May 11, 2011

Mitsubishi Chemical Holdings Corporation
Condensed Consolidated Financial Information
for the Fiscal Year Ended March 31, 2011

FASF MEMBERSHIP

1. Business Results for the Fiscal Year Ended March 31, 2011
(Business period: April 1, 2010 to March 31, 2011)

	Millions of Yen		Thousands of U.S. Dollars
	FY2010	FY2009	FY2010
	April 1, 2010 - March 31, 2011	April 1, 2009 - March 31, 2010	April 1, 2010 - March 31, 2011
(1) Results of Operations:			
Net sales	**3,166,771**	2,515,079	38,153,867
Operating income	**226,493**	66,342	2,728,831
Income before income taxes and minority interests in consolidated subsidiaries	**223,899**	58,990	2,697,578
Net income	**83,581**	12,833	1,007,000
(2) Financial Position:			
Total assets	**3,294,014**	3,355,097	39,686,916
Inventories	**485,061**	474,732	5,844,108
Property, plant and equipment	**1,088,369**	1,167,073	13,112,880
Short-term and long-term debt	**1,304,589**	1,454,126	15,717,940
Shareholders' equity*	**758,247**	673,574	9,135,506
Ratio of shareholders' equity to total assets (%)	**23.0**	20.0	

* Net assets excluding share subscription rights and minority interests

(3) Cash Flows:			
Net cash provided by operating activities	**288,853**	116,073	3,480,157
Net cash used in investing activities	**(101,064)**	(327,006)	(1,217,639)
Net cash provided by (used in) financing activities	**(149,493)**	94,437	(1,801,120)
Cash and cash equivalents at end of the year	**143,747**	112,591	1,731,892
(4) General:			
Capital expenditures	**117,806**	119,025	1,419,349
Depreciation and amortization	**148,697**	129,574	1,791,530
R&D expenditures	**130,825**	136,863	1,576,205
Employees (number)	**53,882**	53,907	
(5) Per Share:		(Yen)	(U.S. dollar)
Net income - Basic	**58.72**	9.32	0.71
- Diluted	**54.17**	8.55	0.65
Shareholders' equity	**514.30**	490.99	6.20

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

[March 31, 2011] 1,423,355 [March 31, 2010] 1,375,676 (Thousands of shares)

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

[March 31, 2011] 1,474,317 [March 31, 2010] 1,371,861 (Thousands of shares)

(6) Ratio of Net Income to:		(%)
Shareholders' equity**	**11.6**	1.9
Total assets	**2.5**	0.4
Net sales	**2.6**	0.5

** Based on the average of the beginning and ending balances of the respective periods.

	Millions of Yen		Thousands of U.S. Dollars
	FY2010	FY2009	FY2010
	April 1, 2010 - March 31, 2011	April 1, 2009 - March 31, 2010	April 1, 2010 - March 31, 2011

(7) Segment Information:

[Net Sales by Segments]

Electronics Applications	**152,425**	167,259	1,836,446
Designed Materials	**657,567**	436,786	7,922,494
Health Care	**504,922**	504,414	6,083,398
Chemicals	**895,403**	785,708	10,787,988
Polymers	**731,193**	479,071	8,809,554
Others	**225,261**	141,841	2,713,988
Total	**3,166,771**	2,515,079	38,153,867

[Operating Income (loss) by Segments]

Electronics Applications	**962**	(1,439)	11,590
Designed Materials	**36,471**	13,339	439,410
Health Care	**85,096**	71,041	1,025,253
Chemicals	**52,970**	6,905	638,193
Polymers	**55,017**	(22,490)	662,855
Others	**4,530**	6,246	54,578
Adjustments	**(8,553)**	(7,260)	(103,048)
Total	**226,493**	66,342	2,728,831

[Total Assets by Segment]

Electronics Applications	**129,348**	138,727	1,558,410
Designed Materials	**712,546**	716,677	8,584,892
Health Care	**852,704**	832,469	10,273,542
Chemicals	**655,875**	681,545	7,902,108
Polymers	**744,552**	745,508	8,970,506
Others	**296,018**	324,209	3,566,482
Elimination & corporate costs	**(97,029)**	(84,038)	(1,169,024)
Total	**3,294,014**	3,355,097	39,686,916

[Depreciation by Segment]

Electronics Applications	**9,057**	9,362	109,120
Designed Materials	**48,309**	32,899	582,036
Health Care	**18,882**	19,879	227,494
Chemicals	**31,064**	40,698	374,265
Polymers	**34,490**	19,051	415,542
Others	**3,916**	4,292	47,181
Corporate costs	**2,979**	3,393	35,892
Total	**148,697**	129,574	1,791,530

[Capital Expenditures by Segment]

Electronics Applications	**6,580**	9,799	79,277
Designed Materials	**34,468**	33,290	415,277
Health Care	**18,488**	16,289	222,747
Chemicals	**29,323**	38,656	353,289
Polymers	**21,873**	14,941	263,530
Others	**3,207**	4,256	38,639
Corporate assets	**3,867**	1,794	46,590
Total	**117,806**	119,025	1,419,349

Notes:

1 The accompanying consolidated financial information has been prepared by using partially simplified accounting methods from those adopted for the latest fiscal year.

2 From this period, the segmentation was changed due to a change of Japanese accounting standard. The figures of the previous fiscal year in the segment information were reclassified according to the change.

3 From this period, the Company has applied accounting standard for asset retirement obligations. This change decreased operating income by 346 million yen and income before income taxes and minority interests in consolidated subsidiaries by 1,940 million yen.

4 From this period, the Company has changed the depreciation method of property, plant and equipment from the declining balance method to the straight-line method mainly adopted by the Company's consolidated subsidiaries of Chemicals and Polymers segments in Japan excluding Mitsubishi Rayon Co., Ltd. and its subsidiaries which became a consolidated subsidiaries of the Company on March 30,2010. This change increased operating income and income before income taxes and minority interests in consolidated subsidiaries by 17,851 million yen.

5 As a result of the Great East Japan Earthquake, operating income increased by 1,700 million yen and income before income taxes and minority interests in consolidated subsidiaries decreased by 20,751 million yen.

6 The Company and its domestic consolidated subsidiaries maintain their accounting recorded in Japanese yen. The U.S. dollar amounts are included solely for convenience and have been translated, as a matter of arithmetical computation only, at the rate of 83 yen to US$1, the approximate exchange rate prevailing in the Tokyo foreign exchange market at the end of March 2011. This translation should not be construed as a representation that the yen amounts actually represent, or have been, or could be, converted into U.S. dollars at this, or at any other rate.

2. Prospects for the Following Fiscal Year

	Millions of Yen		Thousands of U.S. Dollars	
	The First Half of FY2011	FY2011	The First Half of FY2011	FY2011
	April 1, 2011 - September 30, 2011	April 1, 2011 - March 31, 2012	April 1, 2011 - September 30, 2011	April 1, 2010 - March 31, 2011
Net sales	1,680,000	3,580,000	20,240,964	43,132,530
Operating income	81,000	206,000	975,904	2,481,928
Net income	26,000	80,000	313,253	963,855

		(Yen)		(U.S. dollar)
Net income per share	17.63	54.26	0.21	0.65

Notes:

1 The forecast of FY2011 includes an estimated imapct of the Earthquake to decrease operating income by 30,000 million yen and income before income taxes and minority interests in consolidated subsidiaries decreased by 31,000 million yen.

3. Business Performance and Financial Position

(1) Business Performance

Consolidated Performance for the Fiscal Year Ended March 31, 2011 (Fiscal 2010)
－From April 1, 2010 to March 31, 2011

Overview of General Performance

In fiscal 2010, the Japanese economy was on a recovery trend with the upturn in consumer spending and capital expenditure and an increase in exports to particularly Asia, amid concerns about the overseas economic downturn under the continuing trend of appreciation of the yen. However, the Great East Japan Earthquake that hit northeastern Japan in March 2011 caused tremendous damage to the Tohoku and Kanto regions and led a sharp decrease in production activities and consumer spending.

The business environment for the Mitsubishi Chemical Holdings Group was generally favorable, owing to a recovery in demand in the Performance Products and Industrial Materials domains in the continuing trend of rising raw material and fuel prices, and continued steady demand amid ongoing trend of medical spending constraint in the Health Care domain. However, our business environment turned to be severe because of the suspension of production facilities of the Kashima Plant of Mitsubishi Chemical Corporation caused by the earthquake disaster.

Under the circumstances, the consolidated business results for fiscal 2010 resulted as follows. Net sales increased by ¥651.7 billion, or 25.9%, to ¥3,166.8 billion compared to fiscal 2009 on account of the recovery in demand in the Performance Products and Industrial Materials domains, as well as that Mitsubishi Rayon Co., Ltd. became a consolidated subsidiary in March 2010. Operating income increased by ¥160.2 billion, or 241.4%, to ¥226.5 billion compared to fiscal 2009. Ordinary income increased by ¥164.9 billion, or 279.6%, to ¥223.9 billion compared to fiscal 2009, and net income increased by ¥70.8 billion, or 551.3% to ¥83.6 billion compared to fiscal 2009 despite that we posted extraordinary losses for the restoration from the Great East Japan Earthquake.

(2) Overview of Business Segments

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

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

Net sales in this segment decreased by ¥14.9 billion, or 8.9%, to ¥152.4 billion. Operating income increased by ¥2.4 billion to ¥10.0 billion due to an increase in revenue in semiconductor-related business such as precision cleaning and an increase in sales volumes in organic photo conductor (OPC) drums, toners, and chemical toners.

In recording media, net sales decreased due to lower sales volumes in DVDs, lowering prices and the appreciation of the yen, despite increased sales volumes of external hard disk drives and flash memory devices. In electronics related materials, net sales of display materials remained the same as fiscal 2009 due to a decrease in demand in the second half of fiscal 2010 (October 1, 2010 – March 31, 2011), and precision cleaning and recycling of wafers for semiconductors continued favorably. In imaging supplies, net sales decreased due to the appreciation of the yen, despite steady sales performance in OPC drums, toners and chemicals toners.

Major initiatives in the Electronics Applications segment during fiscal 2010 included:

- Mitsubishi Kagaku Media Co., Ltd. constructed new production facilities to increase its production of Blu-ray Discs (BDs) at Mitsubishi Chemical Infonics Pte Ltd in Singapore and began operations. (Monthly production capacity for BDs was increased from 400,000 discs to 1.3 million discs.) (April)
- Mitsubishi Kagaku Media Co., Ltd. announced to unify all products under one brand, *Verbatim*, by switching the recordable optical disc from Mitsubishi to the *Verbatim* brand as of September 1, 2010. (July)
- Mitsubishi Kagaku Media Co., Ltd. announced that it has started sales of its *Verbatim* brand LED light bulbs in the European market. (September)
- Mitsubishi Kagaku Media Co., Ltd. started sales of *Verbatim* brand “ARLEDIA” that is a DVD-R with a reflective layer using gold and silver for high disc durability. This is an archival-quality disc with long-term storage capability beyond that of previous products; silver reflective layer DVD-R. (December)
- Mitsubishi Chemical Corporation and Mitsubishi Plastics, Inc. announced to launch *ALPOLIC/gioa*, building integrated photovoltaics combined thin film photovoltaics with *ALPOLIC*, alminum composite materials in April 2011. (February 2011)
- Mitsubishi Kagaku Media Co., Ltd. launched its Verbatim brand LED light bulbs onto the North American market. (March 2011)

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

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

Net sales in this segment increased by ¥220.7 billion, or 50.5%, to ¥657.5 billion. Operating income increased by ¥23.2 billion, or 174.4%, to ¥36.5 billion.

In food ingredients, net sales increased due to an increase in sales volumes. In battery materials, net sales decreased due to a decrease in sales volumes of materials for laptop computers and lower sales pricing in the second half of fiscal 2010. In fine chemicals, net sales increased due to an increase in sales volumes. In polymer processing products, net sales considerably increased due to that the Nippon Synthetic Chemical Industry Co., Ltd. and Quadrant AG became consolidated subsidiaries as of September 2009 and a substantial increase in sales volumes of polyester films. In composite materials, net sales of industrial materials such as carbon fibers significantly increased due to that Mitsubishi Rayon Co., Ltd. became a consolidated subsidiary in March 2010 and a rebound in demand. In inorganic chemicals, net sales increased due to an increase in sales volumes. Net sales of fibers were newly posted from fiscal 2010, reflecting sales of Mitsubishi Rayon.

Major initiatives in the Designed Materials segment during fiscal 2010 included:

- Mitsubishi Plastics, Inc. has launched the multilayer film, *DIAMIRON*, for medical use, which is originally used for food packaging. (April)
- Mitsubishi Plastics, Inc. resolved to inaugurate Mitsubishi Plastics Marketing Co., Ltd. by separating a part of its sales and marketing function. (April)
- Mitsubishi Rayon Co., Ltd. launched #395 Prepreg, a carbon fiber composite, achieving high level of both toughness and quick cure. (April)
- Mitsubishi Rayon Co., Ltd. and SGL Technologies GmbH established a joint venture, MRC-SGL Precursor Co., Ltd., for production and sales of carbon fiber precursor. (April)
- Mitsubishi Plastics, Inc. launched *ALPOLIC*/fr AD, an aluminum composite material which is certified as a non-combustible material by Minister of Land, Infrastructure and Transportation on condition of being adhered with particular digital-printed (finishing) films on its topside. （May）
- Mitsubishi Chemical Corporation, QINGDAO GR-TAIDA CARBON CO., LTD., and Meiwa Corporation established a joint venture for production of spherical graphite which is core raw material of anode material for lithium-ion battery in Shandong Province, China. (May)
- Mitsubishi Plastics, Inc. completed a new production facility for zeolite-based adsorbent, *AQSOA* and began its production at the Naoetsu Plant. (Production capacity: 150 tons/year) (May)
- Mitsubishi Chemical Corporation resolved to increase its production capacity of cathode material for lithium-ion battery from 600 tons/year to 2,200 tons/year at the Mizushima Plant. (May)
- Mitsubishi Plastics, Inc. developed the high-barrier PET bottle for wine with Mercian Corporation and Kirin Brewery Company, Limited. (June)

- Mitsubishi Rayon Co., Ltd. announced that its microfiltration membrane (SADF membrane), for use with Membrane Bio-Reactor-based treatment methods, was adopted at Singapore's largest sewage treatment plant, through that Nitto Denko Corporation and its wholly-owned subsidiary Hydranautics won the order from Singapore firm Hyflux Ltd. (June)
- Mitsubishi Chemical Holdings Corporation, Mitsubishi Chemical Corporation, and Mitsubishi Rayon Co., Ltd. announced restructuring and consolidation of water treatment businesses in Mitsubishi Chemical and Mitsubishi Rayon. (July)
- Mitsubishi Rayon Co., Ltd. resumed construction of a new carbon fiber plant at Otake Production Center, though the construction had been suspended since March 2009 in response to global economic conditions and the corresponding downturn in carbon fiber markets. (Production capacity: 2,700 tons/year) (July)
- Mitsubishi Plastics, Inc. has developed *ALPOLIC* A2 which comply with Euroclass A2, a next generation fire prevention standard for external cladding wall to be adopted by each country member of European Union. (July)
- Mitsubishi Chemical Corporation resolved to increase its production capacity of anode material for lithium-ion battery from 5,000 tons/year to 7,000 tons/year at the Sakaide Plant. (September)
- Mitsubishi Plastics, Inc. resolved to expand its production facility for alumina fiber, *MAFTEC*, to increase its annual production capacity from 4,500 tons/year to 4,800 tons/year at the Naoetsu Plant. (September)
- Mitsubishi Chemical Holdings Corporation and Mitsubishi Plastics, Inc. resolved to establish a subsidiary for polyester film production and sales in Chiangsu, PRC. (Production capacity: 45,000 tons/year) (September)
- Mitsubishi Chemical Corporation resolved to establish a subsidiary of anode production and sales for lithium-ion batteries in Shandong, PRC. (Production capacity: 4,000 tons/year) (September)
- Mitsubishi Plastics, Inc. developed recyclable fire-resistant PVC pipes and joints. (October)
- Mitsubishi Chemical Corporation resolved to expand its production capacity for electrolyte for lithium-ion battery from 8,500 tons/year to 13,500 tons/year at the Yokkaichi Plant. (October)
- Mitsubishi Chemical Corporation resolved to establish new companies to manufacture and sell electrolyte for lithium-ion batteries in the UK (Production capacity: 10,000 tons/year) and the US (Production capacity: 10,000 tons/year). (October)
- Mitsubishi Plastics, Inc. resolved to establish a marketing subsidiary in China, Mitsubishi Plastics Trading Shanghai Co., Ltd. to strengthen China market development. (March 2011)

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

(Pharmaceuticals, Diagnostic reagents and instruments, Clinical testing)

Net sales in this segment increased by ¥0.6 billion, or 0.1%, to ¥505.0 billion. Operating income increased by ¥14.1 billion, or 19.9 %, to ¥85.1 billion, due to a decrease in administrative expenses as a result of no need for one-time payment of R&D expenditures allocated in fiscal 2009, accompanying a change in a licensing contract.

In the pharmaceutical business, net sales increased due to substantial sales growth in *Remicade*, an anti-TNFα monoclonal antibody; continued favorable sales in *Maintate*, angina pectoris hypertension and arrhythmias and *Talion*, a treatment for allergic disorders; and increased revenue from higher sales in generic drugs, despite that NHI drug prices were revised downward in April 2010. In diagnostic reagents and instruments, net sales decreased due to a decrease in sales volumes. In clinical testing, net sales increased.

Major initiatives in the Health Care segment during fiscal 2010 included:

- Mitsubishi Tanabe Pharma Corporation and its consolidated subsidiary Bipha Corporation received an administrative action, suspension of business and an order for improvement, from the Ministry of Health, Labour and Welfare in regard to a violation of the Pharmaceutical Affairs Act. (April)
- Mitsubishi Tanabe Pharma Corporation received an approval for the additional indication of ankylosing spondylitis for *Remicade* I.V. Drip Infusion 100 (generic name: infliximab), anti-TNF α monoclonal antibody. (April)
- Mitsubishi Tanabe Pharma Corporation received an approval for the additional indication of ulcerative colitis for *Remicade* I.V. Drip Infusion 100 (generic name: infliximab), anti-TNFα monoclonal antibody. (June)
- Mitsubishi Tanabe Pharma Corporation and Toyama Chemical Co., Ltd. received an approval of partial changes in indications, dosage and usage, as well as new 1000 mg dosage formulation, for injectable new quinolone antibacterial agents, *Pazucross.* (July)
- Mitsubishi Tanabe Pharma Corporation has completed post-marketing surveillance on all patients with refractory uveoretinitis in Behcet’s disease *Remicade* I.V. Drip Infusion anti-TNFα monoclonal antibody 100. (August)
- Novartis gained NDA approval for multiple sclerosis for FTY720 in the US. This is the world's first S1P receptor modulator that was discovered in a joint research project conducted by Tesuro FUJITA, a professor emeritus at Kyoto University, Mitsubishi Tanabe Pharma Corporation and others and its marketing rights was licensed out to Novartis. (September)
- Mitsubishi Tanabe Pharma Corporation has entered into a basic agreement with Anaphore, Inc. regarding R&D partnership to be conducted between the parties, based on *Atrimer* technology processed by Anaphore and that the research activities have commenced. (December)
- Mitsubishi Tanabe Pharma Corporation announced to follow the expiration of the sub-license agreement executed between Mitsubishi Tanabe Pharma and Daiichi Sankyo Company, Limited, which grants Daiichi Sankyo exclusive rights in Japan to market *Kremezin*, a drug for

chronic renal failure, the marketing rights shall be transferred from Daiichi Sankyo to Mitsubishi Tanabe Pharma as of April 1, 2011, and Mitsubishi Tanabe Pharma will market *Kremezin*. (January 2011)

- Mitsubishi Tanabe Pharma Corporation confirmed that certain tests related to product shipping were not conducted for some lots of certain products manufactured at Ashikaga Plant of Mitsubishi Tanabe Pharma Factory Ltd., a consolidated subsidiary of Mitsubishi Tanabe Pharma. In response, Mitsubishi Tanabe Pharma implemented a voluntary recall of those lots for which there remained concern that testing was not conducted. (January 2011)
- The European Commission granted Novartis approval for FTY720, sphingosine 1-phosphate (S1P) receptor modulator that Mitsubishi Tanabe Pharma Corporation licensed its development and marketing rights out to Novartis for the entire world excluding Japan. (March 2011)

Chemicals Segment, Industrial Materials Domain

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

Net sales in this segment increased by ¥109.7 billion, or 14.0%, to ¥895.4 billion. Operating income increased by ¥46.1 billion, or 668.1%, to ¥53.0 billion, owing to an improvement in price variance between raw material and product, an increase in sales volumes, and that Mitsubishi Rayon Co., Ltd. became a consolidated subsidiary.

The production volume of ethylene, a basic raw material of petrochemicals, increased by 4.5% to 1,198 thousand tons due primarily to a scale-down of regular maintenance of production facilities compared to fiscal 2009. In basic petrochemicals, chemical derivatives, and synthetic fiber materials, net sales drastically increased due to an increase in demand, a sales price adjustment along with an increase in raw material naphtha price, a substantial upward trend in terephthalic acid market, in addition to that Mitsubishi Rayon became a consolidated subsidiary. In carbon products, net sales of blast furnace coke increased due to an increase in sales volumes and a sales price adjustment along with an increase in coking coal price.

Major initiatives in the Chemicals segment during fiscal 2010 included:

- Mitsubishi Chemical, Nippon Petroleum Refining Co., Ltd., Japan Energy Corporation, and Asahi Kasei Chemicals Corporation have worked on building the high level of cooperation in Mizushima petrochemical complex (Kurashiki-shi, Okayama), and the effort was selected as Projects for the Stable Supply of Petroleum Products by Research Association of Refinery Integration for Group-Operation in 2009. (April)
- Mitsubishi Chemical Holdings Corporation and Asahi Kasei Corporation signed a memorandum of understanding to establish a joint-venture company for the integration and

unification of their basic petrochemicals operations in Mizushima with the start-up of unified operation of the respective naphtha crackers in April, 2011. The understanding is the result of an extensive study on the unification of the naphtha cracker operations of Mitsubishi Chemical and the naphtha cracker operations of Asahi Kasei Chemicals Corporation. (May)

- Mitsubishi Chemical Corporation reached an agreement with Dai-ichi Kogyo Seiyaku Co., Ltd. on transferring all the shares of their joint venture of ethylene oxide derivatives, Yokkaichi Chemical Company Limited owned by Mitsubishi Chemical to Dai-ichi Kogyo Seiyaku. (September)
- Mitsubishi Chemical Holdings Corporation, Mitsubishi Chemical Corporation, Asahi Kasei Corporation, and Asahi Kasei Chemicals Corporation resolved to establish Nishi Nippon Ethylene LLP for the integrated and unified management of their naphtha cracker operations in Mizushima and to begin its operation as from April 1, 2011. (February 2011)

Polymers Segment, Industrial Materials Domain

(Synthetic resins)

Net sales in this segment increased by ¥252.1 billion, or 52.6%, to ¥731.2 billion. Operating income increased by ¥77.5 billion to ¥55.0 billion due to an improvement in inventory valuation with rising raw material and fuel prices and that Mitsubishi Rayon Co., Ltd. became a consolidated subsidiary.

In synthetic resins, net sales considerably increased due to increased demand and a sales price adjustment in accordance with rising raw material and fuel prices, in addition to favorable performance in sales volumes and market price of MMA monomer that became our Group product in accordance with Mitsubishi Rayon Co., Ltd. became a consolidated subsidiary.

Major initiatives in the Polymers segment during fiscal 2010 included:

- Mitsubishi Chemical and Royal DSM N.V. completed the exchange of nylon business and polycarbonate business. (June)
- Japan Polypropylene Corporation resolved to terminate the No. 1 polypropylene production line at the Kashima Plant and the No. 2 polypropylene production line at the Goi Plant. (July)
- Mitsubishi Chemical Corporation announced that the Company will jointly support the “Biodegradable Plastic Bags for Organic Fertilizer Production on Samet Island Project” organized by the National Innovation Agency in Thailand, together with PTT Public Company Limited and the Department of Natural Parks, Wildlife and Plant Conservation. (July)
- Mitsubishi Chemical Corporation resolved to dissolve a joint venture with Toagosei Co., Ltd., V-Tech Corporation by around the end of September 2011. (February 2011)
- Mitsubishi Rayon Co., Ltd. and Honam Petrochemical Corp. resolved to expand methyl

methacrylate (MMA) monomer and acrylic resin pellet manufacturing facilities at the plant of their joint venture Daesan MMA Corp. to increase MMA and acrlic resin pellet production capacities from 90,000 tons/year to 188,000 tons /year and from 50,000 tons/year to 110,000 tons/year respectively. (February 2011)

- Japan Polypropylene Corporation concluded an agreement with China Petroleum & Chemical Corporation (SINOPEC) on licensing Japan Polypropylene's polypropylene production technology called HORIZEN process. (March 2011)
- Lucite International Group Limited, a group company of Mitsubishi Rayon Co., Ltd., resolved to construct a new plant for the manufacture of methacrylic acid (MAA) at its facility in Beaumont, Texas, the US. (March 2011)

<u>Others</u>
(Engineering, Logistics)

Net sales in this segment increased by ¥83.5 billion, or 58.9%, to ¥225.3 billion. Operating income decreased by ¥1.8 billion, or 28.6%, to ¥4.5 billion due to decreased external orders in engineering.

In engineering, net sales increased due to that Mitsubishi Rayon became a consolidated subsidiary despite decreased external orders. In logistics, net sales increased due to an increase of external orders. Other than these, net sales in other businesses increased due to that Mitsubishi Rayon became a consolidated subsidiary.

Major initiatives in Others during fiscal 2010 included:

- Mitsubishi Chemical Holdings Corporation, Mitsubishi Chemical Corporation, and Mitsubishi Rayon Co., Ltd. announced that Mitsubishi Chemical and Mitsubishi Rayon integrate their engineering businesses. (July)
- Mitsubishi Chemical Corporation and Mitsubishi Plastics, Inc. announced a plan to consolidate their purchasing functions of packaging materials. (August)

<u>Group in General</u>

Major initiatives in the Group in general other than the above-mentioned segments during fiscal 2010 included:

- Mitsubishi Chemical Holdings Corporation and Mitsubishi Rayon Co., Ltd. resolved to conduct a share exchange through that Mitsubishi Chemical Holdings will become the parent company and sole shareholder of Mitsubishi Rayon and Mitsubishi Rayon will become a wholly-owned subsidiary of Mitsubishi Chemical Holdings, and entered into an agreement concerning the share exchange. (April)

- The KAITEKI Institute, Inc. reached an agreement with the Victoria State Government, Australia and Mebiol Inc. on commencement of joint verification tests on a unique water-saving agricultural technology called IMEC in Victoria State in Australia. (September)
- Mitsubishi Chemical Holdings Corporation announced to establish wholly-owned subsidiaries, Mitsubishi Chemical Holdings America, Inc. and Mitsubishi Chemical Holdings (Beijing) Co., Ltd. which function as representatives of the Mitsubishi Chemical Holdings in the US and China and manage and supervise compliance activities and risk management in the Group companies. (February 2011)

Business Forecasts for the Fiscal Year Ending March 31, 2012

The Japanese economy in fiscal 2010 was on a recovery trend until the Great East Japan Earthquake that hit northeastern Japan in March 2011. From that point forward, it is anticipated that an unpredictable situation will continue for a while, due to stagnant production activities and slumping consumer spending by the influence of the earthquake disaster, as well as the influence of abrupt exchange rate fluctuations and soaring raw material and fuel prices.

The forecasts for the consolidated financial results for fiscal 2011 compared to fiscal 2010 are as follow. Net sales is expected to increase and will amount to ¥3,580.0 billion (increase of ¥413.2 billion). Operating income is expected to decrease and will amount to ¥206.0 billion (decrease of ¥20.5 billion). Ordinary income is expected to decrease and will amount to ¥205.0 billion (decrease of ¥18.9 billion). Net income is expected to decrease and will amount to ¥80.0 billion (decrease of ¥3.6 billion). In the above forecasts, a decrease in operating income of ¥30.0 billion, extraordinary losses of ¥10.0 billion (fixed costs during the suspension of production facilities and others), and insurance income of ¥9.0 billion (non-operating income and extraordinary losses) are included as the impact of the Great East Japan Earthquake on our businesses.

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

(Billions of yen, unless otherwise noted)

	Actual results for fiscal 2010	Forecast for fiscal 2011
Capital expenditure	117.8	146.0
Depreciation	148.7	152.0
R&D expenses	130.8	140.0
Exchange rate (¥/$)	85*	85**
Naphtha (¥/kl)	47,500	62,000

*Average from April 2009 through March 2010
**Average from April 2010 through March 2011

3) Progress in the Medium-term Management Plan and Numerical Targets

Under the three-year medium-term management plan, *APTSIS 10* through fiscal 2010, the Mitsubishi Chemical Holdings Group carried out business portfolio reformation through strengthening high-performance and high-value-added businesses such as white LEDs and lithium-ion battery materials and withdrawal from unprofitable businesses, and pursued to strengthen its global competitiveness through expansion of global businesses, alliances and M&As with domestic and overseas leading companies. Also, for the earliest possible generation of synergies with Mitsubishi Rayon that became a consolidated subsidiary in March 2010, engineering and water treatment businesses of Mitsubishi Chemical and Mitsubishi Rayon were restructured and integrated, and a part of both research functions was integrated. Further, the Group carried out measures such as thorough cost reductions and asset light.

The numerical targets and actual results in *APTSIS 10* are shown below. As a result of above-mentioned efforts, operating income achieved the target. Although ROA was below the target, this was largely because extraordinary losses of ¥22.451 billion were posted due to the influence of the Great East Japan Earthquake. CO_2 emission reduction resulted as planned.

	Targets for fiscal 2010	Actual results for fiscal 2010
Operating income	≧¥190.0 billion	¥226.5 billion
ROA (Income before income taxes/Total assets)	≧6.0%	5.1%
CO_2 emission reduction*	20% reduction vs. 1990 by 2015	As planned

*The original target was to reduce CO_2 emissions per unit energy consumption by 20% of 1990 levels. However, due to the drastic deterioration of economic conditions, the target was later revised to a reduction in the amount of CO_2 emissions.

(2) Consolidated Financial Position

1) Financial Position for Fiscal 2010

The consolidated assets were ¥3,294.0 billion, a decrease of ¥61.1 billion compared to fiscal 2009. The decrease was primarily due to a decrease in yen equivalent of assets in overseas consolidated subsidiaries with the appreciation of the yen, and a decrease in tangible fixed assets because of that capital expenditures were within allowance for depreciation, despite an increase in inventories with rising raw material and fuel prices.

The consolidated liabilities were ¥2,180.0 billion, a decrease of ¥142.2 billion compared to fiscal 2009. The decrease was primarily due to a decrease in interest-bearing debts.

The consolidated net assets were ¥1,114.0 billion, an increase of ¥81.1 billion compared to fiscal 2009. The increase was primarily due to posting net income of ¥83.6 billion and an increase of shareholders' equity through share exchange with Mitsubishi Rayon, despite a decrease in foreign currency translation adjustments of ¥22.3 billion with an increase in the value of the yen against other currencies compared to the end of fiscal 2009.
As a result, the equity ratio was 23.0%, rose 3.0% point compared to fiscal 2009, and the debt-equity ratio improved 1.72, fell 0.44 compared to fiscal 2009.

2) Consolidated Statements of Cash Flows for Fiscal 2010

The free cash flow, which consists of cash flows from operating and investing activities, was an income of ¥187.8 billion, an increase of ¥398.7 billion in income compared to fiscal 2009.
The net cash provided by operating activities totaled ¥288.9 billion, an increase of ¥172.8 billion in income compared to 2009. The increase was due to that income before income taxes of ¥169.6 billion and depreciation.
The net cash used in investing activities primarily consists of capital expenditure and others was ¥101.1 billion, a decrease of ¥225.9 billion compared to fiscal 2009.
The net cash used in financing activities such as dividend payments and redemption of commercial papers was ¥149.5 billion, an increase of ¥243.9 billion in expenditure compared to fiscal 2009.
Cash and cash equivalents as of March 31, 2011 stood at ¥143.7 billion, an increase of ¥31.2 billion compared to fiscal 2009.

3) Forecast for Consolidated Statements of Cash Flows for Fiscal 2011

The consolidated income before income taxes and minority interests in consolidated subsidiaries for fiscal 2011 is expected to be ¥182.0 billion. However, it is anticipated that the free cash flow for fiscal 2011 will be deteriorating compared to fiscal 2010, due to an increase in capital expenditures and expenditures of restoration costs with the Great East Japan Earthquake.

4) Cash Flow Ratios

	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010
Ratio of shareholders' equity to total assets (%)	29.9	24.4	20.0	23.0
Ratio of market value shareholders' equity to total assets (%)	32.8	16.9	19.5	23.4
Debt payment year (year)	5.3	13.6	12.5	4.5
Interest coverage ratio (times)	9.9	5.5	8.7	18.1

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

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

(3) Basic Policy for Profit Distribution and Dividends

Mitsubishi Chemical Holdings Corporation's basic policy is to reward our shareholders with continued dividends according to the business results, while simultaneously considering stable dividends for medium- to long-term perspectives and retaining of sufficient internal reserves for the future business developments.
Our business environment in fiscal 2010 mostly continued favorably. However, it turned to be severe due to the influence of the Great East Japan Earthquake that hit northeastern Japan in March 2011. It is anticipated that the severe situation will continue in fiscal 2011. The Mitsubishi Chemical Holdings Group sets the earliest possible restoration of the production sites affected by the earthquake disaster as a matter of top priority, and plans to address our profit recovery.
As a result, with respect to the dividends for fiscal 2010, Mitsubishi Chemical Holdings intends a year-end dividend of ¥5 per share considering business results of fiscal 2010, retaining of sufficient internal reserves for the future business developments and results of consolidated cash flows. Together with the interim dividend of ¥5 per share, this will results in an annual dividend of ¥10 per share.
With respect to the dividends for fiscal 2011, Mitsubishi Chemical Holdings plans an interim dividend of ¥5 per share and a year-end dividend of ¥5 per share, as a result, an annual dividend of ¥10 per share.

4. Management Policy

(1) Basic Management Policy

The Mitsubishi Chemical Holdings Group philosophy is "Good Chemistry for Tomorrow" – creating better relationships among people, society, and our planet. Under the philosophy, the Group introduced three decision criteria for corporate activities: "sustainability," "health," and "comfort." In addition, the Group implemented "MOS* Indexes," including the Sustainability index, Health index, and Comfort index that Mitsubishi Chemical Holdings has developed as part of its business management in order to contribute to the sustainability of people, societies, and our planet. This is based on the idea that the Group should focus on not only the pursuit of economic benefits, but also sustainability which is indispensable to a company's sustainable growth. The Group promotes its management through a new axis of management of sustainability (MOS) with existing axes of business administration and management of technology. The value generated from balancing these three axes is called "*KAITEKI*** value." The Mitsubishi Chemical Holdings Group aims for realizing a truly sustainable state for people, societies, and our planet that is called *KAITEKI* through our business activities.

The KAITEKI Institute, Inc., a wholly-owned subsidiary of Mitsubishi Chemical Holdings, operates with a 20 to 50 year perspective and tackles some of the most difficult challenges that future generations of mankind will face. The Institute proposes concepts for enterprises that pioneer new business areas based on the fruit of projections and research investigations regarding the earth's future to the Group.

*Management of Sustainability

***KAITEKI* literally means comfort in Japanese.

(2) Medium- to Long-term Management Strategy

Mitsubishi Chemical Holdings, a holding company strives for further improvement of its corporate value including Group companies, through formulation of strategies, optimum allocation of management resources, and business supervision in the Group. In the five-year medium-term management plan, *APTSIS 15* through fiscal 2015 announced on December 6, 2010, the basic concept is "Grow, Innovate, and Leap Ahead by orchestrating the Group's strengths." We strengthen fundamentals by generating synergies, improving financial position, and reforming business structure. Also, we accelerate transformation to high-performance and high-value-added business portfolio, expand green businesses such as white LED lighting and materials and lithium-ion battery materials, develop pharmaceuticals to fulfill unmet medical needs, and implement steadily strategies for global operations of internationally competitive businesses. At the same time, we accelerate launch of the six next-generation growth businesses: OPV modules and materials, organic photo semi-conductor, advanced performance products, agribusiness solutions, healthcare solutions, and sustainable resources. Further, we strategically allocate resources in alliances and acquisitions to expand businesses in order for the Group to make the next leap.

(3) Management Indices

The Mitsubishi Chemical Holdings Group's numerical targets in *APTSIS 15* are as shown below:

	Targets for fiscal 2015
Operating income	¥400.0 billion
ROA (Income before income taxes/Total assets)	≧8%
Net debt-to-equity ratio	1.0
Overseas sales ratio	≧45%

(4) Challenges

Our current business environment is severe due to the influence of the Great East Japan Earthquake that hit northeastern Japan. The Mitsubishi Chemical Holdings Group sets the earliest possible restoration of the production sites affected by the earthquake disaster as a matter of top priority, and plans to address our profit recovery.

In the medium- to long-term business environment, it is expected that efforts to develop renewable energy and resources and contribute to the environment are further required, and medical needs will be more personalized and diversified responding to the declining birthrate and the aging society. In addition, the importance of emerging countries such as China and India will increase in terms of economic scale, and this will bring a wave of large-scale and global corporate restructurings. Markets will be polarized into two different structures: one is an area for environmentally-conscious and high-value-added products and the other is an area for low-priced products such as daily necessities. Responding to both needs appropriately will be important challenges.