May 13, 2010

Mitsubishi Chemical Holdings Corporation
Condensed Consolidated Financial Information
for the Year Ended March 31, 2010

1. Business Results for the Year Ended March 31, 2010
(Business period: April 1, 2009 - March 31, 2010)

	Millions of Yen		Thousands of U.S. Dollars
	FY2009	FY2008	FY2009
	Year Ended March 31, 2010	Year Ended March 31, 2009	Year Ended March 31, 2010
(1) Results of Operations:			
Net sales	**2,515,079**	2,909,030	27,043,860
Operating income	**66,342**	8,178	713,355
Income before income taxes	**43,311**	(44,002)	465,710
Net income	**12,833**	(67,178)	137,989
(2) Financial Position:			
Total assets	**3,355,097**	2,740,876	36,076,312
Inventories	**474,732**	463,305	5,104,645
Property, plant and equipment	**1,167,073**	834,046	12,549,172
Short-term and long-term debt	**1,454,126**	1,033,239	15,635,763
Shareholders' equity	**673,574**	668,973	7,242,731
Ratio of shareholders' equity to total assets (%)	**20.0**	24.4	

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

(3) Cash Flows:			
Net cash provided by operating activities	**116,073**	76,149	1,248,097
Net cash used in investing activities	**(327,006)**	(189,233)	(3,516,194)
Net cash provided by (used in) financing activities	**94,437**	179,526	1,015,452
Cash and cash equivalents at end of the year	**112,591**	226,410	1,210,656
(4) General:			
Capital expenditures	**119,025**	139,011	1,279,839
Depreciation and amortization	**129,574**	119,230	1,393,269
R&D expenditures	**136,863**	127,802	1,471,645
Employees (number)	**53,907**	41,480	
(5) Per Share:			(U.S. dollar)
Net income - Basic	**9.32**	(48.81)	0.10
- Diluted	**8.55**	-	-
Shareholders' equity	**490.99**	486.09	5.28

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

[March 31, 2010] 1,375,676 [March 31, 2009] 1,376,279 (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, 2010] 1,371,861 [March 31, 2009] 1,376,211 (Thousands of shares)

(6) Ratio of Net Income to:		
Shareholders' equity	**1.9**	(8.9)
Total assets	**0.4**	(2.4)
Net sales	**0.5**	(2.3)

* 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
	FY2009	FY2008	FY2009
	Year Ended March 31, 2010	Year Ended March 31, 2009	Year Ended March 31, 2010

(7) Segment Information:

[Net Sales by Segment]

Electronics Applications	**300,455**	327,531	3,230,699
Designed Materials	**303,590**	276,472	3,264,409
Health Care	**504,414**	497,072	*5,423,806*
Chemicals	**785,708**	1,074,962	*8,448,473*
Polymers	**479,071**	573,040	5,151,301
Others	**141,841**	159,953	1,525,172
Total	**2,515,079**	2,909,030	27,043,860

[Operating Income (Loss) by Segment]

Electronics Applications	**7,098**	4,780	76,323
Designed Materials	**8,185**	(2,110)	88,011
Health Care	**71,571**	79,277	*769,581*
Chemicals	**7,302**	(55,543)	*78,516*
Polymers	**(21,741)**	(12,968)	(233,774)
Others	**6,246**	8,833	67,161
Elimination & corporate costs	**(12,319)**	(14,091)	(132,462)
Total	**66,342**	8,178	713,355

[Total Assets by Segment]

Electronics Applications	**286,051**	279,528	3,075,817
Designed Materials	**569,229**	219,351	6,120,742
Health Care	**830,399**	817,580	*8,929,022*
Chemicals	**688,641**	670,574	*7,404,742*
Polymers	**749,946**	419,313	8,063,935
Others	**319,767**	307,793	3,438,355
Elimination & corporate costs	**(88,936)**	26,737	(956,301)
Total	**3,355,097**	2,740,876	36,076,312

[Depreciation by Segment]

Electronics Applications	**21,747**	22,196	233,839
Designed Materials	**20,662**	15,379	222,172
Health Care	**19,879**	20,510	*213,753*
Chemicals	**40,698**	36,895	*437,613*
Polymers	**19,051**	15,411	204,849
Others	**4,292**	3,798	46,151
Corporate costs	**3,245**	5,041	34,892
Total	**129,574**	119,230	1,393,269

[Capital Expenditures by Segment]

Electronics Applications	**29,705**	26,244	319,409
Designed Materials	**13,384**	12,852	143,914
Health Care	**16,289**	19,844	*175,151*
Chemicals	**38,656**	43,981	*415,656*
Polymers	**14,941**	22,903	160,656
Others	**4,256**	4,819	45,763
Corporate assets	**1,794**	8,368	19,290
Total	**119,025**	139,011	1,279,839

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, 2010 - September 30, 2010	April 1, 2010 - March 31, 2011	April 1, 2010 - September 30, 2010	April 1, 2010 - March 31, 2011
Net sales	1,570,000	3,250,000	16,881,720	34,946,237
Operating income	70,000	156,000	752,688	1,677,419
Net income	16,000	41,000	172,043	440,860
				(U.S. dollar)
Net income per share	11.64	28.80	0.13	0.31

Notes:

1. 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 93 yen to US$1, the approximate exchange rate prevailing in the Tokyo foreign exchange market at the end of March 2010. 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

Consolidated Performance for the Fiscal Year Ended March 31, 2010 (Fiscal 2009)
－From April 1, 2009 to March 31, 2010

Overview of General Performance

The Japanese economy in fiscal 2009 showed indications of a recovery by the improvement of export and production in the latter half of fiscal 2009 amidst ongoing stagnation in corporate capital expenditure and consumer spending, while uncertainty surrounding the future of the economy has remained.

In the Mitsubishi Chemical Holdings Group, the business environment remained severe due to the medical cost restraint in the Health Care Domain and the stagnation in the sales price in accordance with the fall of raw material and fuel prices as well as the lower demand in the Performance Products Domain and the Chemicals Domain compared to fiscal 2008, in spite of showing a gradual recovery of the demand in the latter half of fiscal 2009.

Under the circumstances, the consolidated business results for fiscal 2009 resulted as follows. Net sales decreased by ¥393.9 billion, or 13.5%, to ¥2,515.1 billion compared to fiscal 2008 on account of the decline in demand and flagging conditions in the markets in the Performance Products Domain and the Chemicals Domain, despite that demand was on a recovery trend in the latter half of fiscal 2009 and the performance in the Health Care Domain continued strong. Operating income increased by ¥58.1 billion, or 711.2%, to ¥66.3 billion compared to fiscal 2008 due to an improvement in inventory valuation and a recovery in demand of basic petrochemicals in the latter half of fiscal 2009. Ordinary income increased by ¥60.9 billion to ¥59.0 billion compared to fiscal 2008, and net income increased by ¥80.0 billion to ¥12.8 billion compared to fiscal 2008 due to the decrease in tax expenses.

The acquisition of Mitsubishi Rayon Co., Ltd. was executed in March 2010. Therefore, Mitsubishi Rayon’s financial results are not included in the results.

(2) Overview of Business Segments

Note: In the following section, all comparisons are with the previous fiscal year unless stated otherwise.

Electronics Applications Segment, Performance Products Domain

(Recording media, Information and electronics-related materials, Imaging supplies, Inorganic chemicals)

Net sales in this segment decreased by ¥26.9 billion, or 8.2%, to ¥300.5 billion. Operating income increased by ¥2.3 billion, or 47.9%, to ¥7.1 billion due to recovering demand in electronics-related materials in the latter half of fiscal 2009.

In recording media, net sales decreased due to the influence of exchange rate fluctuations under the situation of a decrease in sales volumes and a fall in the price of DVDs. In polyester films, net sales decreased due to a decrease in sales volumes. In plastic injection moldings, net sales drastically decreased due to a decrease in sales volumes. Net sales of imaging supplies such as organic photo conductor drums (OPCs), toners, and chemical toners increased due to an increase in sales volumes of toners and chemical toners. Net sale of inorganic chemicals drastically decreased due to a decrease in sales volumes.

Major initiatives in the Electronics Applications Segment during fiscal 2009 included:

- Mitsubishi Kagaku Media Co., Ltd. developed 25GB 6X BD-R LTH Type media, which was used organic AZO dye in the recording layer. (May 2009)
- Mitsubishi Kagaku Media Co., Ltd. acquired all the shares of Freecom B.V. and made it its wholly-owned subsidiary. (September 2009)
- Mitsubishi Kagaku Media Co., Ltd., through its own global brand "Verbatim", launched a DVD-R and a DVD-RW on which the title can be "written" on and "erased" from the disc label using MEDIA MARKER, a dedicated writing pen and erasing pen. (October 2009)
- Mitsubishi Kagaku Media Co., Ltd., through its own global brand "Verbatim", launched PhotoSave DVD, with built-in software, for simple photo and video backup and OfficeSave DVD for simple data file backup. (November 2009)
- Mitsubishi Chemical Corporation was entrusted with production of GaN epitaxial wafer that will be a key material toward production of the high-performance electric device supporting ubiquitous network era from NTT Advanced Technology Corporation. (January 2010)
- Mitsubishi Chemical Corporation and Pioneer Corporation entered into an alliance on their OLED lighting business as well as capital alliance strengthening their company relations. (February 2010)

- Mitsubishi Plastics, Inc. completed a new plant for optical polyester film for flat panel display, *DIAFOIL* and began the full-scale operation at the Santo Plant. (March 2010)

Designed Materials Segment, Performance Products Domain

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

Net sales in this segment increased by ¥27.1 billion, or 9.8%, to ¥303.6 billion. Operating income increased by ¥10.3 billion to ¥8.2 billion due to that The Nippon Synthetic Chemical Industry Co., Ltd. became a consolidated subsidiary of Mitsubishi Chemical Corporation.

In food ingredients, net sales resulted favorably. In battery materials, net sales drastically increased due to an increase in sales volumes. In fine chemicals, net sales decreased due to a decrease in sales volumes. In polymer processing products, net sales substantially increased due to that The Nippon Synthetic Chemical Industry Co., Ltd. became a consolidated subsidiary of Mitsubishi Chemical Corporation as of September 2009, although sales volumes of films, composite films, and sheets decreased. In composite materials, net sales of industrial materials such as carbon fibers decreased due to downsizing and postponing capital expenditure by private companies, and net sales of construction materials decreased due to a restraint on public investments.

Major initiatives in the Designed Materials Segment during fiscal 2009 included:

- Mitsubishi Plastics, Inc. launched the high gas barrier film, *VIEW-BARRIER*, which has a superior property concerning gas barrier, anti-reflection, UV-cut, range of visual angle, etc. (April)
- Mitsubishi Plastics, Inc. launched a polyolefin wrap, *DIAWRAP* for home users. (April 2009)
- MKV Platech Co., Ltd. concluded an agreement to acquire agricultural high-tech business of TAIYO KOGYO CO., LTD. (May 2009)
- MKV Platech Co., Ltd., 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 agricultural material business, effective from July 1, 2009. (July 2009)
- Mitsubishi Plastics, Inc. launched an effluent treatment system, *HISHIBIOTANK*, which eliminates suspended solids generated throughout the manufacturing process of livestock food products. (July 2009)
- Mitsubishi Plastics, Inc. developed *AQSOA*, an desiccant air-conditioning equipment" for dehumidification and humidification, which enables 20% of energy conservation compared to

a general air-conditioning equipment, and test-marketed it. (July 2009)

- Mitsubishi Plastics, Inc. launched developed a special casting technology to produce high-performance aluminum ingots characterizing weaker deformation resistance and high elongation, and launched *ALFINE*, aluminum ingots using the developed technology. (August 2009)
- Mitsubishi Plastics, Inc. and the founders group of Quadrant AG established a joint venture, Aquamit B.V. as a holding company, and acquired Quadrant's shares through a public tender offer and made Quadrant its consolidated subsidiary. (August 2009)
- Mitsubishi Chemical Corporation acquired additional shares of The Nippon Synthetic Chemical Industry Co., Ltd. and made it its consolidated subsidiary. (September 2009)
- Mitsubishi Plastics, Inc. developed the industry's first heat-insulation container, *HISHI CONTAINER ASKOC* that is foldable and repeatedly washable, and announced to launch it in October 2009. (September 2009)
- Mitsubishi Plastics, Inc. launched *DIA PARTITION*; portable partition applied titanium dioxide with photocatalytic functions in the surface. (October 2009)
- Dia Moulding Slovakia s.r.o. completed a production facility for injection moldings and started the productions. (October 2009)
- Mitsubishi Plastics, Inc. launched the high-gas barrier film for back sheet of photovoltaic panels, *BACK-BARRIER*. (October 2009)
- Mitsubishi Plastics, Inc. developed and launched new grades for the biaxial oriented nylon film including high gas barrier layer, *SUPERNYL* "EH grade" improved oxygen barrier properties and "EHP grade" with pinhole resistance. (November 2009)
- Astro Corporation launched a new series of artifitial turf for exterier use, *ASTRO GARDEN*, which was realized a texture like natural grass. (November 2009)
- Mitsubishi Plastics, Inc., Dai Nippon Printing Co., Ltd., and Sony Corporation jointly developed IC credit card which main raw material was bio-based polymer for the first time in the world, and the card has obtained permission of usage from MasterCard Worldwide. (November 2009)
- Mitsubishi-Kagaku Foods Corporation reached an agreement with Nagata Sangyo Group to acquire 30% of HBI Enzymes Inc.'s outstanding shares owned by Nagata Sangyo. (November 2009)
- Mitsubishi Plastics, Inc. established Mitsubishi Plastics Asia Pacific Pte. Ltd. in Singapore as a business base for structuring business strategies and sales of aluminum-plastic composite materials, *ALPOLIC*, in Asia Pacific region. (December 2009)
- Mitsubishi Plastics, Inc. developed and launched *ALPOLIC* DB and *ALPOLIC* DB Light, sandwiched hard foamed urethane between aluminum-plastic composite materials used for sliding doors on the flank and rear doors of the refrigerator car and the truck transporting

beverages. (December 2009)

- Mitsubishi Chemical Corporation announced to absorb its wholly-owned subsidiary, Japan Epoxy Resins Co., Ltd. as of April 1, 2010. (January 2010)
- Mitsubishi Chemical Corporation (MCC) and Calgon Carbon Corporation agreed on that MCC transfers a portion of shares of their venture, Calgon Mitsubishi Chemical Corporation (CMCC) owned by MCC to CMCC and begins its operation as Calgon Carbon Japan KK (CCJ) at the end of March 2010 and the remaining portion of shares owned by MCC will be thereafter transferred to CCJ at the end of March 2011. (February 2010)
- MKV DREAM CO., LTD. launched a biodegradable multi film for agriculture, *CAELUCCI* which promises not only to reduce the stripping off time but also to be environmental friendly without waste plastic processing. (March 2010)

<u>Health Care Segment, Health Care Domain</u>

(Pharmaceuticals, Diagnostic reagents and instruments, Clinical testing)

Net sales in this segment increased by ¥7.3 billion, or 1.5%, to ¥504.4 billion. Operating income decreased by ¥7.8 billion, or 9.8 %, to ¥71.5 billion due to an increase in R&D expenditure.

In the pharmaceutical business, net sales increased, as a result of favorable domestic sales of *Remicade*, an anti-TNF α monoclonal antibody; *Talion*, a treatment for allergic disorders, as well as an increased sales volumes of vaccine and generic drugs, despite that sales of pharmaceuticals for overseas medical care was decreased due to the influence of exchange rate fluctuations. Net sales decreased in clinical testing, but net sales increased in diagnostic reagents and instruments due to an increase in sales volumes of influenza diagnostic products.

Major initiatives in the Health Care Segment during fiscal 2009 included:

- 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 Reliev 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 a 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 Corporation launched 6 ingredients of generic drugs that were

newly included in NIH price listing. (May 2009)

- Mitsubishi Tanabe Pharma Corporation 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 Corporation began MR activities using an electric vehicle, *i-MiEV*. (July 2009)
- Mitsubishi Tanabe Pharma Corporation and Vertex Pharmaceuticals Incorporated announced that they have amended their agreement for developing and commercializing MP-424, an oral inhibitor of Hepatitis C virus protease. (July 2009)
- Taiwan Tanabe Seiyaku Co., Ltd. and P.T. Tanabe Indonesia, consolidated subsidiaries of Mitsubishi Tanabe Pharma Corporation announced that the companies have concluded agreements on 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 University of Tsukuba on joint implementation of “Tsukuba Medical Laboratory of Education and Research” at Tsukuba University Hospital. (September 2009)
- Mitsubishi Tanabe Pharma Corporation 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 Corporation established a pharmaceutical sales and marketing company, MT Pharma America, Inc., and, at the same time, reorganized Group companies in the US. (October 2009)
- Mitsubishi Tanabe Pharma Corporation launched orally disintegrating “*CEREDIST* OD Tablets 5” as an additional formulation of “*CEREDIST* Tablets 5” (non-proprietary name: Taltirelin hydrate). (October 2009)
- Mitsubishi Tanabe Pharma Corporation announced to commence construction of a new building for the Medicinal Chemical Laboratory, on the premises of the Yokohama Office. (December 2009)
- Mitsubishi Tanabe Pharma Corporation 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 Corporation received, as of January 15, 2010, approval for the manufacture and marketing of “*RADICUT* BAG for I.V. infusion 30 mg,” a new dosage form of “*RADICUT* injection 30mg,” a cerebral neuroprotectant. (January 2010)
- Mitsubishi Tanabe Pharma Corporation 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 Segment, Chemicals Domain
(Basic petrochemicals, Chemical derivatives, Synthetic fiber materials, Carbon products, Fertilizers)

Net sales in this segment decreased by ¥289.3 billion, or 26.9%, to ¥785.7 billion. Operating income increased by ¥62.8 billion to ¥7.3 billion due to an improvement of a spread between major raw material and product price in terephthalic acid, and a recovery in inventory valuation losses in basic petrochemicals and chemical derivatives, despite the influence of inventory valuation losses in accordance with a fall in the price of coal.

The production volume of ethylene, a basic raw material of petrochemicals, increased by 13.6% to 1,146 thousand tons due to a recovery in demand. In basic petrochemicals, chemical derivatives, and synthetic fiber materials, net sales drastically decreased due to a fall in the sales price in accordance with a substantial fall in the price of raw materials and fuels and a decrease in demand. In carbon products, net sales of blast furnace coke drastically decreased due to a decrease in sales volumes and a fall in the price linked to the price of coal as raw material. In fertilizers, net sales decreased due to that Mitsubishi Chemical Agri, Inc. became a non-consolidated subsidiary of Mitsubishi Chemical Corporation as of October 2009.

Major initiatives in the Chemicals Segment during fiscal 2009 included:

- Mitsubishi Chemical Corporation resolved to withdraw from styrene monomer business. (May 2009)
- Mitsubishi Chemical Corporation and Asahi Kasei Chemicals Corporation resolved to establish a joint venture to unify their naphtha cracking operations in Mizushima area and study on optimizing their efficiencies. (June 2009)
- Mitsubishi Chemical Corporation concluded an agreement with Chisso Corporation and Asahi Kasei Chemicals Corporation on a consolidation of fertilizer businesses. (August 2009)
- Mitsubishi Chemical Corporation completed construction of a production facility for PTMG in the Ningbo Daxie Development Zone, China and started its operation. (November 2009)
- Mitsubishi Chemical Corporation completed construction of a production facility for propylene (olefins conversion unit) at the Kashima Plant. (November 2009)
- Mitsubishi Chemical Corporation and JGC Corporation reached a mutual agreement to

construct a pilot plant and study the commercialization for the jointly developed propylene production process. (November 2009)

Polymers Segment, Chemicals Domain

(Neat resins and compounds)

Net sales in this segment decreased by ¥93.9 billion, or 16.4%, to ¥479.1 billion. Operating income decreased by ¥8.7 billion to an operating loss of ¥21.7 billion due to a decrease in sales volumes and inventory valuation losses in accordance with a fall in the price of raw materials and fuels.

In synthetic resins, net sales decreased due to the lower sales price in accordance with a fall in the price of raw materials and fuels, despite an expansion of the fiscal period of Japan Polychem Corporation from 12 months to 15 months.

Major initiatives in the Polymers Segment during fiscal 2009 included:

- Mitsubishi Chemical Corporation resolved to withdraw businesses related to vinyl 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 Corporation resolved to withdraw from caprolactam business. (May 2009)
- Mitsubishi Chemical Corporation resolved to construct a pilot plan at the Kurosaki Plant in order to develop and mass produce biomass-based polycarbonate. (May 2009)
- Mitsubishi Chemical Corporation (MCC) and Royal DSM N.V. (DSM) announced the signing of a memorandum of understanding (MOU) on the exchange of high-performance product businesses. Under the MOU, MCC will exchange its nylon business, operated mainly in Japan and Asia by MCC and Mitsubishi Engineering Plastics Corporation for a polycarbonate business operated mainly in Europe by DSM Engineering Plastics. The companies have started a detailed study of the exchange, aiming for reinforcing each company's competitiveness. (May 2009)
- Mitsubishi Chemical Corporation announced to transfer all the shares of PS Japan Corporation owned by the company to Asahi Kasei Chemicals Corporation and Idemitsu Kosan Co., Ltd. and withdraw from polystyrene business. (July 2009)
- Mitsubishi Chemical Corporation announced the signing of a memorandum of understanding with PTT Public Company Limited on jointly conducting a study for business development of

bio-polybutylene succinate, a bio-degradable polymer, made from biomass resources in Thailand. (September 2009)

- Mitsubishi Chemical Corporation acquired all the shares of Sunprene (Thailand) Co., Ltd. that manufactures and markets PVC compounds, owned by Thai Nam Plastic (Public) Company Limited, and made Sunprene a wholly-owned subsidiary. (December 2009)
- Mitsubishi Chemical Corporation resolved to expand a production facility for PVC compounds at its subsidiary, APCO (SUZHOU) Co., Ltd. (Suzhou, Jiangsu, China). (January 2010)
- Mitsubishi Chemical Corporation and Royal DSM N.V. concluded an agreement on exchanges that Mitsubishi Chemical acquires a polycarbonate business operated by DSM Engineering Plastics and in turn divests its nylon business to DSM Engineering Plastics scheduled for May 2010. (February 2010)

Others
(Engineering, Logistics)

Net sales in this segment decreased by ¥18.2 billion, or 11.4%, to ¥141.8 billion. Operating income decreased by ¥2.6 billion, or 29.5%, to ¥6.2 billion.

In logistics and engineering service, net sales decreased due to the decline of external orders.

Group in General

Major initiatives in the Group in general other than the above-mentioned segments during fiscal 2009 included:

- Mitsubishi Chemical Corporation announced a basic agreement with China Petroleum and Chemical Corporation to establish a strategic business partnership. The partnership resulting from this agreement will cover joint research, project tie-ups, raw material and finished product supplies, engineering, logistics, technological information exchanges, and human resource exchange in petrochemical field, reduction of CO_2 emissions and effective use of CO_2, and others. (April 2009)
- Mitsubishi Chemical Corporation issued the 38th domestic straight bonds [Total bond issue: ¥10 billion; period: 10 years] and the 39th domestic straight bonds [Total bond issue: ¥15 billion; period: 5 years] (August 2009)
- Mitsubishi Plastics, Inc. issued the 5th domestic straight bonds [Total bond issue: ¥10 billion; period: 5 years] and the 6th domestic straight bonds [Total bond issue: ¥5 billion; period: 10 years] (September 2009)

- Mitsubishi Chemical Corporation acquired additional shares of TAIYO NIPPON SANSO CORPORATION and made it its equity method affiliate. (September 2009)
- Mitsubishi Chemical Holdings Corporation reached an agreement with Mitsubishi Rayon Co., Ltd. to integrate management with the ultimate objective of making Mitsubishi Rayon a wholly owned subsidiary. (November 2009)
- Mitsubishi Chemical Corporation agreed on the joint research on composite materials utilizing biomass nanofiber cellulose and polymer with Oji Paper Co., Ltd.. (January 2010)
- Mitsubishi Chemical Corporation launched a container vegetable factory that the vegetable factory system was set in a 40-foot container. (January 2010)
- Mitsubishi Chemical Corporation announced to market building integrated photovoltaics (BIPV), *Gioa* sheet PV from April 2010. (February 2010)
- Mitsubishi Chemical Holdings Corporation announced on commencement of tender offer for shares of Mitsubishi Rayon Co., Ltd. in February 2010 and the results of tender offer as well as making Mitsubishi Rayon its consolidated subsidiary in March 2010. (February and March 2010)

2) Business Forecast for the Fiscal Year Ending March 31, 2011 (Fiscal 2010)

The Japanese economy in fiscal 2010 is expected to move toward moderate recovery by an increase in export to mainly Asian countries and the recovery in production, while there is concern about the stagnation in corporate capital expenditure and consumer spending and the overseas economic downturn.

Under the circumstances, during the final year of the mid-term management plan, *APTSIS 10*, the Mitsubishi Chemical Holdings Group will accelerate business portfolio reformation and will execute various measures for sustainable growth such as development of high-performance and high-value added products, strategic business acquisitions and alliances, reinforcement of overseas business, and solid financial foundation building, in order to flexibly respond to changes in industry and market structures, as well as continued execution of thorough cost reduction and asset reduction toward earnings recovery. In next-generation growth businesses that are at the core of the innovation strategy of *APTSIS 10*, the Group will accelerate early monetization by preferentially allocating resources to white LEDs that are expected substantial growth in demand for the next-generation LCDs and lighting, as well as lithium-ion battery materials for hybrid electric vehicles. In addition, the Group will realize effect of acquisition of Mitsubishi Rayon Co., Ltd. that became a consolidated subsidiary in March 2010, and will strengthen competitiveness in carbon fiber, water treatment, and specialty chemicals.

As for the forecast for the consolidated business results for fiscal 2010 compared to fiscal 2009, net sales is expected to increase and will amount to ¥3,250.0 billion (¥734.9 billion increase). Operating income is expected to increase and will amount to ¥156.0 billion (¥89.7 billion increase). Ordinary income is expected to increase and will amount to ¥138.0 billion (¥79.0 billion increase). Net income is expected to increase and will amount to ¥41.0 billion (28.2 billion increase).

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

(Billions of yen)

	Actual results for fiscal 2009	Forecast for fiscal 2010
Capital investment	119.0	140.0
Depreciation	129.6	151.0
R&D expenses	136.9	140.0
Exchange rate (¥/$)	94	90
Naphtha (¥/kl)	41,200	51,000

3) Progress in the Mid-term Management Plan

Buffeted by severe business environment, the Mitsubishi Chemical Holdings Group revised the basic strategies of the three-year mid-term management plan, *APTSIS 10* (fiscal 2008 to fiscal 2010) in June 2009 focusing on responding rapidly to business contraction, undertaking structural reform, and accelerating the pace of innovation and investment for growth. Toward earnings recovery, the Group has taken measures: revision of resource allocation to execute focused capital expenditure and R&D, business structure reform such as withdrawal from unprofitable businesses, and strengthening international competitiveness by strategic alliances with overseas leading companies. Further, the Group has reinforced its marketing force as a solution-provider in each market, and has executed thorough cost reduction and asset reduction.

4) Numeral Targets

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

	Targets for fiscal 2010	Actual results for fiscal 2009
Operating income	≧¥190.0 billion	¥66.3 billion
ROA (Income before income taxes)	≧6.0%	1.4%
CO_2 emission reduction (Unit energy consumption)	20% vs. 1990	*

*The Group has not achieved the amount of CO_2 emission reduction, due to deterioration in economic conditions.

(2) Consolidated Financial Position

1) Financial Position for Fiscal 2009

The consolidated assets were ¥3,355.1 billion, an increase of ¥614.2 billion compared to fiscal 2008. The increase was primarily due to that Mitsubishi Chemical Holdings Corporation took over the assets of ¥552.8 held by Mitsubishi Rayon Co., Ltd. in accordance with making Mitsubishi Rayon its consolidated subsidiary, recorded goodwill of ¥77.1 billion as intangible fixed asset, and made an affiliate accounted for by the equity method, The Nippon Synthetic Chemical Industry Co., Ltd. its consolidated subsidiary.

Total consolidated liabilities were ¥2,322.2 billion, an increase of ¥521.4 billion compared to fiscal 2008. The increase was primarily due to Mitsubishi Chemical Holdings Corporation succeeded liabilities of ¥412.4 billion held by Mitsubishi Rayon and an increase in interest-bearing debts in accordance with tender offer for shares of Mitsubishi Rayon.

The net assets were ¥1,032.9 billion, an increase of ¥92.8 billion compared to fiscal 2008. The increase was primarily due to factors: shareholders' equity increased in accordance with the amount of ¥12.8 billion was recorded as net income; and minority interest was increased by ¥88.3 billion in accordance with making Mitsubishi Rayon the consolidated subsidiary, in spite of dividend payments.

As a result, the equity ratio was 20.0%, down 4.4% point compared to fiscal 2008 and the debt-equity ratio became 2.16, rose 0.61 compared to fiscal 2008.

2) Consolidated Statements of Cash Flows for Fiscal 2009

The free cash flow, which consists of cash flows from operating and investing activities, was an expenditure of ¥210.9 billion, an increase of ¥97.8 billion in expenditure compared to fiscal 2008.

The net cash provided by operating activities totaled ¥116.1 billion, an increase of ¥39.9 billion in income compared to fiscal 2008. The increase was due to that income before income taxes of ¥43.3 billion and depreciation.

The net cash flow used in investing activities was ¥327.0 billion, an increase of ¥137.8 billion compared to fiscal 2008. The increase was primarily due to the tender offer for shares of Mitsubishi Rayon, an increase in capital expenditure and purchases of securities and investment securities by managing cash reserves.

The net cash generated in financing activities was ¥94.4 billion, a decrease of ¥85.1 billion in income compared to fiscal 2008. The decrease was primarily due to an increase in short- and long-term debts and issuing commercial papers, despite divided payments and redemption of corporate bonds.

Cash and cash equivalents as of March 31, 2010 stood at ¥112.6 billion, a decrease of ¥113.8 billion compared to fiscal 2008.

3) Forecast for Consolidated Statements of Cash Flows for Fiscal 2010

The consolidated income before income taxes for fiscal 2010 is expected to be ¥116.0 billion. The Mitsubishi Chemical Holdings Group will strive to recover profits and improve continuously financial standings, by control of capital expenditure and others.

4) Cash Flow Ratios

	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009
Ratio of shareholders' equity to total assets (%)	30.7	29.9	24.4	20.0
Ratio of market value shareholders' equity to total assets (%)	59.2	32.8	16.9	19.5
Debt payment year (year)	11.7	5.3	13.6	12.5
Interest coverage ratio (%)	532.1	987.1	550.9	868.7

・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 fiscal 2009. Though this situation seems to continue, it is expected to move toward moderate recovery with the advancement of inventory adjustment in fiscal 2010. In the Health Care domain, the medical cost restraint is expected to continue.

As a result, with respect to the dividends for fiscal 2009, Mitsubishi Chemical Holdings Corporation intends a year-end dividend of ¥4 per share considering business results of fiscal 2009, retaining of sufficient internal reserves for the future business developments and results of consolidated cash flows. Together with the interim dividend of ¥4 per share, this will results in an annual dividend of ¥8 per share.

With respect to the dividends for fiscal 2010, 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*. Toward a realization of healthy, comfortable, and sustainable society, the Group will provide products, technologies, and services focused on resource saving, energy conservation, and the global environment by integrating broad-ranging technological competence and advanced products of the Group. Through activities of “KAITEKI” project, the Group will actively respond to global environmental issues including reduction of greenhouse gas emissions.

(2) Management Indices

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

(3) Mid- and Long-term Management Strategy

Mitsubishi Chemical Holdings Corporation, a holding company strives for further improvement of its corporate value including group companies, through formulation of strategies, optimum allocation of management resources, and business supervision in the Group. Also, 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.

(4) Challenges

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, secure reliability of financial reporting, and strengthen internal control, to become the Group trusted in society.

On April 13, 2010, Mitsubishi Tanabe Pharma Corporation and its subsidiary Bipha Corporation received an administrative action, suspension of business and an order for improvement, from the Ministry of health, Labour and Welfare in regard to a violation of the Pharmaceutical Affairs Act. As its holding company, we deeply regret all of the inconvenience and concern that we caused, and offer our sincere apologies to shareholders. The Mitsubishi Tanabe Pharma Group has reflected deeply on the problems related to the incident. Moving forward, the Mitsubishi Tanabe Pharma Group will work together to recheck all operations from the viewpoint of “securing safety and quality” as an enterprise in a life-related industry. With consideration for the advice of the outside investigation committee, they will give the highest priority to business improvement and recurrence prevention. By continuing and redoubling these efforts, they will work to regain the trust of society as a pharmaceutical company. Also, as the holding company, we will provide them the advice necessary.

The Mitsubishi Chemical Holdings Group, under the holding company Mitsubishi Chemical Holdings Corporation, will respond to above-mentioned challenges with the Group concerted efforts and concentrate on recovery and improvement in business performance, and will make efforts to further enhance its corporate value and shareholder value.

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] and [16] through [17] hereof.