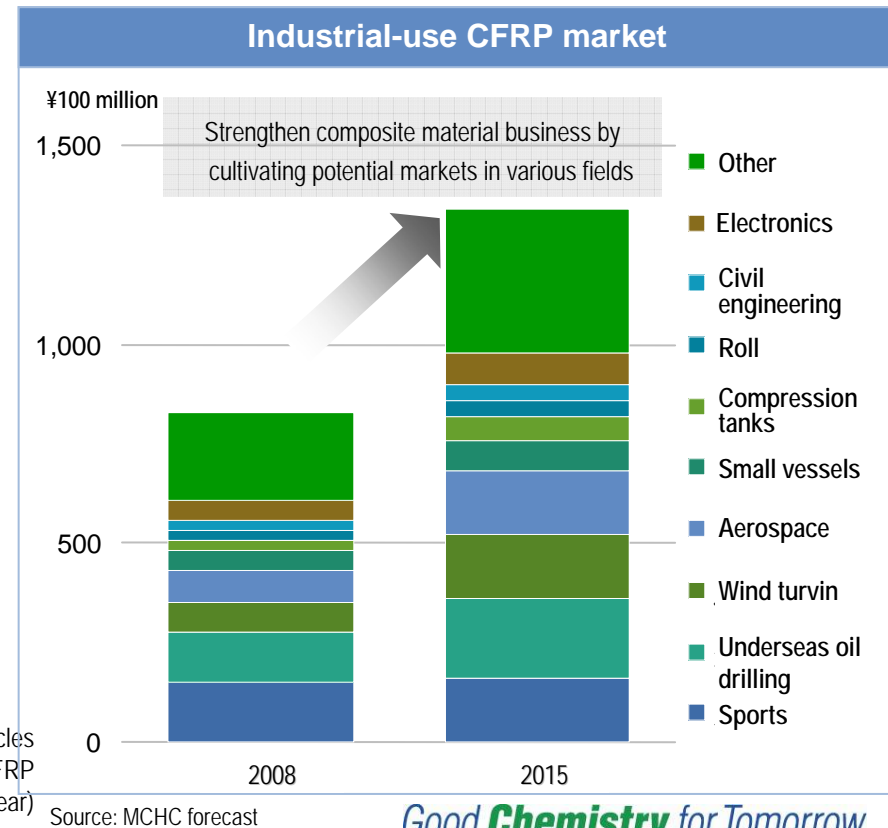
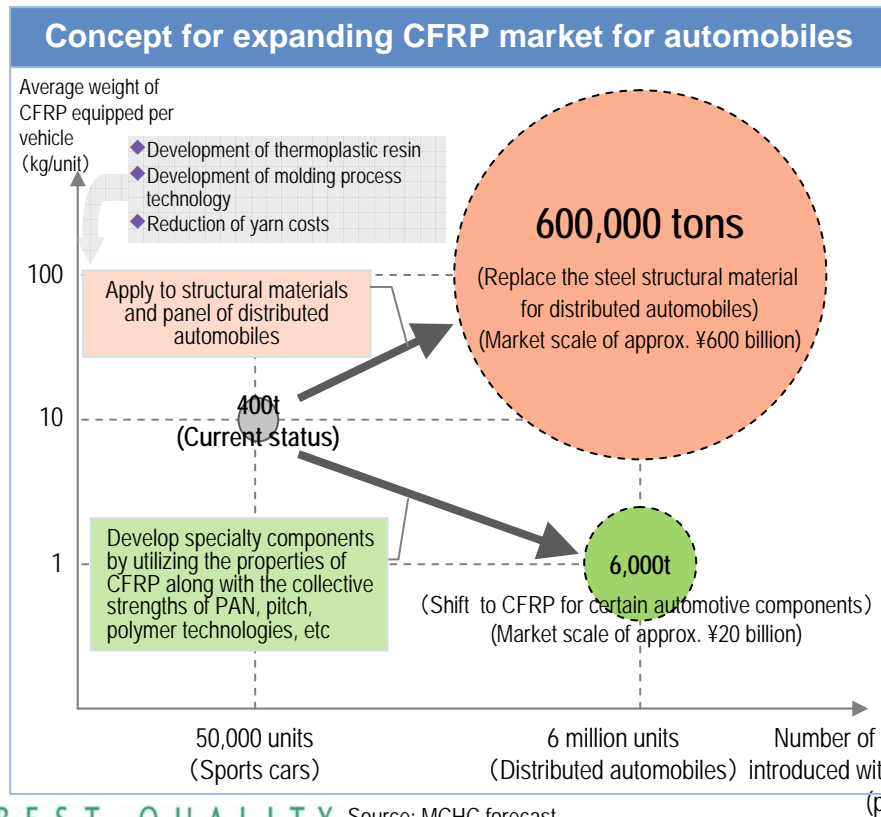
*1 Supply precursors to Carbon Fiber JV (BMW/SGL)

* Expansion of scope of business alliance with SGL Group is currently under discussion.

Strengthening Development Capability of Next-Generation Core Businesses (1)-2

Carbon Fiber and Composite Materials

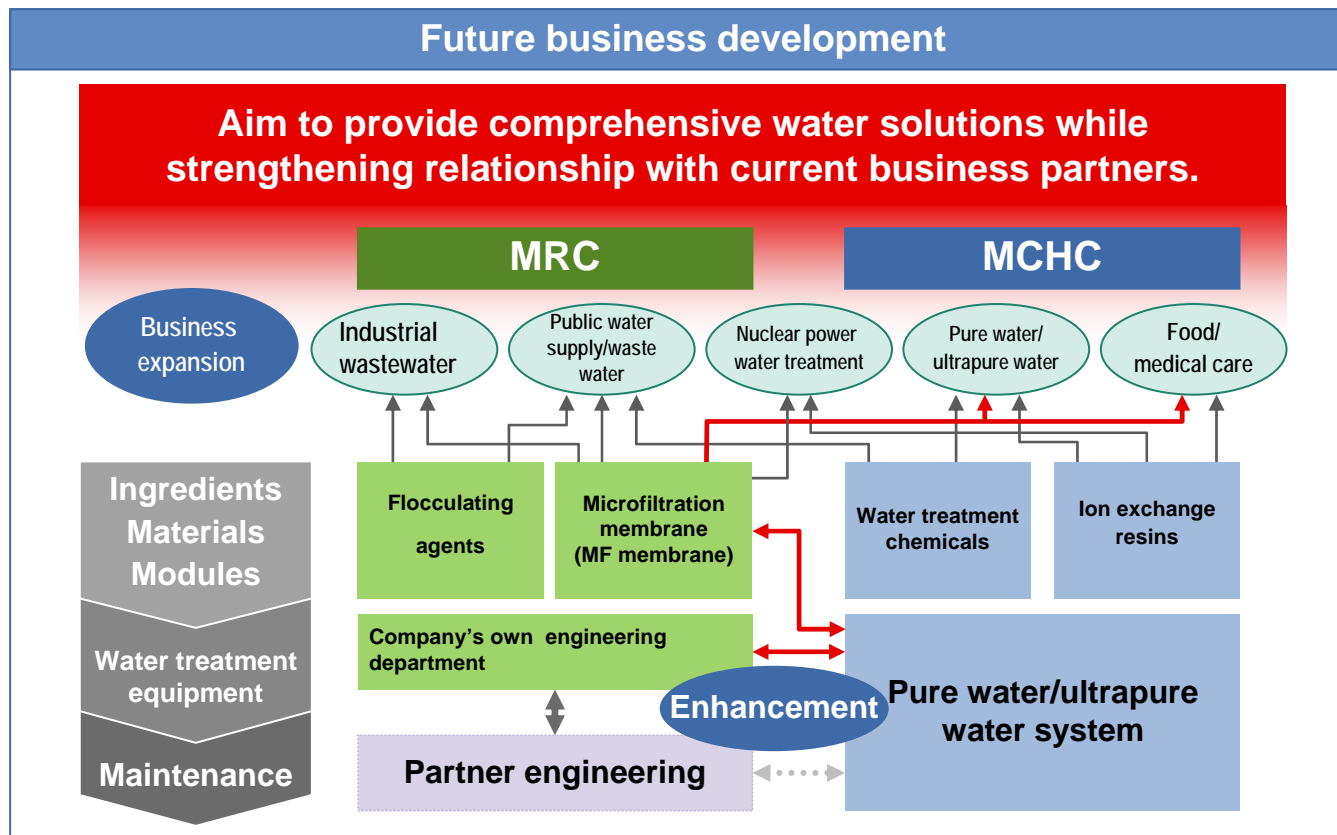
- Accelerate the development of various materials including composite materials for automobiles by utilizing polymer materials and technology platforms of both companies
 - Strengthen initiatives directed toward commercialization in car body structure and body panel markets
 - Reinforce market development to exploit properties of carbon fiber (propeller shaft, brakes, etc.)
- Actively expand application development in industrial-use CFRP market, in which stable growth is expected



Strengthening Development Capability of Next-Generation Core Businesses (2)

Water Treatment

- Full-fledged development of comprehensive water solutions businesses
- Strengthening of engineering technology
- Acceleration of global business development (particularly China and Asia)



Strengthening Development Capability of Next-Generation Core Businesses (3)-1 Specialty Chemicals

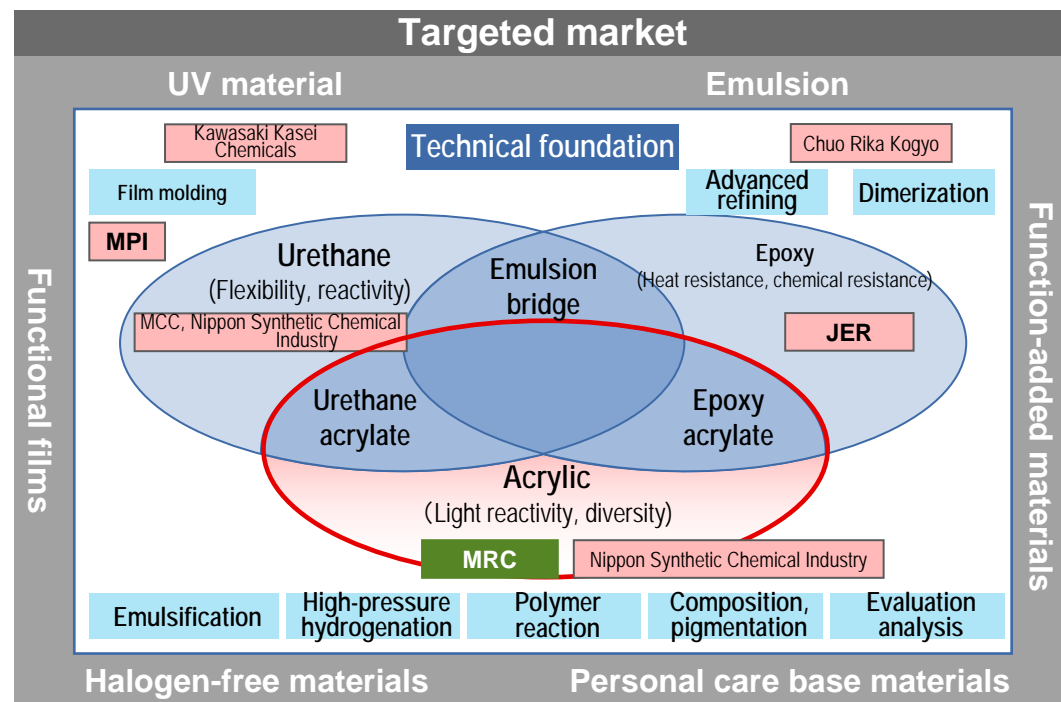
- Mutual utilization of both companies' business foundations (technology, product lineup, commercial distribution, etc.)
- Shift to high added-value fields by fusing technologies
- Reinforce downstream development from individual materials to composite materials (blended projects) and materials

Various synergy effects by cluster

	MCHC			MRC
UV	Hard coat materials (MCC)	UV resins (Nippon Synthetic Chemical Industry)	Photo-sensitizer (Kawasaki Kasei Chemicals)	UV cured resins
Emulsions	PP specialty materials (MCC)	Fine particles (Nippon Synthetic Chemical Industry)	PO-based (Chuo Rika Kogyo)	Acrylic powders
Technology fusion				
Additives	Resin compounds (MCC)	Adhesive materials (Nippon Synthetic Chemical Industry)	Stabilizer (JER)	Plastic modifier
Strengthen product lineup				
Coating materials	Hair care, paper processing (MCC)	Coating materials adhesion processing (Nippon Synthetic Chemical Industry)	Electronic materials (JER)	Coating materials, ink
Expansion of commercial distribution				

*JER: Japan Epoxy Resins

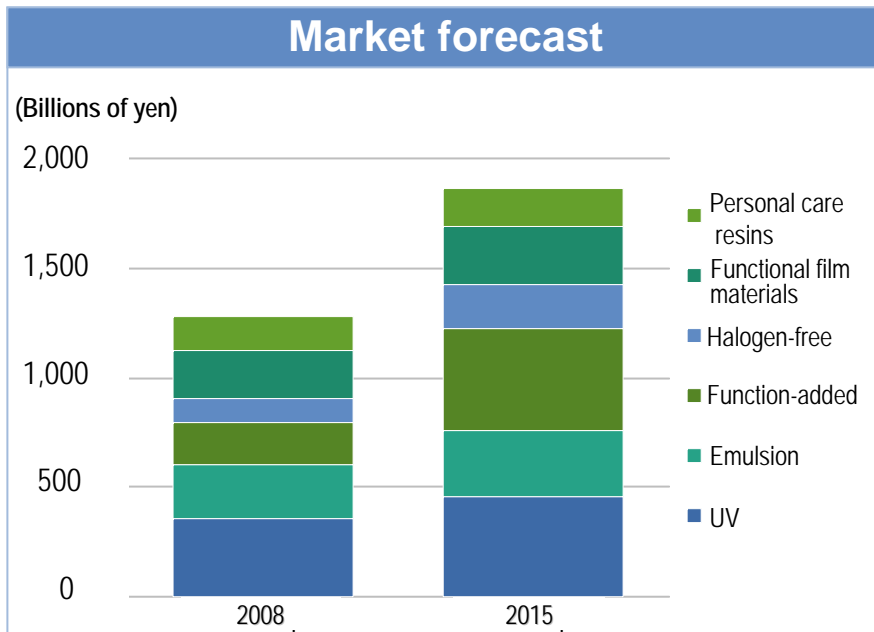
Broadly cover target areas via the accumulation of various core technologies



Strengthening Development Capability of Next-Generation Core Businesses (3)-2 Specialty Chemicals

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Target			Business opportunity			Synergy effect				
Market	Field	Application	Expansion	Change	New	MCHC		MRC		
UV	Optical discs	DVD, BD			BD	Yupimer	New technology	↔	New technology	Rayqueen
	Automobiles	Headlamps, windows		Shift to LED		Yupimer	New technology	↔	Existing customers	Acryking
	Information & Electronics	FPD	China market			Saftomer	Existing customers	↔	New technology	Diabeam
Emulsions	Automobile	Exterior coating		Shift to water-based		APTOLOK	New technology	↔	Existing customers	Dianal
Function-added	Molding products	Engineering plastics, additives	China market			Diacarna	Existing customers	↔	Existing customers	Metabren



- Strengthen solution tools
- Strengthen new product development capability
- Strengthen customer interface
- Fusion of different types of technologies (enhance competitiveness)

Synergy Effects

- Cost synergies by seeking scale merit with logistics, purchasing (procurement), etc.
- Cost synergies by integrating affiliated companies handling operational bases and similar businesses
- Business synergies centering on next-generation core businesses (water treatment, carbon fiber, specialty chemicals)

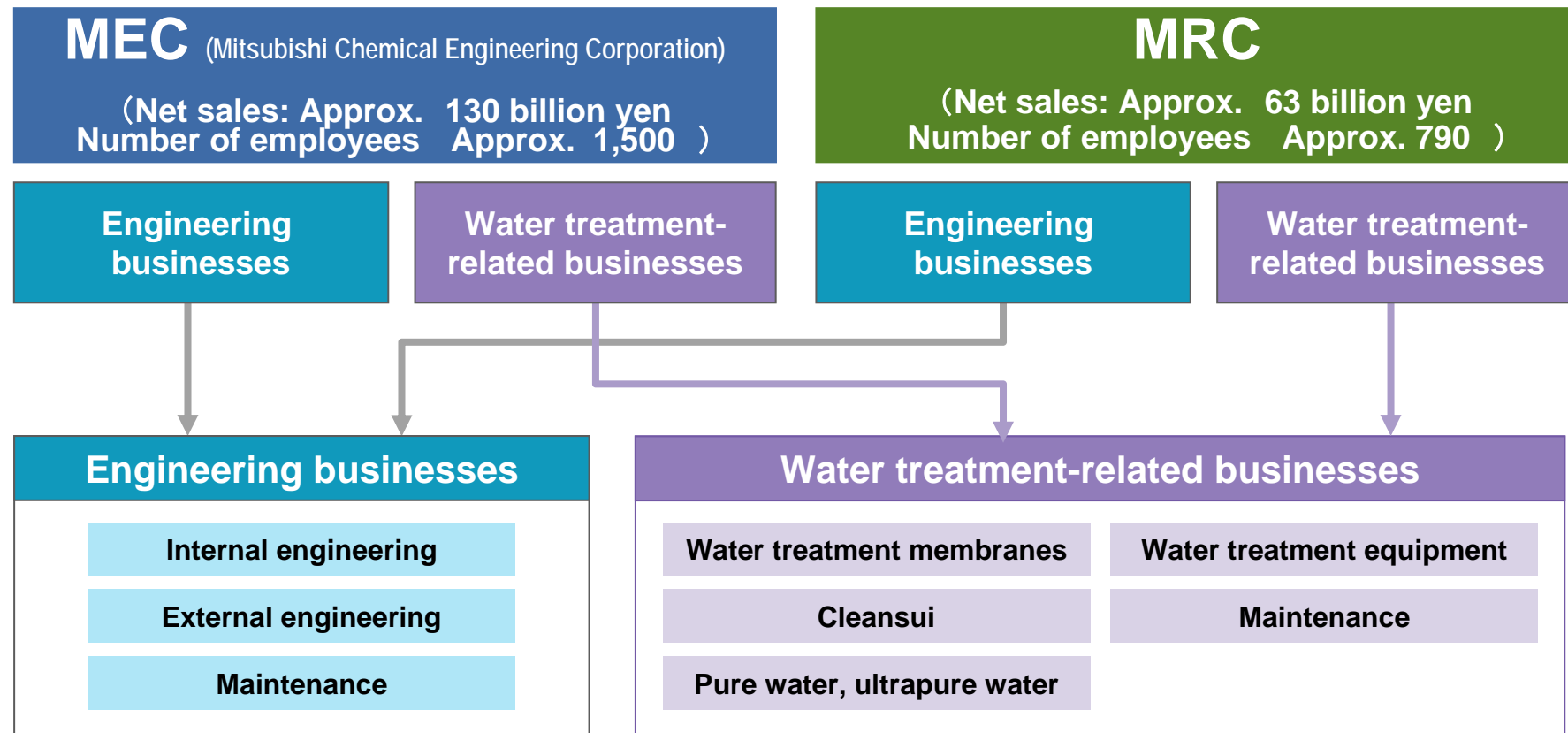


- Aim to achieve cost synergy of ¥3 billion and business operation synergy of ¥7 billion by FY2012
- Conduct examination for both companies to continuously pursue synergies with the aim of achieving greater effects

Synergy Effects

Case Example of Examining Integration of Similar Businesses

- Target examination of restructuring of engineering business and integration of water treatment-related businesses by October 2010



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Financial Impact due to Management Integration (2)

Impact on financial status

- Net D/E ratio
 - Expected to increase to around 1.9 times after integration (end of March 2010) compared with 1.2 times before integration (if fully purchased by this Tender Offer)
 - After integration, measures will be taken to improve the Net D/E ratio through expanding profitability and exerting synergy effects at an early stage as well as by reducing assets
- Utilizing cash reserves for approximately 50% of Tender Offer funds contributes to reducing the required borrowing amount for this integration

* Net D/E ratio=(Interest-bearing debt (incl. bill discount) - Cash and cash equivalents and cash and operating reserve balance)/Shareholders' equity

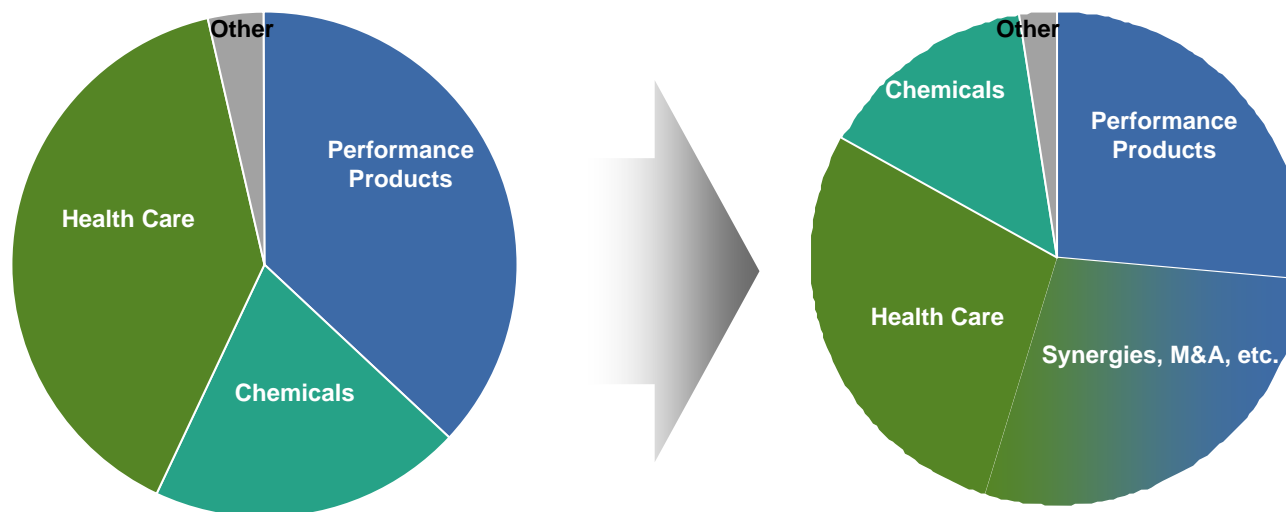
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The MCHC Group after Management Integration

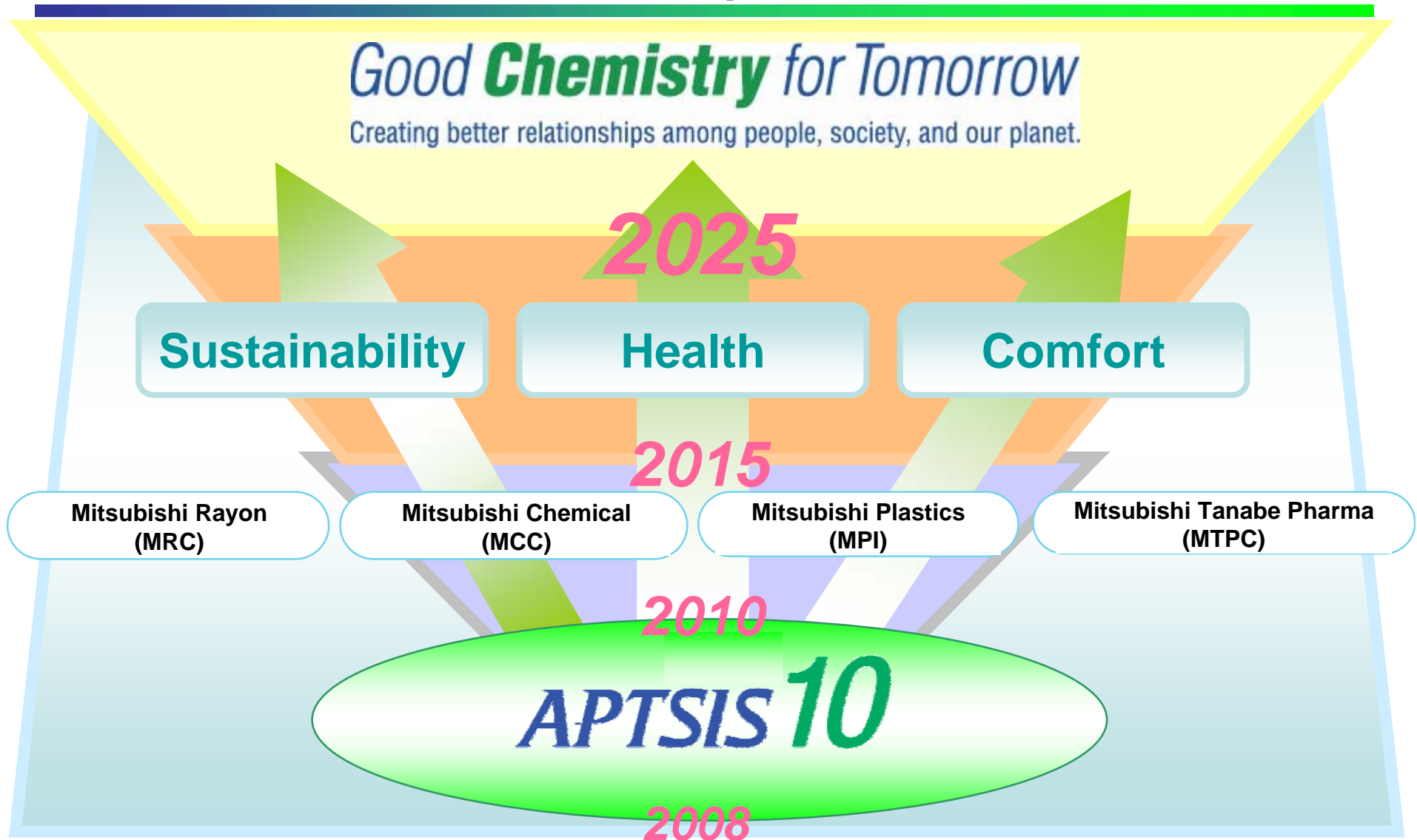
Attain synergies and realize further leap ahead via various measures, including M&A, directed toward ¥5 trillion or higher in net sales and ¥400 billion or higher in operating income.

	FY 2015	
	After management integration (forecast)	What we should be
Net sales	¥ 4 trillion	¥5 trillion or higher
Operating income	¥280 billion	¥400 billion or higher



The MCHC Group after Management Integration The Group Vision

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