

NOTE:

Please note that this is a summary translation of the Notice of Meeting in Japanese only for the reference of foreign investors and is not official texts and the Card for Exercise of Voting Rights is not attached.

The official Notice has been mailed to the custodian in Japan of each foreign shareholder.

The company is not responsible for the accuracy or completeness of the translation.

June 4, 2012

To Shareholders:

**Notice of the Seventh Ordinary General Meeting of Shareholders**

On behalf of the Board, I would like to thank you, our shareholders, for your continued support.

Mitsubishi Chemical Holdings Corporation (hereinafter the “Company” or “MCHC”) cordially invites you to attend the Seventh Ordinary General Meeting of Shareholders to be held on the date and at the venue specified below.

If you are unable to attend the meeting, please refer to the “Reference Materials for the General Meeting of Shareholders” attached hereto and exercise your voting rights by one of the following methods.

1. Vote-By-Mail

If you vote by mail, please indicate your approval or disapproval of the proposals on the enclosed Card for Exercise of Voting Rights and return it to the Company to arrive by 5:45 p.m. on June 25, 2012.

2. Vote-By-Electromagnetic Method (Using the Internet etc.)

If you vote by Internet, please refer to the “3. Procedures for Exercising Voting Rights via the Internet” on pages 3 and 4 of this notice and indicate your approval or disapproval of the proposals by 5:45 p.m. on June 25, 2012.

**(Supplemental Note: Foreign investors, who hold the Company’s shares through custodians in Japan, may not vote by mail or Internet. The official Notice and the Card for Exercise of Voting Rights have been mailed to each custodian in Japan. The foreign investors are kindly requested to indicate their agreement or disagreement on the proposals to the custodians.)**

Sincerely yours,

Yoshimitsu Kobayashi, President & CEO  
Mitsubishi Chemical Holdings Corporation

- 1. Date** Tuesday, June 26, 2012, from 10:00 a.m.  
**2. Venue** Royal Park Hotel, 3rd Floor, Royal Hall  
1-1, Nihonbashi Kakigara-cho 2-chome, Chuo-ku, Tokyo

### **3. Agenda**

#### Matters to be Reported

- Item 1. The contents of Business Report, Consolidated Financial Statements, and results of audit by Accounting Auditors and Board of Corporate Auditors of Consolidated Financial Statements for the seventh fiscal year from April 1, 2011, to March 31, 2012
- Item 2. The contents of Financial Statements for the seventh fiscal year from April 1, 2011, to March 31, 2012

#### Matters to be Resolved

- Agendum 1. Appropriation of Retained Earnings  
Agendum 2. Partial Amendment to Articles of Incorporation  
Agendum 3. Election of Eight Directors  
Agendum 4. Election of One Corporate Auditor

### **4. Guidance Notes on the Exercise of Voting Rights**

Please refer to “Exercise of Voting Rights” on pages 3 and 4 of this notice.

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1. When attending the meeting, please submit the enclosed Card for Exercise of Voting Rights to reception at the meeting venue.

2. Pursuant to the relevant laws and ordinances and Article 17 of MCHC’s Articles of Incorporation, the Notes to the Consolidated Financial Statements and the Notes to the Non-Consolidated Financial Statements are posted on MCHC’s website (<http://mitsubishichem-hd.co.jp/>), and hence are not presented as attachments to this Notice of the Seventh Ordinary Meeting of Shareholders

**(Supplemental Note: This English translation file contains the Notes to the Consolidated Financial Statements and the Notes to the Non-Consolidated Financial Statements)**

3. Please be aware that if it becomes necessary to revise information contained in the Reference Materials for the General Meeting of Shareholders, Business Report, Financial Statements, or Consolidated Financial Statements, the revised information will be posted on the MCHC’s website (<http://www.mitsubishichem-hd.co.jp/>).

## **Exercise of Voting Rights**

### **1. Exercising Voting Rights by Proxy**

If you are unable to attend the Ordinary General Meeting of Shareholders, you may exercise voting rights by a proxy who is also a shareholder with voting rights. Please be aware that a written statement attesting to the right of proxy must be submitted.

### **2. Handling of Redundant Voting**

In the case where the Card for Exercise of Voting Rights is submitted by mail and voting rights are exercised through an electromagnetic method (via the Internet, etc.), votes placed through an electromagnetic method will be considered effective.

If voting rights are exercised multiple times through an electromagnetic method, the final vote cast will be considered effective.

### **3. Procedures for Exercising Voting Rights via the Internet**

- 1) Please exercise your voting rights via the Internet only after reviewing the following information. If anything is unclear, please contact the help desk stated in section 3) a. below.
  - a. Voting rights can be exercised via the Internet only by accessing our Internet voting website (<http://www.evotep.jp/>) through a computer, a smartphone or a mobile phone (i-mode, EZweb, or Yahoo! Keitai). (Please note that votes cannot be cast from 2:00 a.m. to 5:00 a.m. each day.)
    - \* i-mode, EZweb, Yahoo! are registered trademarks of NTT DOCOMO, Inc., KDDI Corporation, and U.S. Yahoo! Inc., respectively.
  - b. You may not be able to vote through the website depending on your Internet usage environment, such as if you connect to the Internet through a firewall, have anti-virus software installed, or use a proxy server.
  - c. Please use any one of following service to exercise your voting right: i-mode, EZweb or Yahoo! Keitai. Please note that the website is not compatible with mobile phones that are not SSL-enabled or cannot send and receive the mobile phone's terminal ID information.
  - d. Use the Login ID and Temporary Password indicated on the right-hand side of the Card for Exercise of Voting Rights and indicate your approval or disapproval following the instructions on the screen. Please be aware that in order to prevent improper access or vote altering by non-shareholders you will be asked to change your Temporary Password on the voting site the first time you log in. The Login ID and

Temporary Password are only effective for this General Meeting of Shareholders.

- e. In exercising your voting rights via the Internet you may be required to pay connection charges to your Internet provider or communications charges (phone charges) to your communications carrier. Please be aware that you are responsible for such charges.
- 2) Shareholders who have participated in the Electronic Platform to Exercise Voting Rights for Institutional Investors operated by ICJ, Inc. can exercise their rights via the said platform.
- 3) Inquiries
    - a. Inquiries regarding the exercise of voting rights via the Internet  
Mitsubishi UFJ Trust and Banking Corporation  
Stock Transfer Agency Division (Help Desk)  
Phone: 0120-173-027 (toll-free, within Japan only)  
Hours: 9:00 a.m. to 9:00 p.m. (including weekends and holidays)
    - b. Other inquiries  
Mitsubishi UFJ Trust and Banking Corporation  
Stock Transfer Agency Division  
Phone: 0120-232-711 (toll-free, within Japan only)  
Hours: 9:00 a.m. to 5:00 p.m. (excluding weekends and holidays)

(Attachment)

**Business Report**  
**(From April 1, 2011 to March 31, 2012)**

**1. Group Overview of Operation**

(1) Mitsubishi Chemical Holdings Group

Under the leadership of Mitsubishi Chemical Holding Corporation (the “Company” or “MCHC”), the MCHC Group conducts business activities in the three business domains of performance products, health care, and industrial materials, with Mitsubishi Chemical Corporation. (“MCC”), Mitsubishi Tanabe Pharma Corporation. (“MTPC”), Mitsubishi Plastics, Inc. (“MPI”) and Mitsubishi Rayon Co., Ltd. (“MRC”) serving as its four core operating companies.

In particular, MCHC, as the holding company, strives to enhance the Group’s corporate value further by formulating Group-wide strategies, optimally allocating management resources, supervising business management, and taking other initiatives. The KAITEKI Institute, Inc. a wholly and directly owned subsidiary of the Company, conducts its activities as a research institute dedicated to the tasks of dealing with issues that are expected to face our society 20 to 50 years from now and of making proposals on the future orientation and business deployment of the MCHC Group.

MCHC plans to acquire the shares of MCFA Inc., a wholly-owned subsidiary of MCC, in June of this year, thereby turning MCFA Inc. into its directly and wholly-owned subsidiary that performs the financing functions including money management services for the entire MCHC Group.

(2) Business Development and Performance

The Japanese economy during the fiscal year under review was on a mild recovery path amid the lingering aftermaths of the Great East Japan Earthquake, as the supply chain was rebuilt steadily and corporate production activities and consumer spending began to pick up. However, the business conditions grew adverse in the second half year due to the continuously strong yen and a slowing down of the overseas economy triggered by the European sovereign debt crises and the impact caused by the flood in Thailand.

With respect to the business environment surrounding the MCHC Group, the business conditions for the performance products and industrial materials domains turned out to be difficult due to the persistently strong yen and a sharp decline in demand in overseas markets including China, in addition to the impact of the Great East Japan Earthquake.

Meanwhile, the health care domain performed generally favorably thanks to robust market demand although it was affected by the earthquake.

During the fiscal year under review, the MCHC Group made all-out efforts to recover and rebuild those manufacturing bases which had been damaged by the earthquake as early as possible. At the same time, under “APTSIS 15,” the new medium-term management plan for five years beginning the fiscal year under review, the Group sought to reinforce its corporate constitution by bolstering its collective strengths through concerted actions of its member companies and continuing business structure reforms. In addition, the MCHC Group endeavored to bolster high-performing and high value-added businesses and expand businesses including white LEDs and lithium-ion batteries materials that would help to bring about a sustainable society. It also actively implemented measures such as cutting costs drastically and re-examining capital expenditures, as well streamlining assets.

As a result of these measures and initiatives, the MCHC Group’s consolidated net sales for the fiscal year under review amounted to ¥3,208.1 billion (up ¥41.3 billion year on year) as fiscal terms were changed at some of its overseas subsidiaries although the performance products and industrial materials domains suffered negative impacts of reduced market demand. However, as the business environment for the performance products and industrial materials domains deteriorated sharply during the second half-year, consolidated operating income and consolidated ordinary income stood at ¥130.5 billion (down ¥95.9 billion year on year) and at ¥133.6 billion (down ¥90.2 billion year on year), respectively. Consolidated net income came in at ¥35.4 billion (down ¥48.0 billion year on year) as the deferred tax assets and liabilities were reversed in the wake of the promulgation of the amended Corporation Tax Act and the Act on Special Measures for Securing Financial Resources Necessary for Reconstruction from the Great East Japan Earthquake.

Information for each segment follows below.

### **Performance Products Domain**

#### **Electronics Applications Segment**

In recording media, the sales volume of flash memory devices increased, but net sales decreased sharply due to the decrease in the sales volume of DVDs and external hard disk drives, general downturn in their sale prices and also the adverse impacts of the yen’s appreciation. In electronics-related products, the sales volume and net sales of display materials decreased due to the sluggish market demand for flat panel displays. Regarding imaging supplies, sales of business equipment-use printing supply, including organic photo conductor (OPC) drums and toners were generally favorable, though net sales decreased

due to the adverse impacts of the yen's appreciation.

As a result, net sales for the segment stood at ¥133.7 billion (down ¥18.6 billion year on year), and an operating loss of ¥5.3 billion (down ¥6.2 billion year on year) was incurred.

In July 2011, Mitsubishi Kagaku Media Co., Ltd. commenced domestic marketing of LED bulbs with light control features.

### **Designed Materials Segment**

Although the sales volume of designed materials for food ingredients decreased at home, net sales were on a par with those of the previous fiscal year as overseas demand remained robust. Net sales of battery materials increased as the sales volume increased, reflecting also the substitute demand after the earthquake, although their sale prices had been on a declining trend. Net sales of fine chemicals decreased due to the general downturn in market demand. Net sales of polymer-processing products were on a par with those of the previous year as the sales volume of engineering plastic products increased, while that of polyester film sheets for flat panel displays decreased sharply. Among composite materials, net sales of both carbon fibers and alumina fibers increased sharply in step with the expansion of market demand. Net sales of inorganic chemicals decreased sharply due to the decline in the sales volume attributable to the impact caused by the earthquake of March 2011 and the sluggish market demand in the second half-year. Net sales of fibers increased thanks to the increased sales volume.

As a result, net sales for the segment amounted to ¥661.2 billion (up ¥3.7 billion year on year), but operating income stood at ¥24.0 billion (down ¥12.4 billion year on year) primarily due to the sluggish market demand for products for use in flat panel displays.

In August 2011, MPI decided to add manufacturing facilities of separators for lithium-ion batteries at its Nagahama Plant. In February 2012, MCC established a company for manufacturing and distributing electrolyte for lithium-ion batteries in China.

### **Health Care Domain**

#### **Health Care Segment**

The sales of *Remicade*, an anti-TNF-alpha monoclonal antibody, and *Maintate*, a selective beta-1 antagonist, and other drugs were favorable, and the royalty revenues from a therapeutic agent in multiple sclerosis and sales of the new products including *Telavic*, an antiviral chronic hepatitis C, also contributed to the increase in net sales. However, net sales of pharmaceuticals as a whole decreased slightly due to expanding impacts of generic drugs and a decline in orders which followed a temporary surge in orders at the end of the previous fiscal year after the earthquake. Sales of diagnostic reagents and instruments and

clinical testing were on a par with those of the previous fiscal year.

As a result, net sales for the segment amounted to ¥502.4 billion (down ¥2.4 billion year on year), and operating income stood at ¥76.3 billion (down 8.7 billion year on year) as selling, general and administrative expenses increased.

In November 2011, MTPC commenced marketing of *Telavic* Tablet 250mg, an antiviral chronic hepatitis C, and *Imusera* Capsule 0.5mg, an oral therapeutic agent for multiple sclerosis.

## **Industrial Materials Domain**

### **Chemicals Segment**

The production volume of ethylene as a basic raw material for petrochemical products amounted to 970 thousand tons, down 18.6% year on year, due to the closedown of the ethylene plant at MCC's Kashima Plant after the earthquake and due to the production cutback during the second half-year caused by a substantial decline in market demand. Net sales of basic petrochemicals and chemical derivatives decreased sharply due to a significant decline in the sales volume caused by the impact of the earthquake accompanied with the decreased market demand in the second half-year, despite price adjustments made in the wake of rising prices of raw materials and fuels. Sales of synthetic fiber materials increased significantly despite the decreased market demand for terephthalic acid in the second half-year, as overseas market conditions improved in step with the rise in the prices of raw materials and some of the overseas subsidiaries changed their fiscal terms. Looking at carbon products, net sales of coke increased substantially due to the rise in the sales prices that came in the wake of the increase in prices of coking coal, despite the decreased market demand.

As a result, net sales for the segment amounted to ¥1,007.4 billion (up ¥112.0 billion year on year), but operating income stood at ¥14.8 billion (down ¥38.1 billion year on year) primarily due to the reduced price variance between the raw materials and final products.

In September 2011, MCC agreed in principle with the Posco Group (South Korea) and Mitsubishi Corporation to establish a joint venture company in South Korea to manufacture and distribute needle coke, and entered into a formal joint venture agreement in March 2012.

### **Polymers Segment**

In synthetic resins, the sales volume of acrylic resin decreased substantially due to the adverse impacts of decreased market demand for light guiding panels, and weak market condition due to the decreased market demand for MMA monomer in the second half-year,

and besides, due to the impact of the earthquake and the decreased market demand during the second half-year, the sales volumes of polyolefin and that in phenol-polycarbonate chain decreased and market conditions in phenol-polycarbonate chain worsened. Under these circumstances, sales of synthetic resins decreased.

As a result, net sales for the segment amounted to ¥697.2 billion (down ¥33.9 billion year on year), and operating income stood at ¥25.4 billion (down ¥29.6 billion year on year) primarily due to the reduced price variance between the raw materials and final products.

In May 2011, MRC agreed in principle with Saudi Basic Industries Corporation. (Saudi Arabia) to establish a joint venture company for manufacturing MMA monomer and acrylic resin forming materials.

### **Others**

The engineering business remained robust while net sales from the logistics business decreased due to the impact of the earthquake. Net sales from the other businesses decreased due to the termination of some purchase and resale business.

As a result, net sales for the segment decreased to ¥205.8 billion (down ¥19.3 billion year on year), while operating income increased to ¥6.1 billion (up ¥1.5 billion year on year) .

### (3) Outstanding Issues

While the Japanese economy is still faced with difficult conditions following the Great East Japan Earthquake, capital expenditures and consumer spending are expected to come out of a slump against the backdrop of monetary easing and various other business-stimulating policies, and business conditions seem likely to get on a mild track to recovery. For the time being, however, the situation remains in the balance given the downside risks associated with concerns over declining economic conditions overseas, rapid exchange fluctuations and soaring crude oil prices.

Under such a business environment, we at the MCHC Group uphold the basic policy of “Grow, Innovate, and Leap Ahead by orchestrating the Group strengths” under our medium-term management plan called “APTSIS 15.” We will work on generating synergistic effects of the MCHC Group at an early opportunity through concerted efforts of group companies in such business areas as carbon fibers, specialty chemicals, water treatment, lithium-ion battery materials, and health care solutions. Furthermore, in order to survive the intensifying global competition, we will strive to reinforce and enhance internationally competitive businesses by means of innovation (through development of new products and services and cultivation of new markets) and differentiation, and to

simultaneously implement further business structural reform initiatives and build an ever stronger financial footing.

Business enterprises are expected to make proactive efforts to solve global problems such as depletion of natural resources and protection of the global environment and to bring about a sustainable society. To this end, we at the MCHC Group introduced last year “Management of Sustainability” (MOS) where our contribution towards sustainability of people, society and the Earth is identified as an important management cornerstone with a view to realizing “KAITEKI” or a truly sustainable state of affairs that would be equally and equitably comfortable to people, society and the Earth. In order to make “KAITEKI” come true, we will make efforts to have MOS even more prevailing and quantified, and have each organizational unit put MOS into practice.

Furthermore, in the hope of becoming a corporate group deserving the trust of society, the MCHC Group will ensure safety for all of its corporate and individual members, drive home the significance of compliance and risk management to all employees once again, and seek to bolster internal control including assuring reliability of financial reporting.

In May 2012, we plan to relocate and bring together the head offices of MCC, MPI and MRC as well as certain part of MTPC’s offices in Tokyo, all of which have heretofore been scattered in diverse locations, into one new office building in Chiyoda-ku, Tokyo, and MCHC itself is planning to move into the same building in July 2012. We hope thereby to speed up generation of the Group’s synergistic effects and achieve an effective and efficient organizational operation.

Under the Group philosophy of “Good Chemistry for Tomorrow - Creating Better Relationships among People, Society and Our Planet,” we at the MCHC Group are firmly committed to meeting the expectations of our valued shareholders by exerting all-out efforts to address these management issues, setting out to become a corporate group deserving the trust of society, improving and recovering our business performance, and further enhancing the Group’s corporate value and shareholder value. We would therefore appreciate being accorded with your continued support and guidance.

#### (4) Capital Expenditures

The MCHC Group’s aggregate capital expenditures for the fiscal year under review (from April 1, 2011 to March 31, 2012) stood at ¥116.1 billion, the majority of which was applied to construction of new and additional manufacturing facilities, renewal of existing facilities, and rationalization investments in other existing facilities.

The major new and additional facilities include the following:

a) Major facilities completed during the fiscal year under review

Performance Products Domain	
[Designed Materials Segment] MCC Sakaide Plant	Production facility for anode material for lithium-ion battery (addition)
MPI Sakaide Plant	Production facility for alumina fiber (addition)
MRC Otake Production Center	Production facility for carbon fiber (new)
Nippon Kasei Chemical Co., Ltd. Onahama Plant	Production facility for Triallyl isocyanurate (addition)
Qingdao Anode Kasei Co., Ltd. (China)	Production facility for anode material for lithium-ion battery (new)
Health Care Domain	
[Health Care Segment] Mitsubishi Tanabe Pharma Factory Ltd. Kashima Plant	Production facility for pharmaceutical products (new)
Benesis Corporation Kyoto Plant	Production facility for pharmaceutical products (new)
Industrial Materials Domain	
[Chemicals Segment]	
MCC Kurosaki Plant	Power equipment (rationalization)
MCC Sakaide Plant	Coke oven gas desulfurization equipment (new)
MCC Sakaide Plant	Coke oven dust collection system and other (renovation)
[Polymers Segment] MRC Otake Production Center	Production facility for acrylic sheet (enhancement)

b) Major facilities under construction

Performance Products Domain	
[Designed Materials Segment] MCC Yokkaichi Plant	Production facility for sugar ester (addition)
MPI Nagahama Plant	Production facility for separators for lithium-ion battery (addition)
MPI Santo Plant	Production facility for polyester film (enhancement)
MPI Sakaide Plant	Production facility for alumina fiber
The Nippon Synthetic Chemical Industry Co., Ltd. Kumamoto Plant	Production facility for Polyvinyl alcohol film (addition)
The Nippon Synthetic Chemical Industry Co., Ltd. Kumamoto Plant	Boiler facilities (renovation)
MC Ionic Solutions US. Inc. (US)	Production facility for electrolyte for lithium-ion battery (new)
MC Ionic Solutions UK. Ltd. (UK)	Production facility for electrolyte for lithium-ion battery (new)
Changshu Mitsubishi Lithium Battery Material Co., Ltd. (China)	Production facility for electrolyte for lithium-ion battery (new)
Qingdao Anode Kasei Co., Ltd. (China)	Production facility for anode material for lithium-ion battery (addition)
Mitsubishi Polyester Film Suzhou Co., Ltd (China)	Production facility for polyester film (new)

Industrial Materials Domain	
[Chemicals Segment] Dia-Nitrix Company, Limited Yokohama Plant	Bio-catalyst cultivation equipment (addition)
P.T. Mitsubishi Chemical Indonesia (Indonesia)	Power receiving equipment (new)
[Polymers Segment] MCC Kurosaki Plant	Isosorbide polymer production facility (facility conversion)
Lucite International Inc. (U.S.A)	Production facility for MMA monomer (facility conversion)
Lucite International Inc. (U.S.A)	Production facility for methacrylic acid (new)

(5) Fund Procurement

In the fiscal year under review (from April 1, 2011 to March 31, 2012), the MCHC Group procured the necessary funds by borrowing funds and issuing corporate bonds and commercial paper.

The sum total of the MCHC Group's borrowings, corporate bonds and commercial paper amount to ¥1,164.1 billion as of the end of the fiscal year under review, and the corporate bonds issued during the fiscal year are as follows:

(MCHC)

Issue name	Issue date	Aggregate issue amount
First unsecured corporate bond	September 2011	20 billion yen
Second unsecured corporate bond	September 2011	10 billion yen

(6) Significant Business Realignment

As part of the initiatives to reinforce its specialty chemicals business, MCC acquired additional shares of Chuo Rika Kogyo Corporation. and turned it into a consolidated subsidiary in November 2011 (MCC's equity investment ratio after additional acquisition: 52.3%) (Designed Materials Segment)

(7) Changes in the Conditions of Assets and Profit/Loss

Category	4th Term (Fiscal 2008)	5th Term (Fiscal 2009)	6th Term (Fiscal 2010)	7th Term (Year under Review; Fiscal 2011)
Net Sales (in billion yen)	2,909.0	2,515.0	3,166.7	3,208.1
Ordinary Income (in billion yen)	(1.9)	58.9	223.8	133.6
Net Income (in billion yen)	(67.1)	12.8	83.5	35.4
Net Income per Share (in yen)	(48.81)	9.32	58.72	24.06
Net Assets (in billion yen)	940.1	1,032.8	1,114.0	1,144.9
Net Assets per Share (in yen)	486.09	490.99	514.30	522.77
Total Assets (in billion yen)	2,740.8	3,355.0	3,294.0	3,173.9

Note: Net income per share is calculated on the basis of average aggregate number of issued and outstanding shares during fiscal year excluding treasury stocks. Net assets per share are calculated on the basis of the aggregate number of issued and outstanding shares as of the end of fiscal year excluding treasury stocks.

(8) Description of Principal Businesses (as of March 31, 2012)

Domain	Segment	Main Products
Performance Products	Electronics Applications	Recording media, electronics-related products, imaging supplies
	Designed Materials	Food ingredients, battery materials, fine chemicals, polymer processing products, composite materials, inorganic chemicals, fibers
Health Care	Health Care	Pharmaceuticals, diagnostic reagents and instruments, clinical testing
Industrial Materials	Chemicals	Basic petrochemicals, chemical derivatives, synthetic fiber materials, carbon products
	Polymers	Synthetic resins
Others		Engineering, logistics

## (9) Status of Major Subsidiaries and Affiliates (as of March 31, 2012)

## (a) Major Subsidiaries

Company Name	Capital	MCHC's Equity Investment Ratio (%)	Principal Business
[Direct Investees]			
Mitsubishi Chemical Corporation	50.0 billion yen	100.0	Manufacture and marketing of chemical products
Mitsubishi Tanabe Pharma Corporation	50.0 billion yen	56.3	Manufacture and marketing of pharmaceuticals
Mitsubishi Plastics, Inc.	21.5 billion yen	100.0	Manufacture and marketing of polymer processing products
Mitsubishi Rayon Co., Ltd.	53.2 billion yen	100.0	Manufacture and marketing of chemical products
The KAITEKI Institute, Inc.	10 million yen	100.0	Study and research on future social trends
[Indirect Investees]			
(Performance Products Domain) <u>Electronics Applications Segment</u>			
Verbatim Americas LLC	87 million U.S. dollars	100.0	Marketing of recording media and computer peripheral equipment
Verbatim Ltd.	3 million euro	100.0	Marketing of recording media and computer peripheral equipment
<u>Designed Materials Segment</u>			
The Nippon Synthetic Chemical Industry Co., Ltd.	17.9 billion yen	46.0	Manufacture and marketing of polymer processing products
Nippon Kasei Chemical Co., Ltd.	6.5 billion yen	52.8	Manufacture and marketing of inorganic chemical products
Quadrant AG	27 million Swiss franc	100.0	Processing and marketing of engineering plastic products
Mitsubishi Polyester Film, Inc.	29 million U.S. dollars	100.0	Manufacture and marketing of polyester film
Mitsubishi Polyester Film GmbH	160,000 euro	100.0	Manufacture and marketing of polyester film
(Health Care Domain) <u>Health Care Segment</u>			
API Corporation	4.0 billion yen	100.0	Manufacture and marketing of active pharmaceutical ingredients and intermediate bodies
Mitsubishi Chemical Medience Corporation	3.0 billion yen	99.3	Clinical testing and medical support services; marketing of in vitro diagnostic agents

(Industrial Materials Domain)			
<u>Chemicals Segment</u>			
Kansai Coke and Chemicals Co., Ltd.	6.0 billion yen	51.0	Manufacture and marketing of coke
Dia-Nitrix Company, Limited	2.0 billion yen	100.0	Manufacture and marketing of acrylonitrile and acrylamide
MCC PTA India Corp. Private Ltd.	7,392 million rupee	65.9	Manufacture and marketing of terephthalic acid
Ningbo Mitsubishi Chemical Co., Ltd.	1,005 million yuan	90.0	Manufacture and marketing of terephthalic acid
P.T. Mitsubishi Chemical Indonesia	146 million U.S. dollars	100.0	Manufacture and marketing of terephthalic acid
MCC PTA Asia Pacific Private Company Ltd.	20 million U.S. dollars	100.0	Marketing of terephthalic acid
<u>Polymers Segment</u>			
Japan Polyethylene Corporation	7.5 billion yen	58.0	Manufacture and marketing of polyethylene
Japan Polypropylene Corporation	5.0 billion yen	65.0	Manufacture and marketing of polypropylene
J-Film Corporation	1.2 billion yen	87.7	Manufacture and marketing of plastic films
Lucite International Inc.	363 million U.S. dollars	100.0	Manufacture and marketing of MMA monomer, acrylic resin boards and coating materials
Lucite International U.K. Limited.	20 million pounds	100.0	Manufacture and marketing of MMA monomer, acrylic resin boards and coating materials
(Others)			
Mitsubishi Chemical Logistics Corporation	1.5 billion yen	100.0	Logistics and warehouse services
Mitsubishi Chemical Engineering Corporation	1.4 billion yen	100.0	Engineering and construction services

Notes:

1. MCC operates businesses that fall into the categories of Performance Products Domain, Industrial Materials Domain and Others.
2. MTPC operates businesses that fall into the categories of Health Care Domain.
3. MPI operates businesses that fall into the categories of Performance Products Domain.
4. MRC operates businesses that fall into the categories of Performance Products Domain, Industrial Materials Domain and Others.
5. The KAITEKI Institute, Inc. conducts basic research activities which cannot be classified in any specific domain.
6. V-Tech Corp., which was previously listed as an important subsidiary, was removed as such following its dissolution.
7. Capital reported for each of Verbatim Americas LLC, Mitsubishi Polyester Film, Inc. (U.S.A.) and Lucite International Inc. (U.S.A) represents paid-in capital.

(b) Major Affiliates

Company Name	Capital	MCHC's Equity Investment Ratio (%)	Principal Business
(Performance Products Domain) <u>Designed Materials Segment</u> Kodama Chemical Industry Co., Ltd.	3.0 billion yen	20.6	Manufacture and marketing of plastic products
(Industrial Materials Domain) <u>Chemicals Segment</u> Kawasaki Kasei Chemicals Ltd.	6.2 billion yen	36.3	Manufacture and marketing of chemical derivatives
Kashima-Kita Electric Power Corporation	6.0 billion yen	41.2	Generation and supply of electric power
(Others) Taiyo Nippon Sanso Corporation	27.0 billion yen	15.1	Manufacture and marketing of industrial gas
Nitto Kako Co., Ltd.	1.9 billion yen	36.9	Manufacture and marketing of rubber and plastic products

Notes:

1. Above-listed companies are MCHC's indirect investees.
2. As of April 1, 2011, the segment to which Kodama Chemical Industry Co., Ltd. belonged was changed from Others to the Designed Materials Segment.

## (10) Principal Business Offices and Plants (as of March 31, 2012)

## (a) MCHC

	Address
Head Office	14-1, Shiba 4-chome, Minato-ku, Tokyo

## (b) Major Subsidiaries

Company Name	Location
[Direct Investees]	
Mitsubishi Chemical Corporation	Tokyo, Fukuoka, Mie, Okayama, Ibaraki, Kagawa, Niigata, Kanagawa, Ehime
Mitsubishi Tanabe Pharma Corporation	Osaka, Tokyo
Mitsubishi Plastics, Inc.	Tokyo, Shiga, Ibaraki, Kanagawa, Niigata, Nagano, Kagawa
Mitsubishi Rayon Co., Ltd.	Tokyo, Hiroshima, Aichi, Toyama, Kanagawa
The KAITEKI Institute, Inc.	Tokyo
[Indirect Investees]	
(Performance Products Domain)	
<u>Electronics Applications Segment</u>	
Verbatim America LLC	U.S.A.
Verbatim Ltd.	U.K.
<u>Designed Materials Segment</u>	
The Nippon Synthetic Chemical Industry Co., Ltd.	Osaka, Tokyo, Gifu, Okayama, Kumamoto
Nippon Kasei Chemical Co., Ltd.	Tokyo, Fukushima, Fukuoka
Quadrant AG	Switzerland
Mitsubishi Polyester Film, Inc.	U.S.A.
Mitsubishi Polyester Film GmbH	Germany
(Health Care Domain)	
<u>Health Care Segment</u>	
API Corporation	Tokyo, Osaka, Fukuoka, Shizuoka, Fukushima
Mitsubishi Chemical Medience Corporation	Tokyo, Chiba, Ibaraki, Kanagawa, Kumamoto
(Industrial Materials Domain)	
<u>Chemicals Segment</u>	
Kansai Coke and Chemicals Co., Ltd.	Hyogo
Dia-Nitrix Company, Limited	Tokyo, Okayama, Hiroshima, Fukuoka, Kanagawa, Toyama
MCC PTA India Corp. Private Ltd.	India
Ningbo Mitsubishi Chemical Co., Ltd.	China
P.T. Mitsubishi Chemical Indonesia	Indonesia
MCC PTA Asia Pacific Private Company Ltd.	Singapore
<u>Polymers Segment</u>	
Japan Polyethylene Corporation	Tokyo, Ibaraki, Kanagawa, Okayama, Oita
Japan Polypropylene Corporation	Tokyo, Ibaraki, Chiba, Kanagawa, Mie, Okayama
J-Film Corporation	Tokyo, Chiba
Lucite International Inc.	U.S.A.
Lucite International UK Limited.	U.K.

Company Name	Location
(Others)	
Mitsubishi Chemical Logistics Corporation	Tokyo
Mitsubishi Chemical Engineering Corporation	Tokyo

Notes:

1. MCC operates businesses that fall into the categories of Performance Products Domain, Industrial Materials Domain and Others.
2. MTPC operates businesses that fall into the category of Health Care Products Domain.
3. MPI operates businesses that fall into the categories of Performance Products Domain.
4. MRC operates businesses that fall into the categories of Performance Products Domain, Industrial Materials Domain and Others.
5. The KAITEKI Institute, Inc. conducts basic research activities which cannot be classified in any specific segment.

#### (11) Employees of the Group (as of March 31, 2012)

##### (a) Number of Employees of the Group

Domain	Segment	No. of Employees	Year-on-year Increase/Decrease
Performance Products	Electronics Applications	3,245	Down 119
	Designed Materials	14,394	Up 487
Health Care	Health Care	12,860	Down 86
Industrial Materials	Chemicals	5,178	Down 360
	Polymers	7,369	Down 57
Others		9,988	Up 284
Company-wide (Common)		945	Down 52
Sum Total		53,979	Up 97

Notes:

1. Those employees who are engaged in activities such as basic R&D, which cannot be definitively sorted into any specific Segment, are included in "Company-wide (Common)."
2. Executive Officers are included.
3. Employees loaned to entities outside of the MCHC Group are not included.

(b) Status of Employees of MCHC

No. of Employees (Year-on-year Change)	Average Age	Average Years of Service
48 (Up 2)	47 years	20 years and 4 months

Notes:

1. Employees are on loan from MCC, MTPC, MPI and MRC, and the average years of service include and reflect the years of service that they have accumulated at these companies.
2. Executive Officers are included.

(12) Principal Lenders (as of March 31, 2012)

Lenders	Amount Borrowed
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	175.5 billion yen
Mitsubishi UFJ Trust and Banking Corporation	85.1 billion yen
Mizuho Corporate Bank, Ltd.	79.6 billion yen
Development Bank of Japan Inc.	72.8 billion yen
Meiji Yasuda Life Insurance Company	50.9 billion yen

## 2. Matters Related to Corporate Stocks (as of March 31, 2012)

- (1) Number of Authorized Shares: 6,000 million
- (2) Number of Issued and Outstanding Shares:  
1,506.288 million (representing no changes from the previous fiscal year)
- (3) Aggregate Number of Shareholders:  
197,946 (representing a year-on-year decrease of 2,335 shareholders)

### (4) Major Shareholders

Name of Shareholders	Equity Investments in MCHC	
	No. of Shares Held (million)	Equity Investment Ratio (%)
The Master Trust Bank of Japan, Ltd. – Trust Account	73.192	4.9
Japan Trustee Services Bank, Ltd. – Trust Account	65.634	4.4
Meiji Yasuda Life Insurance Company	64.388	4.3
Takeda Pharmaceutical Co., Ltd.	51.730	3.5
Nippon Life Insurance Co.	49.429	3.3
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	41.105	2.7
Tokio Marine and Nichido Fire Insurance Co., Ltd.	34.184	2.3
SSBT OD05 OMNIBUS ACCOUNT – TREATY CLIENTS	29.943	2.0
Japan Trustee Services Bank, Ltd. – Trust Account 9	23.913	1.6
National Mutual Insurance Federation of Agricultural Cooperatives	21.633	1.4

#### Notes:

1. In addition to the above, MCHC holds 30.217 million shares as treasury stocks, but these shares are non-voting pursuant to the provisions of Article 308, Paragraph 2 of the Companies Act.
2. Equity investment ratios are calculated to the exclusion of the treasury stocks (30.217 million).
3. In addition to the above, equity investments of The Bank of Tokyo-Mitsubishi UFJ, Ltd. in MCHC include 4.75 million shares of stock (representing the equity investment ratio of 0.3%) held in the name of “The Nomura Trust and Banking Co., Ltd. Retirement Benefit Trust/The Bank of Tokyo-Mitsubishi UFJ Account” over which The Bank of Tokyo-Mitsubishi UFJ, Ltd. retains the right to issue instructions regarding the exercise of the relevant voting right.

### 3. Stock Acquisition Rights

#### (1) Stock Acquisition Rights Issued to the Directors

	(1)	(2)	(3)
Date of Resolution for Issue	November 27, 2006	November 26, 2007	August 25, 2008
Number of Stock Acquisition Rights	1,408	794	653
Type and No. of Stock as Object of Stock Acquisition Rights	70,400 shares of MCHC's common stock	39,700 shares of MCHC's common stock	32,650 shares of MCHC's common stock
Amount Paid In	¥34,100 per stock acquisition right	¥44,350 per stock acquisition right	¥25,700 per stock acquisition right
Exercise Period	From December 14, 2006 to December 13, 2026	From December 13, 2007 to December 12, 2027	From September 11, 2008 to September 10, 2028
Intended Grantees	MCHC's Directors (3)	MCHC's Directors (2)	MCHC's Directors (3)
Number of Stock Acquisition Rights as of Last Day of Fiscal Year under Review	646	794	653
Number of Stock Acquisition Rights held by the Directors as of Last Day of Fiscal Year under Review	646 (1 Director)	794 (2 Directors)	525 (2 Directors)

	(4)	(5)
Date of Resolution for Issue	August 30, 2010	August 30, 2011
Number of Stock Acquisition Rights	894	960
Type and No. of Stock as Object of Stock Acquisition Rights	44,700 shares of MCHC's common stock	48,000 shares of MCHC's common stock
Amount Paid In	¥19,800 per stock acquisition right	¥24,300 per stock acquisition right
Exercise Period	From September 15, 2010 to September 14, 2030	From September 15, 2011 to September 14, 2031
Intended Grantees	MCHC's Directors (3)	MCHC's Directors (2)
Number of Stock Acquisition Rights as of Last Day of Fiscal Year under Review	894	960
Number of Stock Acquisition Rights held by the Directors as of Last Day of Fiscal Year under Review	687 (2 Directors)	960 (2 Directors)

Notes:

1. The number of stocks as object of the aforementioned stock acquisition rights is 50 per stock acquisition right. However, if MCHC's common stocks are split, the number of stocks per stock acquisition right will be adjusted.
2. The value of assets to be invested on the occasion of exercise of the aforementioned stock acquisition rights would be ¥1 per share.
3. In principle, the grantees may exercise the aforementioned stock acquisition rights only if they lose all of their positions as Director, Corporate Auditor and Executive Officer of MCHC and its subsidiaries during the respective Exercise Periods.

(2) Stock Acquisition Rights Issued for Executive Officers, etc.

	(1)	(2)	(3)
Date of Resolution for Issue	November 27, 2006	November 26, 2007	August 25, 2008
Number of Stock Acquisition Rights	6,620	6,222	4,554
Type and No. of Stock as Object of Stock Acquisition Rights	331,000 shares of MCHC's common stock	311,100 shares of MCHC's common stock	227,700 shares of MCHC's common stock
Amount Paid In	¥34,100 per stock acquisition right	¥44,350 per stock acquisition right	¥25,700 per stock acquisition right
Exercise Period	From December 16, 2006 to December 15, 2026	From December 15, 2007 to December 14, 2027	From September 13, 2008 to September 12, 2028
Intended Grantees	MCC	MCC	MCC
Number of Stock Acquisition Rights as of Last Day of Fiscal Year under Review	2,890	4,234	4,170

	(4)	(5)	(6)
Date of Resolution for Issue	August 30, 2010	August 30, 2010	August 30, 2011
Number of Stock Acquisition Rights	410	2,889	540
Type and No. of Stock as Object of Stock Acquisition Rights	20,500 shares of MCHC's common stock	144,450 shares of MCHC's common stock	27,000 shares of MCHC's common stock
Amount Paid In	Gratis	¥19,800 per stock acquisition right	Gratis
Exercise Period	From September 15, 2010 to September 14, 2030	From September 16, 2010 to September 15, 2030	From September 15, 2011 to September 14, 2031
Intended Grantees	Executive Officer and retiring Director of MCHC (2 in total)	MCC	Executive Officer and retiring Director of MCHC (2 in total)
Number of Stock Acquisition Rights as of Last Day of Fiscal Year under Review	410	2,889	540

Notes:

1. MCC granted all of the stock acquisition rights described in (1), (2), (3) and (5) above to a total of 26 Directors and Executive Officers (including retiring Directors and retiring Executive Officers) of MCC on December 15, 2006, to a total of 27 on December 14, 2007, to a total of 26 on September 12, 2008, and to a total of 20 on September 15, 2010 in each case as performance remuneration..
2. Of the stock acquisition rights described in (6) above that were issued during this fiscal year, the number of stock acquisition rights granted to Executive Officer of MCHC (1 officer) is 270.

3. The number of stocks as object of the aforementioned stock acquisition rights is 50 per stock acquisition right. However, if MCHC's common stocks are split, the number of stocks per stock acquisition right will be adjusted.
4. The value of assets to be invested on the occasion of exercise of the aforementioned stock acquisition rights would be ¥1 per share.
5. In principle, the grantees may exercise the aforementioned stock acquisition rights only if they lose all of their positions as Director, Corporate Auditor and Executive Officer of MCHC and its subsidiaries during the respective Exercise Periods.

(3) Stock Acquisition Rights Whose Obligations Have Been Inherited from Mitsubishi Chemical Corporation as a Result of Stock Transfer

Date of Resolution for Issue	June 28, 2005
Number of Stock Acquisition Rights	9,321
Type and No. of Stock as Object of Stock Acquisition Rights	466,050 shares of MCHC's common stock
Amount Paid In	Gratis
Exercise Period	From June 28, 2006 to June 27, 2026
Intended Grantees	MCC's Directors and Executive Officers (including retiring Directors and retiring Executive Officers) (29 in total)
Number of Stock Acquisition Rights as of Last Day of Fiscal Year under Review	2,760

Notes:

1. MCHC has inherited obligations under the stock acquisition rights delivered by MCC to its Directors and Executive Officers (including retiring Directors and retiring Executive Officers) as stock option which were not exercised or retired as of the date (as of October 3, 2005) on which MCC and Mitsubishi Pharma Corporation (currently MTPC) established MCHC by means of a stock transfer.
2. The number of stocks as object of the aforementioned stock acquisition rights is 50 per stock acquisition rights. However, if MCHC's common stocks are split, the number of stocks per stock acquisition right will be adjusted.
3. The value of assets to be invested on the occasion of exercise of the aforementioned stock acquisition rights would be ¥1 per share.
4. In principle, the grantees may exercise the aforementioned stock acquisition rights only if they lose all of their positions as Director, Corporate Auditor and Executive Officer of MCHC and its subsidiaries during the respective Exercise Periods.

#### (4) Stock Acquisition Rights for Convertible Bonds

Date of Resolution for Issue	October 4, 2007
Number of Stock Acquisition Rights	7,000
Type of Stock as Object of Stock Acquisition Rights	MCHC's common stock
No. of Stock as Object of Stock Acquisition Rights	Number obtained by dividing face value of this Corporate Bond (total face value: ¥70 billion) by conversion value
Amount Paid In	Gratis
Conversion Value	¥1,177
Exercise Period	From November 5, 2007 to October 15, 2013
Number of Stock Acquisition Rights as of Last Day of Fiscal Year under Review	7,000

Note: In case that MCHC issues, disposes of or splits its common stock at under fair market price, the conversion value shall be adjusted.

#### 4. Directors and Corporate Auditors (as of March 31, 2012)

##### (1) Details of Directors and Corporate Auditors

Position	Name	Responsibility at the company or occupation
Director Chairman	Ryuichi Tomizawa	
Director President & CEO (Representative Director)	Yoshimitsu Kobayashi	
Director (Representative Director)	Shotaro Yoshimura	Senior Managing Executive Officer (Corporate Management, Finance & Accounting and IR)
Director	Shigeru Tsuyuki	Senior Managing Executive Officer (Business Strategy and PR)
Director	Michihiro Tsuchiya	
Director	Hiroshi Yoshida	
Director	Masanao Kambara	
Corporate Auditor (full-time)	Kazuchika Yamaguchi	
Corporate Auditor (full-time)	Kazutoshi Kondo	
Corporate Auditor (full-time)	Takashi Nishida	
Corporate Auditor	Rokuro Tsuruta	Lawyer
Corporate Auditor	Toshio Mizushima	Certified Public Accountant

##### Notes:

1. Corporate Auditors Takashi Nishida, Rokuro Tsuruta and Toshio Mizushima are the outside Corporate Auditors as prescribed in Article 2, item 16 of the Companies Act. The Company has designated these outside Corporate Auditors as independent officers pursuant to the rules and regulations of the Tokyo Stock Exchange and the Osaka Stock Exchange, and has notified both stock exchanges accordingly.
2. Effective April 1, 2012, there were the following changes in position, executive responsibility and main occupation:
  - Director Ryuichi Tomizawa retired from the position of Director and Chairman while retaining his position as Director.
  - Director Shotaro Yoshimura assumed the position of Deputy Chief Executive Officer (Corporate Management, Finance & Accounting and IR).
  - Director Shigeru Tsuyuki assumed the position of Deputy Chief Executive Officer (Business Strategy and PR).
3. Corporate Auditor Kazuchika Yamaguchi has considerable knowledge about finance and accounting as he has served as General Manager of Accounting Office at MCHC and MCC.
4. Corporate Auditor Toshio Mizushima has considerable knowledge about finance and accounting as he is qualified as Certified Public Accountant.
5. In addition to the above, the status of significant concurrent positions held by Directors and Corporate Auditors is as follows:

Category	Name	Significant concurrent positions	
		Company Name	Title
Director	Ryuichi Tomizawa	Mitsubishi Chemical Corporation	Director
		Taiyo Nippon Sanso Corporation	Director
		Tokyo Gas Co., Ltd.	Director
		Chi Mei Corporation	Director
	Yoshimitsu Kobayashi	Mitsubishi Chemical Corporation	President & CEO
		The KAITEKI Institute, Inc.	President and Chief Executive Officer
	Shotaro Yoshimura	Mitsubishi Chemical Corporation	Director
		Nippon Asahan Aluminium Co., Ltd.	Director
	Shigeru Tsuyuki	Mitsubishi Rayon Co., Ltd.	Director
	Michihiro Tsuchiya	Mitsubishi Tanabe Pharma Corporation	President & CEO
		The KAITEKI Institute, Inc.	Director
	Hiroshi Yoshida	Mitsubishi Plastics, Inc.	President & CEO
		The KAITEKI Institute, Inc.	Director
	Masanao Kambara	Mitsubishi Rayon Co., Ltd.	President & CEO
		The KAITEKI Institute, Inc.	Director
Lucite International Group Limited		Chairman	
Corporate Auditor	Kazuchika Yamaguchi	Mitsubishi Chemical Corporation	Corporate Auditor
		The KAITEKI Institute, Inc.	Corporate Auditor
		Mitsubishi Chemical Medience Corporation	Corporate Auditor
		Mitsubishi Chemical Logistics Corporation	Corporate Auditor
		Ryoka Systems Inc.	Corporate Auditor
	Kazutoshi Kondo	Mitsubishi Plastics, Inc.	Corporate Auditor
		Mitsubishi Rayon Co., Ltd.	Corporate Auditor
		Mitsubishi Chemical Engineering Corporation	Corporate Auditor
	Takashi Nishida	Mitsubishi Chemical Corporation	Corporate Auditor
		Mitsubishi Tanabe Pharma Corporation	Corporate Auditor
	Rokuro Tsuruta	Mitsubishi Chemical Corporation	Corporate Auditor
		J. Front Retailing Co., Ltd.	Corporate Auditor
		TPR Co., Ltd.	Director
	Toshio Mizushima	The Joyo Bank, Ltd.	Corporate Auditor

Effective April 1, 2012, there were the following changes in the status of concurrent positions:

- Director Ryuichi Tomizawa retired from the position of Director of MCC as of April 1, 2012.
- Director Yoshimitsu Kobayashi retired from the position of Director and President of MCC, and assumed the position of Director and Chairman of MCC as of April 1, 2012.
- Director Shotaro Yoshimura retired from the position of Director of MCC, and assumed the position of Director of MPI as of April 1, 2012. Mr. Yoshimura also retired from the position of Director of Nippon Asahan Aluminium Co., Ltd. as of April 2, 2012.

- Director Hiroshi Yoshida retired from the position of Director and President of MPI, Director of The KAITEKI Institute, Inc. as of April 1, 2012.
- Director Masanao Kambara retired from the position of Director and President of MRC as of April 1, 2012 while retaining his position as Director. Mr. Kambara also retired from the position of Director of the KAITEKI Institute as of April 1, 2012.

## (2) Aggregate Amount of Directors' and Corporate Auditors' Remuneration

Category	Remuneration	
	No. of Persons	Amount (in million yen)
Directors	8	228
Corporate Auditors	5	114
Sum Total	13	342

Notes:

1. No wage or salary has been paid to any Director concurrently serving as an employee for any work performed as an employee.
2. No bonus or retirement bonus has been paid to any Director or Corporate Auditor.
3. The amount of stock acquisition rights as remuneration (¥23 million) is included in the aforementioned remuneration to Directors.
4. In addition to the above-stated amounts of remuneration paid to the Directors and Corporate Auditors, remunerations of ¥288 million and ¥13 million were paid by MCHC's subsidiaries to those Directors and Corporate Auditors, respectively, who concurrently served as executive officers of said subsidiaries.
5. The amount of remuneration for Directors is set to be ¥30 million or less per month. In addition, a separate budget of up to ¥80 million per year is set aside in the form of stock acquisition rights.
6. The amount of remuneration for Corporate Auditors is set to be ¥11 million or less per month.
7. As of the close of the fiscal year under review, there were a total of seven Directors and five Corporate Auditors.

## (3) Matters Related to Outside Corporate Auditors

### (a) Concurrent Positions

- Corporate Auditor Takashi Nishida serves concurrently as outside Corporate Auditor for MCC and MTPC. MCC and MTPC are MCHC's subsidiaries.
- Corporate Auditor Rokuro Tsuruta serves concurrently as outside Corporate Auditor for MCC, J. Front Retailing Co., Ltd. and as outside Director for TPR Co., Ltd. MCC is a subsidiary of MCHC. MCHC does not have any special relationship with J. Front Retailing Co., Ltd. and TPR Co., Ltd.
- Corporate Auditor Toshio Mizushima serves concurrently as an outside Corporate Auditor for the Joyo Bank, Ltd. MCHC does not have any special relationship with the Joyo Bank, Ltd.

### (b) Status of Main Activities

- Corporate Auditor Takashi Nishida attended all 14 meetings of the Board of Directors and all 14 meetings of the Board of Corporate Auditors that were held during the fiscal year under review, and has expressed his opinion as needed by

drawing on his knowledge and experience accumulated through his services with a bank and a securities company.

- Corporate Auditor Rokuro Tsuruta, attended 13 out of 14 meetings of the Board of Directors and 12 out of 14 meetings of the Board of Corporate Auditors that were held during the fiscal year under review, and has expressed his opinion as needed by drawing on his expert knowledge and experience accumulated primarily through his services as prosecutor and lawyer.
- Corporate Auditor Toshio Mizushima attended 12 out of 14 meetings of the Board of Directors and all 14 meetings of the Board of Corporate Auditors that were held during the fiscal year under review, and has expressed his opinion as needed by drawing on his expert knowledge and experience accumulated primarily through his services as certified public accountant.

(c) Aggregate Amount of Remuneration

The remuneration paid to the three outside Corporate Auditors amounted to ¥47 million. In addition, MCC and MTPC as MCHC's subsidiaries paid remuneration of ¥13 million to MCHC's outside Corporate Auditors who concurrently serve as outside Corporate Auditors for MCHC's subsidiaries.

(d) Overview of Contents of Liability-Limiting Agreements

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, MCHC and its outside Corporate Auditors has concluded liability-limiting agreements as prescribed in Article 423, Paragraph 1 of the said Law. The maximum limit of damage compensation liability under these agreements is set to be the minimum limit of liability prescribed in Article 425, Paragraph 1 of the said Law.

## 5. Independent Auditor

(1) Name

Ernst & Young ShinNihon LLC (“Independent Auditor”)

(2) Amount of Remuneration, etc.

	Amount Paid (in million yen)
(i) Amount of remuneration to be paid by MCHC to Independent Auditor	39
(ii) Sum total of money and other financial benefits to be paid by MCHC and its subsidiaries to Independent Auditor	841

Note:..As the amount of remuneration under the Companies Act and the amount of remuneration under the Financial Instruments and Exchange Act are not distinguished in the audit agreement between MCHC and Independent Auditor, a sum total of these amounts is reported in (i) above.

(3) Content of non-auditing affairs

With respect to services that are not stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (services other than audit attest services), MCHC asks Independent Auditor to provide consulting services having to do with the introduction of the International Financial Reporting Standards (IFRS).

(4) Policy on Decision to Dismiss or Not Reappoint Independent Auditor

If Independent Auditor is found to run counter to any of the items prescribed in Article 340, Paragraph 1 of the Companies Act, the Board of Corporate Auditors, subject to consent of all Corporate Auditors, will dismiss Independent Auditors.

In addition, if Independent Auditor is found to be incapable of performing their audit service in a proper manner, MCHC will, subject to consent of the Board of Corporate Auditors or upon demand from the Board of Corporate Auditors, propose to a General Meeting of Shareholders that Independent Auditor should be dismissed or not be reappointed.

(5) Status of Audit of Financial Statements of MCHC’s Subsidiaries by Certified Public Accountants or Audit Corporations other than Independent Auditor

Of MCHC’s major subsidiaries, the overseas subsidiaries are audited by certified public accountants or audit corporations (including those locally certified) other than Independent Auditor, within the scope of the provisions of the Companies Act or the Financial Instruments and Exchange Law (or similar foreign laws and regulations).

## **6. System to Ensure that the Company Operates in an Appropriate Manner**

The Company's basic policy on development of systems for assuring the operational legitimacy for which the Board of Directors has passed a resolution (hereinafter referred to as the "Basic Policy") is as follows.

We routinely examine the progress of the Basic Policy to review annually and amend it as needed at the meeting of Board of Directors following the end of each fiscal year.

- (1) System for ensuring that Director's and Employee's execution of their work duties conforms to laws, regulations and Articles of Incorporation
  - (a) MCHC Group, with MCHC as its parent company under the Companies Act, shall treat the Group Charter of Corporate Ethics and the Group Compliance Code of Conduct as the basic regulations on compliance matters.
  - (b) Directors shall make decisions on MCHC's important matters at the Board of Directors and mutually monitor and supervise the exercising of their functions in accordance with the regulations of the Board of Directors and other relevant rules and regulations. Corporate Auditors shall audit Directors' exercising of their functions by attending the Board of Directors and other important meetings in accordance with the Corporate Auditors' Audit Standard, etc.
  - (c) Management shall develop, properly operate and manage internal control systems in order to assure the reliability of financial reporting.
  - (d) Management shall develop a promoting framework for compliance, training and education programs, audit/monitoring systems, hotlines and other compliance promotion programs of MCHC Group in accordance with Group Compliance Promotion Regulations and other relevant rules and regulations, and properly operate and manage these programs by appointing an executive officer in charge of compliance promotion.
  
- (2) Regulations, structure and systems for managing risks of loss

The President shall be the Chief Risk Management Officer. In accordance with the Group's Basic Regulations on Risk Management and other relevant rules and regulations, the President shall be responsible for preventing serious risks from manifesting themselves in connection with or arising from MCHC Group's business activities, and for developing, properly operating and managing risk management systems for minimizing damage if any risk manifests itself.

- (3) System for ensuring that Directors exercise their functions efficiently
- (a) The Board of Directors shall decide on Group strategies and allocation of management resources (portfolio management), and shall set specific management goals by developing the Group's medium-term management plan, annual budget, and other targets, and shall endeavor to achieve such goals.
  - (b) Management shall move ahead with separating supervision of management from execution of management by introducing the corporate executive officer system, clearly stipulate the powers of individual job positions and deliberating organs including the Board of Directors as well as jurisdictional responsibilities of each functional unit in the internal rules and regulations, and make management decisions and execute management duties in an efficient and proper manner.
- (4) System for preserving and managing information related to Directors' exercise of their functions
- Management, in accordance with the Document-Handling Regulations and other relevant rules and regulations, shall preserve and manage the minutes of the Board of Directors, Decisions of the Management Meeting, Approval Documents and other documents and electromagnetic records related to Directors' exercise of their functions, and shall develop a system that will allow Directors and Corporate Auditors to inspect them.
- (5) System for assuring operational legitimacy within the corporate group
- Management, in accordance with the Group's Management Regulations and other relevant rules and regulations, shall cause all concerned units and personnel to share the Group's internal control policies and systems covering compliance and risk management, and assure operational legitimacy within the MCHC Group by means such as reporting and approval of important MCHC Group management matters and internal audits.
- (6) System for ensuring that Corporate Auditors' audits are conducted in an effective manner
- (a) Directors and Employees, pursuant to regulations such as the Corporate Auditors' Audit Standard, shall inform Corporate Auditors of any important management matters (including any fact or fraudulent act that might do material harm to MCHC or any fact in violation of laws, regulations or Articles of Incorporation).
  - (b) Management, at the Corporate Auditors' request, shall appoint audit assistants and have them assist the Corporate Auditors. Appointment of specific assistants shall be subject to the consent of the Corporate Auditors.

- (c) In order to ensure that Corporate Auditors' audits are conducted in an effective manner, Management shall facilitate Corporate Auditors' regular meetings with senior executives including the President, coordination and information exchange between the Corporate Auditors and the Internal Audit Office personnel.

## **7. Basic Policy on Control of the Company**

We have not specifically written down a basic policy on the modality of the persons exerting controlling influences over the Company's financial and management policy decisions, but are pleased to present our basic ideas below.

We believe that we will be able to live up to the expectations of our shareholders by running the MCHC Group in a highly efficient and transparent manner, by bolstering our competitive edge and earning capabilities through optimal allocation of management resources and ultimately by enhancing our Group's corporate value.

Although we have not introduced the so-called "takeover defense" measures, we do stand ready to take whatever measures we consider appropriate if we detect a company is attempting to make a massive purchase of MCHC's shares that might harm the MCHC Group's corporate value or undermine the common interests of our shareholders.

Having said that, we would like you to know that we will continue to closely examine the legal system, court precedents and social trends surrounding corporate takeover bids and explore propriety of introducing takeover defense measures as one of the important management challenges that we must deal with.

**mitsubishi chemical holdings corporation**

**Consolidated Balance Sheet**

**7th Consolidated Fiscal Year (As of March 31, 2012)**

Unit: Millions of yen

**Assets**

**Current assets:**

Cash and deposits	114,778
Trade receivables	593,352
Securities	46,355
Inventories	516,096
Deferred income taxes—current	31,710
Other	77,922
Allowance for doubtful accounts	(2,491)
Total current assets	1,377,722

**Fixed assets**

**Property, plant and equipment:**

Buildings and structures	281,377
Machinery and equipment	417,737
Land	255,034
Construction in progress	53,815
Other	24,775
Total property, plant and equipment	1,032,738

**Intangible fixed assets:**

Goodwill	141,800
Other	66,362
Total intangible fixed assets	208,162

**Investments and other assets:**

Investment securities	346,867
Long-term loans receivable	1,265
Deferred income taxes—non-current	98,901
Other	109,973
Allowance for doubtful accounts	(1,658)
Total investments and other assets	555,348
Total fixed assets	1,796,248
Total assets	3,173,970

**mitsubishi chemical holdings corporation**

**Consolidated Balance Sheet (continued)**

**7th Consolidated Fiscal Year (As of March 31, 2012)**

Unit: Millions of yen

**Liabilities**

**Current liabilities:**

Trade payables	411,289
Short-term borrowings	331,330
Commercial papers	40,000
Current portion of bonds payable	25,000
Accrued bonuses	37,160
Accrued income taxes	15,665
Reserve for periodic repairs scheduled within one year	2,944
Reserve for current portion of prospective loss on removal of fixed assets	3,747
Reserve for loss on disaster	2,335
Reserve for environmental measures	871
Other	199,801
Total current liabilities	1,070,142

**Long-term liabilities:**

Bonds payable	160,000
Convertible bonds payable	70,000
Long-term borrowings	537,798
Accrued retirement benefits	124,517
Accrued retirement benefits for directors	1,273
Provisions for possible losses in connection with litigation	7,603
Reserve for periodic repairs	3,298
Reserve for prospective loss on removal of fixed assets	6,438
Reserve for costs associated with liquidation of subsidiaries and affiliates	3,916
Other	44,031
Total long-term liabilities	958,874
Total liabilities	2,029,016

**Net Assets**

**Shareholders' equity:**

Common stock	50,000
Additional paid-in capital	317,628
Retained earnings	474,771
Less, Treasury stock at cost	(10,797)
Total shareholders' equity	831,602

**Accumulated other comprehensive income**

Net unrealized holding gain on other securities	4,574
Loss on deferred hedges	(139)
Land revaluation surplus	1,581
Foreign currency translation adjustments	(62,007)
Unfunded retirement benefit obligation with respect to a foreign subsidiary	(4,882)
Total accumulated other comprehensive income	(60,873)

**Warrants**

Warrants	662
Minority interests in consolidated subsidiaries	373,563
Total net assets	1,144,954
Total liabilities and net assets	3,173,970

**mitsubishi** **MITSUBISHI CHEMICAL HOLDINGS CORPORATION**

**Consolidated Statement of Income**

**7th Consolidated Fiscal Year (Year ended March 31, 2012)**

Unit: Millions of yen

<b>Net sales</b>	3,208,168
<b>Cost of sales</b>	2,507,952
<b>Gross profit</b>	700,216
<b>Selling, general and administrative expenses</b>	569,637
<b>Operating income</b>	130,579
<b>Other income</b>	
Interest income	2,156
Dividend income	7,038
Equity in earnings of affiliates	14,934
Foreign exchange gains, net	2,391
Insurance income	3,652
Other	8,697
<b>Total other income</b>	38,868
<b>Other expenses</b>	
Interest expenses	15,765
Balance of labor cost for workers on loan	8,286
Loss on sales and disposal of property, plant and equipment	1,906
Other	9,876
<b>Total other expenses</b>	35,833
<b>Ordinary income</b>	133,614
<b>Extraordinary income</b>	
Gain on forgiveness of debts	5,665
Gain on sales of investment securities	3,272
Gain on reversal of reserve for loss on disaster	3,059
Gain on sales of fixed assets	2,745
Insurance income	1,243
Other	7,586
<b>Total extraordinary income</b>	23,570
<b>Extraordinary losses</b>	
Impairment loss	10,221
Loss on sales and disposal of property, plant and equipment	6,049
Loss on valuation of investment securities	3,949
Loss on the Great East Japan Earthquake	2,331
Other	7,160
<b>Total extraordinary losses</b>	29,710
<b>Gain before income taxes and minority interests in consolidated subsidiaries</b>	127,474
Current income taxes	40,123
Deferred income taxes	13,008
<b>Net income before adjustments for income or loss attributable to minority interests</b>	74,343
<b>Minority interests in consolidated subsidiaries</b>	38,857
<b>Net income</b>	35,486

**MITSUBISHI CHEMICAL HOLDINGS CORPORATION**  
**Consolidated Statement of Changes in Net Assets**  
**7th Consolidated Fiscal Year (Year ended March 31, 2012)**

Unit: Millions of yen

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2011	50,000	317,582	451,934	(10,758)	808,758
Changes during the consolidated fiscal year					
Cash dividends			(14,760)		(14,760)
Net income			35,486		35,486
Purchase of treasury stock				(75)	(75)
Disposition of treasury stock		46		36	82
Increase/decrease resulting from merger of unconsolidated subsidiaries by consolidated subsidiaries			22		22
Increase/decrease resulting from merger of non-consolidated subsidiaries by equity-method subsidiaries			42		42
Change of scope of consolidation			1,206		1,206
Change of scope of equity method			841		841
Net change in items other than those in shareholders' equity					
Total changes during the consolidated fiscal year	-	46	22,837	(39)	22,844
Balance at March 31, 2012	50,000	317,628	474,771	(10,797)	831,602

Unit: Millions of yen

	Accumulated other comprehensive income						Warrants	Minority interests in consolidated subsidiaries	Total net assets
	Net unrealized holding gain on other securities	Loss on deferred hedges	Land revaluation surplus	Foreign currency translation adjustments	Unfunded retirement benefit obligation with respect to a foreign subsidiary	Total accumulated other comprehensive income			
Balance at April 1, 2011	5,216	(738)	1,426	(52,378)	(4,037)	(50,511)	696	355,060	1,114,003
Changes during the consolidated fiscal year									
Cash dividends						-			(14,760)
Net income						-			35,486
Purchase of treasury stock						-			(75)
Disposition of treasury stock						-			82
Increase/decrease resulting from merger of unconsolidated subsidiaries by consolidated subsidiaries						-			22
Increase/decrease resulting from merger of non-consolidated subsidiaries by equity-method subsidiaries						-			42
Change of scope of consolidation						-			1,206
Change of scope of equity method						-			841
Net change in items other than those in shareholders' equity	(642)	599	155	(9,629)	(845)	(10,362)	(33)	18,503	8,108
Total changes during the consolidated fiscal year	(642)	599	155	(9,629)	(845)	(10,362)	(33)	18,503	30,952
Balance at March 31, 2012	4,574	(139)	1,581	(62,007)	(4,882)	(60,873)	662	373,563	1,144,954

## Notes to the Consolidated Financial Statements

### Basis of Preparation of Consolidated Financial Statements

#### 1. Scope of Consolidation

(1) Number of consolidated subsidiaries and names of major consolidated subsidiaries

Number of consolidated subsidiaries: 341

Names of major consolidated subsidiaries: Mitsubishi Chemical Corporation, Mitsubishi Tanabe Pharma Corporation, Mitsubishi Plastics, Inc., Mitsubishi Rayon Co., Ltd.

(Increase: 22 companies)

- Increase as a result of new establishment: MC Ionic Solutions US, Inc. and six other companies
- Increase as a result of share acquisition : Chuo Rika Kogyo Corporation, and one other company
- Increase as a result of increased importance: Mitsubishi Chemical Techno-Research Corporation and twelve other companies

(Decrease: 22 companies)

- Decrease as a result of extinction in mergers: Carbon Tech Co., Ltd. and three other companies
- Decrease as a result of completion of liquidation: V-Tech Corporation and fifteen other companies
- Decrease as a result of sale of shares: Yokkaichi Chemical Company Limited and one other company

(2) Names and other details of major non-consolidated subsidiaries

Name of major non-consolidated subsidiary: Ningbo Lingxin Logistics Co., Ltd.

This non-consolidated subsidiary is excluded from the scope of consolidation because any total amount of total assets, net sales, net income or loss corresponding to the equities held by MCHC, or retained earnings corresponding to the equities held by MCHC, of this company, does not have material impact on MCHC's consolidated financial statements.

#### 2. Scope of Equity Method

(1) Number of non-consolidated subsidiaries and affiliates to which the equity method is applied and names of major non-consolidated subsidiaries and affiliates

Number of non-consolidated subsidiaries to which equity method is applied: 8

Names of major non-consolidated subsidiaries and affiliates: Ryoka Logitec Co., Ltd.

(Decrease: 5 companies)

- Decrease as a result of completion of liquidation: Mitsubishi Kagaku Institute of Life Sciences
- Change to a consolidated subsidiary as a result of increased importance: Mitsubishi Chemical Techno-Research Corporation and three other companies

Number of affiliates to which equity method is applied: 55

Names of major affiliates: Taiyo Nippon Sanso Corporation, Kawasaki Kasei Chemicals Ltd.

(Increase: 2 companies)

- Increase as a result of new establishment: MMP Co., Ltd.
- Increase as a result of increased importance: Kashima Vinyl Chloride Monomer Co., Ltd.

(Decrease: 4 companies)

- Decrease as a result of completion of liquidation: Yuka Schenectady Co., Ltd.
- Decrease as a result of sale of shares: Fuji Plastic Co., Ltd.
- Change to a consolidated subsidiary as a result of additional share acquisition: Chuo Rika Kogyo Corporation and one other company

- (2) Names and other details of non-consolidated subsidiaries and affiliates to which the equity method is not applied

Names of major affiliates: Ningbo Lingxin Logistics Co., Ltd. and Kashima Denkai Co., Ltd.

These non-consolidated subsidiaries and affiliates are excluded from the scope of equity method companies because any total amount of loss corresponding to the equities held by MCHC, or retained earnings corresponding to the equities held by MCHC, of these companies, does not have material impact on MCHC's consolidated financial statements.

### **3. Matters related to fiscal year of consolidated subsidiaries**

With respect to MCC PTA Asia Pacific Private Co., Ltd., MCC PTA India Corp. Private Ltd., P.T. Mitsubishi Chemical Indonesia, and four other consolidated subsidiaries, the account settlement date was changed from December 31 to March 31 during the consolidated fiscal year under review. Hence the consolidated financial statements are prepared on the basis of their financial statements covering the 12 months ended on an account settlement date of December 31, 2011, combined with their financial statements covering the 3 months ended on an account settlement date of March 31, 2012.

In addition, while December 31 is the account settlement date for Ningbo Mitsubishi Chemical Co., Ltd. and Sam Nam Petrochemical Co., Ltd., an equity method affiliate, their financial statements based on a provisional calculation performed as of the consolidated account settlement date are used effective from the consolidated fiscal year under review.

#### **4. Significant Accounting Policies**

##### **(1) Valuation methods of securities**

Held-to-maturity bonds

Either amortized or accumulated to face value

Other securities with quoted market prices

Stated at fair value based on market price at the closing date, among others. The difference between the acquisition cost and the carrying value of other securities, including unrealized gain and loss, net of the applicable income taxes, is recognized as a component of net assets, and the cost of other securities sold is principally computed by the moving average method.

Other securities without quoted market prices

Stated at cost principally based on the moving average method.

##### **(2) Valuation methods of inventories**

Merchandise, finished goods, raw materials and other inventories

Stated at cost principally based on the periodic average method

Supplies (excluding packaging materials and deteriorated assets)

Stated at cost principally based on the moving average method

Balance sheet amounts are calculated by means of devaluation reflecting downturn of profitability.

##### **(3) Method of depreciating important depreciable assets**

MCHC and its consolidated subsidiaries in Japan: The straight-line method is applied primarily to domestic consolidated subsidiaries in the Chemicals and Polymers Segments (except for MRC and its subsidiaries), and the declining-balance method is applied primarily to the other entities.

Overseas consolidated subsidiaries: Principally by the straight-line method

(4) Basis for Significant Reserves

(a) Allowance for Doubtful Accounts

To provide for bad-debt losses on its receivables, estimates of uncollectible amounts are provided for primarily on the basis of a historical rate derived from the actual uncollectible amounts in prior years in respect of general receivables, and on the basis of individual examinations of recoverability in respect of specified doubtful receivables.

(b) Accrued Bonuses to Employees

To provide for payments of bonuses to their employees, estimates of those accrued bonuses and social insurance costs corresponding thereto, which MCHC and its consolidated subsidiaries should bear during the consolidated fiscal year under review, are recorded.

(c) Provisions for Possible Losses in Connection with Litigation

To provide for any future settlements or expenditures that MCHC and its consolidated subsidiaries may be called upon to pay as a result of or in connection with existing litigations, estimates of settlements and expenditures associated with the following litigations are set aside:

1. Reserve for Health Management Allowances for HIV Compensation: ¥1,461 million

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

2. Reserve for HCV Litigation: ¥2,520 million

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

3. Reserve for Health Management Allowances for SMON (Sub-acute Myelo-Optico-Neuropathy) Compensation: ¥3,622 million

MTPC has set aside an estimated amount for payments to cover health management allowances and nursing expenses to be made over the remaining lives of the plaintiffs covered by the compromise settlement reached in the SMON litigation.

(d) Reserve for Periodic Repairs

To provide for costs of periodic repairs of production facilities in plants and oil tanks, estimates of those of the said costs which MCHC and its consolidated subsidiaries should bear during the consolidated fiscal year under review are recorded.

(e) Accrued Retirement Benefits

To provide for payments of retirement benefits to employees, accrued retirement benefits are recorded on the basis of estimated retirement benefits obligations and pension assets as of the close of the consolidated fiscal year under review.

Treatment of unrecognized expense items and years for treatment:

Past service liability

Straight-line method Principally 5 years

Actuarial difference

Straight-line method Principally 5 years

(Expensed principally from the following consolidated fiscal year onward)

Variance occurring at the time of change in accounting standard

Principally 15 years

(f) Accrued Retirement Benefits for Directors

Accrued retirement benefits for directors and executive officers are determined principally based on internal regulations.

(g) Reserve for Costs Associated with Liquidation of Subsidiaries and Affiliates

MCHC and its consolidated subsidiaries provide for estimated costs associated with liquidation of some of its subsidiaries and affiliates.

(h) Reserve for Prospective Loss on Removal of Fixed Assets

MCHC and its consolidated subsidiaries provide for estimated losses that may be incurred in the wake of removal of fixed assets.

(i) Reserve for Loss on disaster

The amount that is estimated to be necessary is earmarked in order to provide for expenditures of costs and expenses for restoration of fixed assets damaged, etc., as a consequence of the Great East Japan Earthquake.

(j) Reserve for Environmental Measures

An amount is earmarked in order to provide for any loss that MCHC may be required to bear in the future in connection with construction work aimed at environmental measures.

(5) Other Significant Matters Related to Preparation of Consolidated Financial Statements

(i) Standard for translating significant foreign currency assets and liabilities into Japanese yen

Monetary claims and debts denominated in foreign currencies are translated into Japanese yen at the spot exchange rates prevailing on the closing date, and any translation difference is treated as a gain or loss. The assets and liabilities of MCHC's overseas subsidiaries are translated into Japanese yen at the spot exchange rates prevailing on the closing date. Earnings and expenses of the said subsidiaries are translated into Japanese yen at the average spot exchange rates during the term, and any translation difference is included in "Minority interests in consolidated subsidiaries" and "Foreign currency translation adjustments" within "Net Assets."

(ii) Method and period of amortization

The goodwill and the negative goodwill that accrued on or before March 31, 2009 are to be amortized evenly over a period of 20 years depending on the source.

In addition, goodwill and negative goodwill are principally amortized on a straight-line basis over a period of 15 years for those in association with the establishment of MTPC, a period of 10 years for those in association with making MPI into a wholly-owned subsidiary, a period of 20 years for those in association with making MRC into a wholly-owned subsidiary.

(iii) Accounting treatment of consumption taxes: Net of tax

(iv) Adoption of consolidated tax payment system: MCHC adopts the consolidated tax payment system.

## 5. Additional Information

### (1) Application of Accounting Standard for Accounting Changes and Error Corrections

The “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24 of December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24 of December 4, 2009) were applied to the accounting changes and error corrections made at or after the beginning of the consolidated fiscal year under review.

### (2) Impacts of changes in corporation tax rate, etc.

In the wake of the promulgation on December 2, 2011 of the “Act for Partial Revision the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in the Economic and Social Structure” (Act No. 114 of 2011) and the “Act on Special Measures for Securing Financial Resources Necessary for Reconstruction from the Great East Japan Earthquake” (Act No. 117 of 2011), the corporate tax rate is to be changed with effect from the consolidated fiscal year commencing on or after April 1, 2012. In keeping with the foregoing, deferred tax assets and deferred tax liabilities for the consolidated fiscal year under review are calculated according to the statutory effective tax rate based on a revised tax rate corresponding to a consolidated fiscal year, in which taxable temporary differences are expected to be eliminated. With respect to the system for the carryforward of unused tax losses, the ceiling for the carryforward exemption is to be limited to 80/100ths of income before the relevant carryforward with effect from the consolidated fiscal year commencing on or after April 1, 2012.

As a result of these changes, the amount of deferred tax assets (after deducting deferred tax liabilities) and the amount of deferred income taxes as of the end of the consolidated fiscal year under review decreased by ¥14,476 million and increased by ¥14,904 million, respectively, than those calculated based on the previous manner.

## Notes to the Consolidated Balance Sheets

### 1. Assets Pledged as Collateral and Debt Obligations Covered by Collateral

Assets pledged as collateral

Buildings and structures	¥27,784 million
Land	¥20,751 million
Machinery and equipment, etc.	¥89,221 million
Amount of debt obligations covered by collateral	¥18,156 million

**2. Accumulated Depreciation on Total Property, Plant and Equipment**

¥2,506,203 million

Accumulated impairment losses of ¥27,313 million are included in the accumulated depreciation.

**3. Contingent Liabilities**

Liabilities on guarantee for bank borrowings

Guarantees ¥9,409 million

(Of which ¥9,324 million is borne by the MCHC Group)

Stand-by guarantees ¥205 million

(Of which ¥205 million is borne by the MCHC Group)

**4. Trademark Infringement Lawsuit**

The consolidated subsidiary Verbatim Corporation (U.S.A.) was sued for trademark infringement in Brazil. In May 2007, a court in Manaus, in the Brazilian state of Amazonas, ruled in favor of the plaintiff and ordered Verbatim Corporation (U.S.A.) to pay R\$377 million (equivalent to ¥16,961 million). Verbatim Corporation, believing that no trademark infringement took place, and dissatisfied with the fact that reasons for recognizing the plaintiff's monetary claim were not disclosed, immediately filed an appeal with the Superior Court of Justice in Brasilia. In February 2008, the Superior Court of Justice in Brasilia ruled in favor of Verbatim Corporation and returned the case to the Manaus court for retrial.

Subsequently, a disadvantageous ruling was laid down in the retrial, and Verbatim Corp. (US) filed a special appeal in the Superior Court of Justice in Brasilia expressing its dissatisfaction with the retrial ruling. In June 2011, the Superior Court of Justice in Brasilia made the decision to dismiss the trademark infringement lawsuit and the lawsuit for calculation of damages for which the amount of damages was announced by the aforesaid lower court judgment. At this time, however, MCHC cannot fully deny the possibility that the plaintiff might raise a counterargument or file a perfunctory claim.

**5. Trade receivables discounted**

¥393 million

## Notes to the Consolidated Statements of Income

### 1. Impairment loss

During the consolidated fiscal year under review, an impairment loss of ¥10,221 million was reported as extraordinary loss. The main assets for which impairment loss was recognized were as follows:

Intended Use	Location	Category	Impairment loss
Management and sales operations of pharmaceutical business	Mitsubishi Tanabe Pharma Corporation Sanbancho Building (Chiyoda-ku, Tokyo)	Land, Buildings and structures	¥2,923 million
Production facility for polymer processing products	Dia Molding Co.,LTD. (Nagahama-shi, Shiga) and other	Buildings and structures Machinery and equipment, etc.	¥1,976 million

The book value of the Sanbancho Building was reduced to the recoverable amount as the building was expected to become an idle asset as a result of the relocation plan for the Tokyo Branch of Mitsubishi Tanabe Pharma Corporation and other offices. The recoverable amount represents the net liquidation value, and is calculated on the basis of reasonable estimates in consideration of factors such as the publicly assessed value.

The book value of the resin processed product manufacturing facilities was reduced to the recoverable amount as the business performance deteriorated sharply due to the rapid fall in domestic demand and the fact that a future recovery is not in sight. The recoverable amount was measured primarily by utility value, and the discount rates for the facilities whose profitability fell to a low level are omitted as their future cash flows before discount were negative.

### 2. Losses on the Great East Japan Earthquake

The losses were broken down mainly into: fixed costs incurred during closedown caused by the earthquake and insurance income (abatement of loss)

## Notes to the Consolidated Statement of Changes in Net Assets

### 1. Matters Related to Class and Number of Issued Shares

Class and total number of issued shares as of the close of the consolidated fiscal year under review:

Common stock 1,506,288 thousand shares

### 2. Matters Related to Dividends

#### (1) Dividends paid to shareholders

Resolution	Share Class	Aggregate Amount of Dividends	Dividend per share	Entitlement Date	Effective Date
Ordinary General Meeting of Shareholders June 24, 2011	Common stock	¥7,380 million	¥5	March 31, 2011	June 27, 2011
Board of Directors meeting November 1, 2011	Common stock	¥7,380 million	¥5	September 30, 2011	December 2, 2011
Total		¥14,760 million			

#### (2) Dividends whose base date arrives within the consolidated fiscal year under review but whose effective date arrives after the close of the consolidated fiscal year under review

The following matters related to payout of dividends of the common stock are being proposed as one of the agenda for the Ordinary General Meeting of Shareholders scheduled for June 26, 2012.

Resolution	Share Class	Aggregate Amount of Dividends	Source of Dividend	Dividend per share	Entitlement Date	Effective Date
Ordinary General Meeting of Shareholders June 26, 2012	Common stock	¥ 7,380 million	Retained earnings	¥ 5	March 31, 2012	June 27, 2012

**3. Type and number of shares being the object of warrants (excluding that warrant for which the first day of the exercising period has not yet arrived) as of the close of the consolidated fiscal year under review:**

Common stock	286,750 shares
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**Notes on Financial Instruments**

**1. Matters Related to Status of Financial Instruments**

The MCHC Group manages its assets by means of short-term deposits and other highly safe financial instruments, and raises its funds primarily through bank borrowings, issuance of commercial paper and corporate bonds.

The Group strives to mitigate its customers' credit risks associated with notes and accounts receivable in accordance with its claims management regulations. MCHC hedges foreign exchange fluctuation risks associated with some foreign currency-denominated operating receivables by means of foreign exchange forward contracts. Securities and investment securities mainly represent held-to-maturity bonds and shares related to business and capital tie-ups with business partners. MCHC periodically checks and comprehends the fair value of these securities and financial conditions of their issuers (business partners).

Trade payables mainly become due within one year. MCHC hedges foreign exchange fluctuation risks associated with its foreign currency-denominated account payable by means of foreign exchange forward contracts. Borrowings, bonds payable and convertible bonds payable are intended to raise funds necessary for business transactions and capital expenditures, and for some of them, MCHC uses interest rate swaps to control fluctuation risks associated with interest payable, and currency swaps to control exchange fluctuation risks.

Pursuant to the provisions of its internal control regulations, MCHC makes it standard practice to conduct derivatives transactions within limits of actual demand.

## 2. Matters Related to Fair Value of Financial Instruments

The amounts booked on the consolidated balance sheet, fair value and the amount of differences as of March 31, 2012 (consolidated financial settlement date for the fiscal year under review) were as described below:

Unit: Millions of yen

	Amount booked on consolidated balance sheet (*)	Quoted Market Price (*)	Amount of Difference
(1) Cash and deposits	114,778	114,778	-
(2) Trade receivables	593,352	593,352	-
(3) Securities and investment securities			
(i) Held-to-maturity bonds	18,716	17,167	(1,549)
(ii) Shares of affiliated companies	42,809	38,695	(4,114)
(iii) Other securities	223,440	223,440	-
(4) Trade payables	(411,289)	(411,289)	-
(5) Short-term borrowings	(331,330)	(331,330)	-
(6) Commercial papers	(40,000)	(40,000)	-
(7) Current portion of bonds payable	(25,000)	(25,000)	-
(8) Bonds payable	(160,000)	(166,377)	6,377
(9) Convertible bonds payable	(70,000)	(68,963)	(1,037)
(10) Long-term borrowings	(537,798)	(548,613)	10,815
(11) Derivatives transactions			
(i) Derivatives transactions to which hedge accounting is not applied	138	138	-
(ii) Derivatives transactions to which hedge accounting is applied	(88)	(88)	-

(\*) Amounts for those items which were booked as liabilities are shown within brackets.

(Note 1) Matters Related to Methods of Calculation of Fair Value of Financial Instruments and Securities and Derivatives Transactions

### (1) Cash and Deposits, and (2) Trade Receivable

These items are settled over a short period of time and their fair value is virtually equal to their book value. Hence, their fair value is based on the relevant book value.

### (3) Securities and Investment Securities

The fair value of shares is based on their prices determined at the financial instruments exchanges, and the fair value of bonds is based on their prices determined at the financial instruments exchanges or indicated by counterparty financial institutions. Certificates of deposit and commercial paper are settled over a short period of time and their fair value is virtually equal to their book value. Hence, their fair value is based on the relevant book value.

- (4) Trade Payable, (5) Short-Term Borrowings, (6) Commercial Paper and (7) Current portion of bonds payable

These items are settled over a short period of time and their fair value is virtually equal to their book value. Hence, their fair value is based on the relevant book value.

- (8) Bonds payable, and (9) Convertible bonds payable

The fair value of these items is based on their market prices.

- (10) Long-Term Borrowings

The fair value of these items is based primarily on the method of calculation whereby the sum of principal and interest is discounted by an assumed interest rate on the assumption that the said sum is freshly borrowed in a similar manner. Some long-term borrowings with floating interest rates are prescribed to be subject to special accounting treatment applicable to interest rate swaps. Hence the fair value of a long-term borrowing is based on the method of calculation whereby the sum of principal and interest, treated in combination with the said interest rate swap, is discounted by a reasonably estimable interest rate on the assumption that the said sum is freshly borrowed in a similar manner (see (11) below).

- (11) Derivatives Transactions

The fair value of these transactions is based on the prices indicated by counterparty financial institutions. Those subject to special accounting treatment applicable to interest rate swaps are treated in combination with long-term borrowings as hedged items. Hence their fair value is included in that of long-term borrowings (see (10) above).

(Note 2) Financial instruments for which it was considered extremely difficult to figure out fair value

Unit: Millions of yen

Classification	Amount booked on consolidated balance sheet
Unlisted shares	103,254
Unlisted bonds	3,000
Equity securities	2,003

These financial instruments were not included in “(3) Securities and Investment Securities” because no market prices existed for them and their future cash flows could not be estimated and hence it was extremely difficult to figure out their fair value.

#### Notes on Per Share Information

Net assets per share ¥522.77

Net income per share ¥24.06

**mitsubishi chemical holdings corporation**

**Non-consolidated Balance Sheet**

**As of March 31, 2012**

Unit: Millions of yen

**Assets**

**Current assets:**

Cash and deposits	349
Income taxes receivable	8,617
Deferred income taxes—current	39
Short-term loans receivable from subsidiaries and affiliates	19,866
Other	3,133
Total current assets	32,006

**Fixed assets:**

**Property, plant and equipment**

Buildings	0
Structures	0
Tools, furniture and fixtures	19
Construction in progress	50
Total property, plant and equipment	70

**Intangible fixed assets:**

Software	102
Other	0
Total intangible fixed assets	102

**Investments and other assets:**

Investment securities	40
Stocks of subsidiaries and affiliates	644,020
Investments in affiliated companies	32
Long-term loans receivable from subsidiaries and affiliates	23,000
Deferred income taxes—non-current	400
Other	2,637
Total investments and other assets	670,131
Total fixed assets	670,305
Total assets	702,311

**mitsubishi chemical holdings corporation**

**Non-consolidated Balance Sheet (continued)**

**As of March 31, 2012**

Unit: Millions of yen

**Liabilities**

**Current liabilities:**

Short-term payable to subsidiaries and affiliates	130,789
Accounts payables	7,795
Accrued expenses	94
Accrued income taxes	7
Accrued bonuses	76
Other	62
	<hr/>
Total current liabilities	138,826
	<hr/>

**Long-term liabilities:**

Bonds payable	30,000
Convertible bonds payable	70,000
Long-term loan payable	85,000
Other	2,552
	<hr/>
Total long-term liabilities	187,552
	<hr/>
Total liabilities	326,379
	<hr/>

**Net Assets**

**Shareholders' equity:**

Common stock	50,000
Additional paid-in capital	264,557
Legal capital surplus	12,500
Other capital surplus	252,057
Retained earnings	83,162
Other retained earnings	83,162
Retained earnings brought forward	83,162
Less, Treasury stock at cost	(22,451)
	<hr/>
Total shareholders' equity	375,268
	<hr/>

**Warrants**

	662
	<hr/>
Total net assets	375,931
	<hr/>
Total liabilities and net assets	702,311
	<hr/>

**mitsubishi chemical holdings corporation**

**Non-consolidated Statement of Income**

**Year ended March 31, 2012**

Unit: Millions of yen

Operating revenue	
Dividends income	24,433
Operating costs receipts	<u>3,360</u>
Total operating revenue	27,793
General and administrative expenses	<u>4,112</u>
Operating income	23,680
Other income	
Interest income	198
Commission fee	95
Gain on exclusion of accrued dividends	46
Other	<u>0</u>
Total other income	340
Other expenses	
Interest expenses	1,635
Interest on bonds	120
Bond issuance cost	151
Other	<u>3</u>
Total other expenses	<u>1,911</u>
Ordinary income	22,109
Extraordinary losses	
Impairment loss	<u>112</u>
Total extraordinary losses	<u>112</u>
Income before income taxes	21,997
Current income taxes	(100)
Deferred income taxes	<u>(380)</u>
Net income	<u><u>22,477</u></u>

**MITSUBISHI CHEMICAL HOLDINGS CORPORATION**  
**Non-consolidated Statement of Changes in Net Assets**  
**Year ended March 31, 2012**

Unit: Millions of yen

	Shareholders' equity					
	Common stock	Additional paid-in capital		Retained earnings	Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Other retained earnings		
				Retained earnings brought forward		
Balance at April 1, 2011	50,000	12,500	252,073	75,445	(22,478)	367,540
Changes during the fiscal year						
Cash dividends (Note 1)				(14,760)		(14,760)
Net income				22,477		22,477
Purchase of treasury stock					(70)	(70)
Disposition of treasury stock			(15)		98	82
Net change in items other than those in shareholders' equity						
Total changes during the fiscal year	-	-	(15)	7,717	27	7,728
Balance at March 31, 2012	50,000	12,500	252,057	83,162	(22,451)	375,268

Unit: Millions of yen

	Warrants	Total net assets
Balance at April 1, 2011	696	368,236
Changes during the fiscal year		
Cash dividends (Note 1)		(14,760)
Net income		22,477
Purchase of treasury stock		(70)
Disposition of treasury stock		82
Net change in items other than those in shareholders' equity	(33)	(33)
Total changes during the fiscal year	(33)	7,695
Balance at March 31, 2012	662	375,931

Note:

1. Cash dividends

The year-end dividend (¥7,380 million) was paid based on the resolution at the Ordinary General Meeting of Shareholders held in June 2011, and the interim dividend (¥7,380 million) was paid based on the resolution at the Board of Directors meeting held in November 2011.

## **Notes to the non-consolidated Financial Statements**

### **Matters Concerning Significant Accounting Policies**

#### **1. Valuation Methods of Securities**

Subsidiaries' stocks

Stated at cost based on the moving average method

#### **2. Method of Depreciation of Property, Plant and Equipment**

The declining-balance method is applied (but the straight-line method is applied to buildings (excluding accompanying facilities)).

#### **3. Method of Amortization of Intangible Fixed Assets**

By the straight-line method

#### **4. Basis for Reserves**

Accrued bonuses to employees

To provide for payments of bonuses to its employees, estimates of those accrued bonuses and social insurance costs corresponding thereto, which MCHC should bear during the consolidated fiscal year under review, are recorded.

#### **5. Treatment of Consumption Taxes**

Net of tax

#### **6. Adoption of Consolidated Tax Payment System**

Consolidated tax payment system

### **Additional Information**

#### **1. Application of Accounting Standard for Accounting Changes and Error Corrections**

The "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24 of December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24 of December 4, 2009) were applied to the accounting changes and error corrections made at or after the beginning of the fiscal year under review.

### **Notes to the Non-consolidated Balance Sheets**

#### **1. Accumulated Depreciation of Total Property, Plant and Equipment**

¥151 million

Accumulated impairment losses of ¥108 million are included in the accumulated depreciation.

**2. Monetary Claims and Liabilities Against Subsidiaries and Affiliates** (excluding those sectionally indicated)

Short-term monetary claim	¥3,089 million
Short-term monetary liabilities	¥7,523 million

**Notes to the Non-consolidated Statements of Income**

**1. Transactions with Subsidiaries and Affiliates**

Operating income	¥27,793 million
General and administrative expenses	¥1,588 million
Transactions except for operational transactions	¥322 million

**2. Commission fee**

This amount represents the charge, out of those costs and expenses associated with issuance of common stock that MCHC issued for and on behalf of its subsidiaries at their request, which should be borne by and was collected from the subsidiaries.

**Notes to the Non-consolidated Statement of Changes in Net Assets**

**1. Matters Related to Class and Number of Treasury Stocks**

(Thousands of shares)

Class of shares	Number of shares at April 1, 2011	Number of shares increased during the year	Number of shares decreased during the year	Number of shares at March 31, 2012
Common stock	30,209	139	131	30,217

Note: The increase of 139 thousand shares of treasury stock represented the increase resulting from the purchase of shares less than one unit.

Treasury stocks decreased by 131 thousand due to sales of 25 thousand shares for the stock holders having less than one unit and reissuance of 106 thousand shares upon exercise of Stock Acquisition Rights.

**Notes on Tax Effect Accounting**

**1. Breakdown of Deferred Tax Assets and Liabilities**

Deferred tax assets mainly consist of subsidiaries' stocks, losses carried forward (corporation income tax and local tax), impairment loss of fixed assets, accrued bonuses to employees and stock-based compensation expenses. Please note that deferred tax assets pertaining to

subsidiaries' stocks and losses carried forward (local tax) were accounted for as valuation allowances.

## **2. Impacts of changes in corporation tax rate**

In the wake of the promulgation on December 2, 2011 of the “Act for Partial Revision the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in the Economic and Social Structure” (Act No. 114 of 2011) and the “Act on Special Measures for Securing Financial Resources Necessary for Reconstruction from the Great East Japan Earthquake” (Act No. 117 of 2011; the “Act for Securing Financial Resources for Reconstruction” for short), the corporate tax rate is to be changed with effect from the fiscal year commencing on or after April 1, 2012. In keeping with the foregoing, deferred tax assets and deferred tax liabilities for the fiscal year under review are calculated according to the statutory effective tax rate based on a revised tax rate corresponding to a fiscal year in which taxable temporary differences are expected to be eliminated. With respect to the system for the carry forward of unused tax losses, the ceiling for the carried forward exemption is to be limited to 80/100 of income before the relevant carried forward with effect from the fiscal year commencing on or after April 1, 2012.

As a result of these changes, the amount of deferred tax assets (after deducting deferred tax liabilities) and the amount of deferred income taxes as of the end of the fiscal year under review were decreased by ¥70 million and increased by ¥70 million, respectively, than those calculated based on the previous manner.

## Notes on Related Party Transactions

### Subsidiaries and affiliates

Attribute	Name of related party	Equity ownership (or possession) percentage (%)	Description of the business relationship	Transactions	Trading amount (in million yen)	Accounts	Balance at year-end (in million yen)
Subsidiary	Mitsubishi Chemical Corporation	Direct 100%	Interlocking of officers, Lending of funds and debt being guaranteed	Loan charge (Note 1)	19,866	Short-term loans receivable from subsidiaries and affiliates	19,866
				Loan charge (Note 1)	20,000	Long-term loans receivable from subsidiaries and affiliates	20,000
				Receipts of interest (Note 1)	123	Current assets and others	6
				Receipt of loan charge (Note 2)	82	-	-
				Debt being guaranteed (Note 3)	70,000	-	-
Subsidiary	The KAITEKI Institute, Inc.	Direct 100%	Interlocking of officers, research and commission of study	Payment of research and commissioned research (Note 4)	907	-	-
Subsidiary	Mitsubishi Tanabe Pharma Corporation	Direct 56%	Interlocking of officers and Fund borrowing	Fund borrowing (Note 5)	130,789	Short-term loans payable to subsidiaries and affiliates	130,789
				Payment of interest (Note 5)	37	-	-

Trading amount above does not include consumption taxes. The balance at year-end includes consumption taxes.

## Terms of transactions and policy of decision-making thereof

Notes:

1. Interests rates are reasonably decided reflecting market interest rates.  
The amount of loan (pooling of funds) to MCC is indicated in a net amount.
2. The amount represents the charge, out of those costs and expenses associated with issuance of common stock that MCHC issued for and on behalf of its subsidiaries at their request, which should be borne by and was collected from MCC. Similarly, this charge was collected from MPI.
3. MCHC receives a debt guarantee for convertible bonds payable from MCC.
4. The amount of consideration for the services related to research and study is determined subject to mutual consultations.
5. Interests rates are reasonably decided reflecting market interest rates.  
Trading amount of borrowing funds (pooling of funds) from MTPC represents the net amount.

## Notes on Per Share Information

Net assets per share	¥254.23
Net income per share	¥15.22

Note: Amounts of less than one million yen are discarded.

[English Translation of Report of Independent Auditors Originally Issued in the Japanese Language]

Report of Independent Auditors

May 8, 2012

The Board of Directors  
Mitsubishi Chemical Holdings Corporation

Ernst & Young ShinNihon LLC

Kenji Endo  
Certified Public Accountant  
Designated, Limited Liability and  
Operating Partner

Kazuhiko Umemura  
Certified Public Accountant  
Designated, Limited Liability and  
Operating Partner

Eri Sekiguchi  
Certified Public Accountant  
Designated, Limited Liability and  
Operating Partner

Ken Tarui  
Certified Public Accountant  
Designated, Limited Liability and  
Operating Partner

Pursuant to the provisions of Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements of Mitsubishi Chemical Holdings Corporation (the “Company”), which comprise the consolidated balance sheet as of March 31, 2012, and the consolidated statement of income and the consolidated statement of changes in net assets for the fiscal year from April 1, 2011 to March 31, 2012, and the related notes to consolidated financial statements.

*Management’s responsibility for the consolidated financial statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan; this includes the development, implementation, and maintenance of internal control deemed necessary by management for the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Independent auditors’ responsibility*

Our responsibility is to express an opinion on the consolidated financial statements based on our audits as independent auditors. We conducted our audits in accordance with auditing standards

generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. We select and apply the audit procedures based on our assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessment, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Audit opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of March 31, 2012, and the results of their operations for the period then ended in accordance with accounting principles generally accepted in Japan.

#### *Interests in the Company*

Our firm and engagement partners have no interest in the Company that should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

[English Translation of Report of Independent Auditors Originally Issued in the Japanese Language]

Report of Independent Auditors

May 8, 2012

The Board of Directors  
Mitsubishi Chemical Holdings Corporation

Ernst & Young ShinNihon LLC

Kenji Endo  
Certified Public Accountant  
Designated, Limited Liability and  
Operating Partner

Kazuhiko Umemura  
Certified Public Accountant  
Designated, Limited Liability and  
Operating Partner

Eri Sekiguchi  
Certified Public Accountant  
Designated, Limited Liability and  
Operating Partner

Ken Tarui  
Certified Public Accountant  
Designated, Limited Liability and  
Operating Partner

Pursuant to the provisions of Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the financial statements of Mitsubishi Chemical Holdings Corporation (the “Company”), which comprise the balance sheet as of March 31, 2012, and the statement of income and the statement of changes in net assets for the 7th fiscal year from April 1, 2011 to March 31, 2012, and the related notes to financial statements as well as the related supplementary schedules thereto.

*Management’s responsibility for the non-consolidated financial statements.*

Management is responsible for the preparation and fair presentation of these financial statements and supplementary schedules in accordance with accounting principles generally accepted in Japan; this includes the development, implementation, and maintenance of internal control deemed necessary by management for the preparation and fair presentation of financial statements and supplementary schedules that are free from material misstatement, whether due to fraud or error.

*Independent auditors’ responsibility*

Our responsibility is to express an opinion on the financial statements and supplementary

schedules based on our audits as independent auditors. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and supplementary schedules. We select and apply the audit procedures based on our assessment of the risks of material misstatement of the financial statements and supplementary schedules, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessment, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and supplementary schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Audit opinion*

In our opinion, the financial statements and supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2012, and the results of its operations for the period then ended in accordance with accounting principles generally accepted in Japan.

#### *Interests in the Company*

Our firm and engagement partners have no interest in the Company that should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

(TRANSLATION PURPOSE ONLY)  
Copy of the Board of Corporate Auditors' Report

## AUDIT REPORT

With respect to the Directors' performance of their duties during the 7th business year from April 1, 2011 to March 31, 2012, the Board of Corporate Auditors has prepared this Audit Report after deliberations based on the audit reports prepared by each Corporate Auditor. We hereby report as follows:

### 1. Method and Contents of Audit by the Corporate Auditors and Board of Corporate Auditors

The Board of Corporate Auditors has established the audit policies, assignment of duties, etc. and received a report from each Corporate Auditor regarding the status of implementation of his/her audit and results thereof. In addition, we have received reports from the Directors and Independent Auditor regarding the status of performance of their duties, and requested their explanations as necessary.

In conformity with the Corporate Auditor auditing standards established by the Board of Corporate Auditor, and in accordance with the audit policies and assignment of duties, etc., each Corporate Auditor endeavored to facilitate a mutual understanding with the Directors, the internal audit division and other employees, etc. of the Company, endeavored to collect information and maintain and improve the audit environment, has attended the meetings of the board of directors and other important meetings, received reports on the status of performance of duties from the Directors and other employees and requested explanations as necessary, examined important approval/decision documents, and inspected the status of the corporate affairs and assets. Also, each Corporate Auditor monitored and inspected the status of the contents of the Board of Directors' resolutions regarding the development and maintenance of the internal control system and the status of the system, which is, precisely speaking, the system to ensure that the Directors' performance of their duties complied with all laws, regulations and the articles of incorporation of the company and other system that are set forth in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of the corporate affairs of a joint stock company (Kabushiki Kaisha).

In addition, with regard to the internal controls for financial reporting, we received reports from the Directors and Ernst & Young ShinNihon LLC regarding the evaluation of said internal controls and the auditing activities, and requested explanations as necessary. With respect to the subsidiaries, each Corporate Auditor endeavored to facilitate a mutual understanding and exchanged information with the directors and corporate auditors, etc. of each subsidiary, and received reports on their respective business, including the development status of internal audit system, from the subsidiaries as necessary.

Based on the above-described methods, each Corporate Auditor examined the business report and annexed specifications for the business year.

In addition, each Corporate Auditor monitored and verified whether the accounting auditors maintained their independence and properly conducted its audit, received a report from the accounting auditors on the status of their performance of duties, and requested explanations as necessary. Each Corporate Auditor was notified by the accounting auditors that they had established systems for ensuring appropriate execution of their duties in accordance with the "Quality Control Standards for Audits," and requested explanations as necessary.

Based on the above-described methods, each Corporate Auditor examined the non-consolidated

financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and notes to non-consolidated financial statements) and their annexed specifications thereto, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements) for this business year.

## 2. Results of Audit

### (1) Results of Audit of Business Report, etc.

- i) We acknowledge that the business report and the annexed specifications thereto fairly present the status of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
- ii) We acknowledge that no misconduct or violations of laws and regulations, or the Articles of Incorporation was found with respect to the Directors' performance of their duties.
- iii) We acknowledge that the Board of Directors' resolutions with respect to the Internal Control Systems are appropriate. We did not find any matter to be mentioned with respect to the Directors' performance of their duties regarding the development and maintenance of the internal control system including the internal controls for financial reporting.

### (2) Results of Audit of Financial Statements and their Annexed Specifications

We acknowledge that the methods and results of audit performed by the Accounting Auditor, [Ernst & Young ShinNihon LLC], are appropriate.

### (3) Results of Audit of Consolidated Financial Statements

We acknowledge that the methods and results of audit performed by the Accounting Auditor, [Ernst & Young ShinNihon LLC], are appropriate.

May 9, 2012

The Board of Corporate Auditors of  
Mitsubishi Chemical Holdings Corporation

Full-time Corporate Auditor	Kazuchika Yamaguchi
Full-time Corporate Auditor	Kazutoshi Kondo
Full-time Corporate Auditor (Outside Corporate Auditor)	Takashi Nishida
Outside Corporate Auditor	Rokuro Tsuruta
Outside Corporate Auditor	Toshio Mizushima

## Reference Materials for the General Meeting of Shareholders

### Agenda and References

#### Agendum 1. Appropriation of Retained Earnings

Regarding the year end dividend, the Company proposes dividend amounts as follows based on consolidated financial results, as well as a comprehensive consideration of the medium-to long-term stability of dividend payments and the augmentation of retained earnings as a group for the purpose of preparing for future business activities.

Since an interim dividend of 5 yen per share was paid, the total annual dividend will be 10 yen per share.

- (1) Type of dividend  
Cash
- (2) Matters concerning appropriation of dividend property and total amount thereof  
5 yen per share of the Company's common stock  
Total dividends: 7,380,352,745 yen
- (3) Date on which distribution of retained earnings takes effect  
June 27, 2012

## Agendum 2: Partial Amendment to Articles of Incorporation

### 1. Reason for Amendment

- (1) We propose to add Paragraph 3 to Article 2 (Purpose) of the current Articles of Incorporation as the Company pursues and develops new businesses in order to accelerate the realization of synergies in developing a new business in the MCHC Group
- (2) We propose to amend Article 3 (Location of the Head Office) of the current Articles of Incorporation in connection with the relocation of the Company and its directly owned subsidiaries to bring them together under one roof, whereby realizing synergies in the MCHC Group as early as possible and achieving an effective and efficient organizational operation. The new location of the head office is Chiyoda-ku, Tokyo. This amendment will take effect on the date of relocation of the head office (July 2, 2012), and the matter to that effect is stipulated in Supplementary Provision.

### 2. Contents of Amendment

The contents of the amendment are as described below.

(Underlined portions indicate the parts that are to be changed)

Current Articles of Incorporation	Proposed Changes
(Purpose) Article 2 The purpose of the Company shall be, by means of holding shares or interests, to control and manage the business activities of companies engaged in the following businesses. (1)-(23) (Description omitted) 2 (Description omitted)	(Purpose) Article 2 (As stipulated in Paragraph 1, Article 2 of current Articles of Incorporation)  2 (As stipulated in Paragraph 2, Article 2 of current Articles of Incorporation) <u>3 The Company may conduct business accompanied with, or related to, operations stipulated in the aforementioned two Paragraphs.</u>
(Newly added)	
(Location of Head Office) Article 3 The head office of the Company shall be located in <u>Minato</u> -ku, Tokyo.	(Location of Head Office) Article 3 The head office of the Company shall be located in <u>Chiyoda</u> -ku, Tokyo.
Article 4-42 (Description omitted)	Article 4-42 (As stipulated in Article 4-42 of current Articles of Incorporation)
(Newly added)	<u>Supplementary Provision</u>
(Newly added)	<u>The amendment of Article 3 shall take effect on July 2, 2012. This Supplementary Provision shall be deleted after the said amendment of Article 3 takes effect.</u>

### Agendum 3. Election of Eight Directors

The term of office of all seven directors will expire at the conclusion of this General Meeting of Shareholders. It is therefore proposed that eight directors should be elected.

The candidates for directors are as described in No. 1 to 8 below.

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
1	Yoshimitsu Kobayashi (November 18, 1946)	<p>Dec. 1974      Joined Mitsubishi Kasei Industries Corporation (present-day Mitsubishi Chemical Corporation)</p> <p>Jun. 2003      Executive Officer of Mitsubishi Chemical Corporation</p> <p>Apr. 2005      Managing Executive Officer of Mitsubishi Chemical Corporation (until March 2007)</p> <p>Jun. 2006      Member of the Board of Mitsubishi Chemical Holdings Corporation (until March 2007)</p> <p>Feb. 2007      Member of the Board of Mitsubishi Chemical Corporation</p> <p>Apr. 2007      Member of the Board, President and Chief Executive Officer of Mitsubishi Chemical Holdings Corporation (current)</p> <p>Member of the Board, President and Chief Executive Officer of Mitsubishi Chemical Corporation (until March 2012)</p> <p>Apr. 2009      President and Chief Executive Officer of The KAITEKI Institute, Inc. (current)</p> <p>Apr. 2012 to present      Member of the Board, Chairman of Mitsubishi Chemical Corporation (Significant concurrent positions) Member of the Board, Chairman of Mitsubishi Chemical Corporation President and Chief Executive Officer of The KAITEKI Institute, Inc. (Scheduled to assume the position of Member of the Board of The Tokyo Electric Power Company, Incorporated on June 27, 2012)</p>	56,678

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
2	Shotaro Yoshimura (February 13, 1949)	<p>Apr. 1972      Joined Mitsubishi Kasei Industries Corporation (present-day Mitsubishi Chemical Corporation)</p> <p>Jun. 2002      Corporate Auditor of Mitsubishi Pharma Corporation (present-day Mitsubishi Tanabe Pharma Corporation) (until June 2007)</p> <p>Jun. 2003      Executive Officer of Mitsubishi Chemical Corporation (until March 2006)</p> <p>Oct. 2005      Executive Officer of Mitsubishi Chemical Holdings Corporation</p> <p>Apr. 2006      Managing Executive Officer of Mitsubishi Chemical Holdings Corporation (until June 2010) Managing Executive Officer of Mitsubishi Chemical Corporation (until June 2010)</p> <p>Jun. 2006      Member of the Board of Mitsubishi Chemical Holdings Corporation (current) Member of the Board of Mitsubishi Chemical Corporation (until March 2012)</p> <p>Jun. 2008      Member of the Board of Mitsubishi Tanabe Pharma Corporation (until June 2009)</p> <p>Jun. 2010      Senior Managing Executive Officer of Mitsubishi Chemical Holdings Corporation Senior Managing Executive Officer of Mitsubishi Chemical Corporation</p> <p>Apr. 2012 to present      Member of the Board and, Deputy Chief Executive Officer of Mitsubishi Chemical Holdings Corporation (Corporate Management, Finance &amp; Accounting and IR) Member of the Board of Mitsubishi Plastics, Inc. (Significant concurrent positions) Member of the Board of Mitsubishi Plastics, Inc. (Scheduled to assume the position of Member of the Board of Taiyo Nippon Sanso Corporation on June 28, 2012)</p>	37,291

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
3	Shigeru Tsuyuki (September 13, 1947)	<p>Apr. 1971      Joined Mitsubishi Kasei Industries Corporation (present-day Mitsubishi Chemical Corporation)</p> <p>Oct. 2007      Executive Officer of Mitsubishi Chemical Corporation</p> <p>Apr. 2008      Managing Executive Officer of Mitsubishi Chemical Corporation (until June 2010)</p> <p>Jun. 2009      Member of the Board of Mitsubishi Chemical Corporation (until March 2011)</p> <p>Jun. 2010      Senior Managing Executive Officer of Mitsubishi Chemical Corporation (until March 2012)</p> <p>Apr. 2011      Senior Managing Executive Officer of Mitsubishi Chemical Holdings Corporation (until March 2012)</p> <p>Jun. 2011      Member of the Board of Mitsubishi Chemical Holdings Corporation (current)</p> <p>Member of the Board of Mitsubishi Rayon Co., Ltd. (current)</p> <p>Apr. 2012 to present      Member of the Board and, Deputy Chief Executive Officer of Mitsubishi Chemical Holdings Corporation (Business Strategy and PR)</p> <p>(Significant concurrent positions)</p> <p>Member of the Board of Mitsubishi Rayon Co., Ltd.</p>	12,329
4	Michihiro Tsuchiya (July 12, 1947)	<p>Apr. 1976      Joined Tanabe Seiyaku Co., Ltd. (present-day Mitsubishi Tanabe Pharma Corporation)</p> <p>Apr. 1999      Executive Officer of Tanabe Seiyaku Co., Ltd.</p> <p>Jun. 2001      Member of the Board of Tanabe Seiyaku Co., Ltd.</p> <p>Jun. 2003      Managing Director of Tanabe Seiyaku Co., Ltd.</p> <p>Jun. 2005      Member of the Board, Managing Executive Officer of Tanabe Seiyaku Co., Ltd.</p> <p>Jun. 2006      Member of the Board, Senior Managing Executive Officer of Tanabe Seiyaku Co., Ltd.</p> <p>Oct. 2007      Member of the Board and Deputy Chief Executive Officer of Mitsubishi Tanabe Pharma Corporation (until June 2009)</p> <p>Jun. 2008      Member of the Board of Mitsubishi Chemical Holdings Corporation (current)</p> <p>Jun. 2009      President and Chief Executive Officer of Mitsubishi Tanabe Pharma Corporation (current)</p> <p>Apr. 2011 to present      Member of the Board of The KAITEKI Institute, Inc. (Significant concurrent positions)</p> <p>President and Chief Executive Officer of Mitsubishi Tanabe Pharma Corporation</p> <p>Member of the Board of The KAITEKI Institute, Inc.</p>	20,665

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
5	Noriyuki Tajiri (February 13, 1950)	<p>Apr. 1974      Joined Mitsubishi Rayon Co., Ltd.</p> <p>Jun. 2003      Member of the Board of Mitsubishi Rayon Co., Ltd. (until June 2006)</p> <p>Jun. 2005      Executive Officer of Mitsubishi Rayon Co., Ltd.</p> <p>Jun. 2006      Managing Director and Senior Executive Officer of Mitsubishi Rayon Co., Ltd.</p> <p>Jun. 2007      Member of the Board of Mitsubishi Rayon Co., Ltd. (current)</p> <p>                    Managing Executive Officer of Mitsubishi Rayon Co., Ltd.</p> <p>Jun. 2008      Senior Managing Executive Officer of Mitsubishi Rayon Co., Ltd.</p> <p>to present      (Significant concurrent positions)</p> <p>                    Member of the Board of Mitsubishi Rayon Co., Ltd.</p> <p>                    Member of the Board of Mitsubishi Chemical Engineering Corporation</p>	21,984
6	Hiroaki Ishizuka (February 23, 1950)	<p>Apr. 1972      Joined Mitsubishi Kasei Industries Corporation (present-day Mitsubishi Chemical Corporation)</p> <p>Apr. 2007      Executive Officer of Mitsubishi Chemical Corporation</p> <p>Apr. 2009      Managing Executive Officer of Mitsubishi Chemical Corporation (until March 2011)</p> <p>Jun. 2009      Member of the Board of Mitsubishi Chemical Corporation (until March 2012)</p> <p>Apr. 2011      Senior Managing Executive Officer of Mitsubishi Chemical Corporation</p> <p>Apr. 2012      Member of the Board, President and Chief Executive Officer of Mitsubishi Chemical Corporation</p> <p>to present      Member of the Board of The KAITEKI Institute, Inc. (Significant concurrent positions)</p> <p>                    Member of the Board, President and Chief Executive Officer of Mitsubishi Chemical Corporation</p> <p>                    Member of the Board of The KAITEKI Institute, Inc.</p>	10,095
7	Takumi Ubagai (August 7, 1948)	<p>Apr. 1971      Joined Mitsubishi Rayon Co., Ltd.</p> <p>Jun. 2001      Member of the Board and Executive Officer of Mitsubishi Rayon Co., Ltd.</p> <p>Jun. 2004      Managing Director and Senior Executive Officer of Mitsubishi Rayon Co., Ltd.</p> <p>Jun. 2007      Director and Senior Managing Executive Officer of Mitsubishi Rayon Co., Ltd.</p> <p>Apr. 2012      President and Chief Executive Officer of Mitsubishi to present      Plastics, Inc.</p> <p>                    Member of the Board of The KAITEKI Institute, Inc. (Significant concurrent positions)</p> <p>                    President and Chief Executive Officer of Mitsubishi Plastics, Inc.</p> <p>                    Member of the Board of The KAITEKI Institute, Inc.</p>	30,111

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
8	Hitoshi Ochi (October 21, 1952)	<p>Apr. 1977      Joined Mitsubishi Kasei Industries Corporation (present-day Mitsubishi Chemical Corporation)</p> <p>Jun. 2007      Executive Officer of Mitsubishi Chemical Holdings Corporation (until June 2010) Executive Officer of Mitsubishi Chemical Corporation (until March 2010)</p> <p>Apr. 2009      Member of the Board of Mitsubishi Plastics, Inc.(until March 2011)</p> <p>June 2009      Member of the Board of Mitsubishi Chemical Holdings Corporation (until June 2011)</p> <p>June 2010      Managing Executive Officer of Mitsubishi Chemical Holdings Corporation Member of the Board of Mitsubishi Rayon Co., Ltd. (until June 2011)</p> <p>April 2011      Member of the Board and Managing Executive Officer of Mitsubishi Chemical Corporation</p> <p>April 2012 to present      President and Chief Executive Officer of Mitsubishi Rayon Co., Ltd. Member of the Board of The KAITEKI Institute, Inc. (Significant concurrent positions) President and Chief Executive Officer of Mitsubishi Rayon Co., Ltd. Member of the Board of The KAITEKI Institute, Inc.</p>	15,445

Note: Michihiro Tsuchiya serves as Representative Director of MTPC. MTPC pays its share of Group operating expenses to MCHC. MTPC has also offered short-term loans to MCHC as part of cross-group fund procurement operations. There are no special interests between any of the other candidates and MCHC.

#### Agendum 4. Election of One Corporate Auditor

The term of office of a corporate auditor Kazutoshi Kondo will expire at the conclusion of this General Meeting of Shareholders. It is therefore proposed that one corporate auditor should be elected.

We have obtained the consent of the Board of Corporate Auditors to our submission of this agendum.

The candidate for a corporate auditor is as described below.

Name (Date of birth)	Personal history, position at the Company and significant concurrent positions outside the Company	Number of the Company's shares held
Akira Nakata (June 16, 1954 )	Apr. 1981      Joined Mitsubishi Rayon Co., Ltd. Jun. 2008      Member of the Board and Executive Officer of Mitsubishi Rayon Co., Ltd. (until March 2012) Jan. 2011      Executive Officer of Mitsubishi Chemical Holdings Corporation (until March 2012) (Scheduled to assume the position of Corporate Auditor of Mitsubishi Plastics, Inc. on June 22, 2012)	15,008