

May 14, 2002

Mitsubishi Rayon Co., Ltd.

**Notice of Legal Capital Surplus and Legal Retained
Earnings Reductions**

On May 14, 2002, the Board of Directors of Mitsubishi Rayon drafted a proposal to allow the Company to make reductions in its legal capital surplus and legal retained earnings. This proposal will be submitted for shareholder approval at the 77th annual Regular General Meeting of Shareholders to be held on June 27, 2002. Details of the proposal are written below.

1. Purpose of Reductions

To apply more flexible capital policy management through the Company's planned purchase of its own shares and to enhance retained earnings applicable for dividend payment, Mitsubishi Rayon, in accordance with regulations stipulated in Article 289, Clause 2 of the Japanese Commercial Code, proposes to carry out reductions in its legal capital surplus and legal retained earnings.

2. Amount of Reductions

Reduction in legal capital surplus: ¥6 billion

Reduction in legal retained earnings: ¥8,986,890,208

After reductions, the Company's legal capital surplus will stand at ¥32,009,085,904; its legal retained earnings will be ¥0.

3. Reduction Resolution Dates

(1) Board of Directors resolution: May 14, 2002

(2) Planned General Meeting of Shareholders approval:
June 27, 2002

If approved, the changes will go into effect from September 2002, following the deadline for creditors to file formal objections to the proposed action.