

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 voting form 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 3, 2010

To Shareholders:

## **Notice of the Fifth 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 Fifth 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 5:00 p.m. on June 23, 2010.

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

If you vote by Internet, please refer to the “4. Procedures for Exercising Voting Rights via the Internet” on page 3 and 4 of this notice and indicate your approval or disapproval of the proposals by 5:00 p.m. on June 23, 2010.

(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:** Thursday, June 24, 2010, at 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 fifth fiscal year from April 1, 2009, to March 31, 2010.
- Item 2. The contents of Financial Statements for the fifth fiscal year from April 1, 2009, to March 31, 2010.

Matters to be Resolved:

- Agendum 1. Appropriation of Retained Earnings
- Agendum 2. Partial Amendment to Articles of Incorporation
- Agendum 3. Election of Seven Directors
- Agendum 4. Election of Three Corporate Auditors

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

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

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

(Supplemental Note to foreign investors who hold the Company’s shares through custodians in Japan:

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.)

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

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

### **3. Notification Method for Revisions to Information Contained in the Reference Materials for the General Meeting of Shareholders, Business Report, Financial Statements, or Consolidated Financial Statements**

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 Company's website (<http://www.mitsubishichem-hd.co.jp>).

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

1) Only exercise your voting rights via the Internet after reviewing the following information. If anything is unclear, please contact the help desk stated in section 3) below.

a. Voting rights can be exercised via the Internet only by using a computer or a mobile phone (i-mode, EZweb, or Yahoo! Keitai) to access our Internet voting website (<http://www.evotep.jp/>). (However, votes cannot be cast from 2:00 a.m. to 5:00 a.m. each day.)

\* i-mode, EZweb, Yahoo! are trademarks or 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. Also, please be aware that you will not be able to vote when using a PDA, game console, or other such device to access the Internet.

- 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  
Corporate Agency Division (Help Desk)  
Phone: 0120-173-027 (toll-free)  
Hours: 9:00 a.m. to 9:00 p.m. (including weekends and holidays)
  - b. Other inquiries  
Mitsubishi UFJ Trust and Banking Corporation  
Corporate Agency Division  
Phone: 0120-232-711 (toll-free)  
Hours: 9:00 a.m. to 5:00 p.m. (excluding weekends and holidays)

**Business Report**  
**(From April 1, 2009 to March 31, 2010)**

**1. Group Overview of Operation**

(1) Mitsubishi Chemical Holdings Group

The Mitsubishi Chemical Holdings Group (the “Group” or “MCHC Group”), under the aegis of Mitsubishi Chemical Holdings Corporation (the “Company” or “MCHC”) as the holding company, operates in the three business domains of performance products, health care, and chemicals. In order to further strengthen the operating base and competitiveness of the MCHC Group, MCHC and Mitsubishi Rayon Co., Ltd. (“MRC”) agreed in November of last year to integrate management, with MRC joining the MCHC Group. As a result of the tender offer that MCHC made as the first step of the management integration between February and March of this year, MRC became a subsidiary of MCHC in March of this year. Consequently, the MCHC Group came up with a new framework wherein Mitsubishi Chemical Corporation (“MCC”), Mitsubishi Tanabe Pharma Corporation (“MTPC”), Mitsubishi Plastics, Inc. (“MPI”) and MRC would serve as core operating entities. MCHC plans to execute a share exchange with MRC on October 1 of this year thereby turning MRC into a wholly-owned subsidiary of MCHC.

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. In April of last year, MCHC established The KAITEKI Institute, Inc., a wholly- and directly-owned subsidiary, as a research institute dedicated to reviewing responses to challenges that may confront society 20 to 50 years from now and making proposals on the future direction and business development of the MCHC Group.

(2) Business Development and Performance

In the Japanese economy where capital expenditures and consumer spending remained at low levels, signs of business recovery including gradual recovery in exports and production began to emerge in the second half of the fiscal year under review.

The MCHC Group’s business environment was grim as healthcare expenditures remained curbed in the Healthcare Domain and market demand remained at low levels although it began to recover mildly in the second half-year in the Performance Products and Chemicals Domains. Furthermore, prices of some products tended to be sluggish following the

decrease in prices of raw materials as compared with the previous fiscal year, although they were trending upward on a full-year basis.

Under these circumstances, bearing in mind the grim current business environment, the MCHC Group upheld the basic policy of responding rapidly to business contraction, undertaking structural reform, and accelerating the pace of innovation and investment for growth under APTSIS 10, the three-year medium-term management plan of which the fiscal year under review marks its middle year, reviewed and placed a more selective focus on allocation of management resources to capital expenditures and R&D activities, carried out business structural reforms including withdrawal from unprofitable businesses, and endeavored to bolster its international competitiveness by establishing strategic partnering with leading enterprises abroad. At the same time, the MCHC Group sought to intensify proposal-based marketing by which to help solve customers' problems for each market field by drawing on our overall Group capabilities, and made Group-wide efforts to implement measures for reducing costs uncompromisingly and its asset base with a view to bringing earnings back on track.

As a result, the MCHC Group's consolidated business performance in the fiscal year under review remained robust in the Healthcare Domain, however, in the Functional Products and Chemicals Domains, market demand fell off and market conditions remained stagnant on a full-year basis although market demand did show a sign of upward momentum in the second half-year. Hence, net sales stood at ¥2,515.0 billion (down ¥393.9 billion year on year). Operating income amounted to ¥66.3 billion (up ¥58.1 billion year on year) thanks to improvements in gains/losses on valuation of inventories, a rebound in demand for basic petrochemical products during the second half-year, and other positive factors. Recurring income increased to ¥58.9 billion (up ¥60.8 billion year on year), and net income reached ¥12.8 billion (up ¥80.0 billion year on year) partially as a result of reduced tax expenses.

As it was in March of this year that MRC became a subsidiary of MCHC, MRC's consolidated business results for its fiscal year ended March 2010 fell outside the scope of MCHC's consolidated business results for the fiscal year under review.

Information for each segment follows below.

### **Performance Products Domain**

#### **Electronics Applications Segment**

In recording media, sales volume of portable hard disk drives and flash memory products increased, but net sales decreased due to the sluggish DVD sales volume, the downslide of DVD sale prices, and the effect of appreciation of the yen. Of the electronics-related

products, net sales of polyester film decreased as demand in the U.S. and Europe was at a low ebb in the first half the fiscal year under review, and those of injection-molded plastic products also fell off as the sales volume for liquid crystal products decreased. In the environment solution businesses, net sales fell as precision cleaning and wafer regeneration businesses for semiconductors and liquid crystals remained depressed. Regarding imaging supplies, net sales of business equipment-use printing supply, including organic photoconductor (OPC) drums and toners, increased due to the boost of sales figures. Sales of inorganic chemicals decreased sharply as reduced market demand cause both sales prices and sales volume to fall.

As a result, net sales for the segment fell to ¥300.4 billion (down ¥27.0 billion year on year), but operating income amounted to ¥7.0 billion (up ¥2.3 billion year on year) as domestic market demand for electronics-related products rebounded in the second half.

In March of this year, the production facility for optical polyester film for flat panel displays that MPI had been constructing on the premises of its Santo Plant was completed, and began commercial operation.

### **Designed Materials Segment**

Net sales of food ingredients remained basically unchanged from those of the previous fiscal year as the decline in the sales volume of food emulsifier at home was offset by the increased market demand abroad. Net sales of battery materials increased sharply in step with the increase in the sales volume of laptop computer-use battery materials. Net sales of fine chemicals fell as the sales volume declined. Among polymer processing products, the sales volume of various film sheets declined, but net sales increased as MCHC acquired additional shares of The Nippon Synthetic Chemical Industry Co., Ltd., an equity method affiliate, and turned it into a consolidated subsidiary in September of last year. Among composite materials, net sales of industrial materials including carbon fibers and alumina fibers dropped due to cutbacks by private-sector enterprises on capital expenditures, and those of construction-related products also fell due to restrained public-sector investments.

As a result, net sales for the segment increased by ¥27.1 billion year-on-year to ¥303.5 billion, and operating income increased by ¥10.2 billion year-on-year to ¥8.1 billion.

In September of last year, with the aim of bolstering its engineering plastics business and accelerating its overseas business expansion, MPI turned Quadrant AG of Switzerland into a subsidiary by making a tender offer to acquire its shares through Aquamit B.V. of the Netherlands 50% of whose shares are held by MPI.

## **Health Care Domain**

### **Health Care Segment**

Although net sales of ethical pharmaceuticals abroad decreased due to the appreciation of the yen, overall net sales of pharmaceuticals increased as *Remicade*, an anti TNF-alpha monoclonal antibody, and *Talion*, a treatment for allergic disorders, delivered solid sales, while the sales volume of generic pharmaceuticals and vaccines expanded. Although net sales from clinical testing declined due to the reduced volume of entrusted testing, net sales of diagnostic reagents increased in step with the increased volume of sales.

As a result, net sales for this segment amounted to ¥504.4 billion (up ¥7.3 billion year on year), but operating income stood at ¥71.5 billion (down ¥7.7 billion year on year) due to the increased R&D expenses.

In July of last year, MTPC obtained from Vertex Pharmaceuticals Inc. of the United States the license to use clinical trial data on the combination therapy using telaprevir for the treatment of the hepatitis C virus (HCV) and manufacture active pharmaceutical ingredients, and received the relevant technology transfer. In addition, in January of this year, MTPC and Mochida Pharmaceutical Co., Ltd. reached an agreement to co-market in Japan *Escitalopram*, an anti-depressant agent that Mochida is developing.

## **Chemicals Domain**

### **Chemicals Segment**

The production volume of ethylene as a basic raw material for petrochemical products was up 13.6% year-on-year to 1.14 million tons as a result of a the rebound in demand in the last half of the fiscal year under review. Although market demand for basic petrochemicals, chemical derivatives and synthetic fiber materials rebounded in the second half, net sales declined sharply on a full-term basis as market demand and sales prices fell. For carbon products, net sales of coke declined sharply owing to the reduced sales volume and the decline in sales prices which were linked to the prices of metallurgical coal. Net sales of fertilizers decreased as Mitsubishi Chemical Agri, Inc. merged with Chisso-Asahi Fertilizer Co., Ltd. in October of last year, and fell outside of the scope of consolidation from the second half onward.

As a result, net sales for the segment stood at ¥785.7 billion (down ¥289.2 billion year on year), but operating income amounted to ¥7.3 billion (up ¥62.8 billion year on year) thanks to improved gains/losses on valuation of inventories resulting from the upward trend of raw material and fuel prices and improved parity between the prices of terephthalic acid and paraxylene as its raw materials.



In May 2009, as part of its restructuring programs, MCC decided to withdraw from the styrene monomer business in March 2011. A new polytetramethylene ether glycol (PTMG) manufacturing plant that MCC Advanced Polymers Ningbo Co., Ltd. had been constructing in Zhejiang Province, People's Republic of China, was completed and commenced commercial operation in November of last year. A purified terephthalic acid production facility that MCC PTA India Corp. Private Ltd. had been expanding in India was also completed and commenced commercial operation in March of this year.

### **Polymers Segment**

Although market demand for some neat resin and compounds rebounded in the second half, net sales decreased sharply on a full-year basis as demand fell and sales prices dropped as a result of decreases in prices of raw materials and fuels.

As a result, net sales for the segment amounted to ¥479.0 billion (down ¥93.9 billion year on year). Although market demand recovered in the second half, an operating loss of ¥21.7 billion (down ¥8.7 billion year on year) was incurred due to the accrual of a loss on valuation of inventories resulting from the decline in raw material and fuel prices.

In April 2009, as part of its restructuring programs, MCC decided to withdraw from the vinyl chloride resin related business of its subsidiary, V-Tech Corporation in March 2011. MCC also withdrew from its polystyrene and caprolactam businesses in November 2009 and in March 2010, respectively. In February of this year, as part of its restructuring programs, MCC agreed to transfer MCC Group's nylon business to the Royal DSM Group of the Netherlands and take over the said Group's polycarbonate business, both in May of this year.

### **Others**

Net sales in the engineering and logistics decreased as the volume of orders placed from outside decreased.

As a result, net sales for the segment decreased by ¥18.1 billion year-on-year to ¥141.8 billion, and operating income decreased by ¥2.5 billion year-on-year to ¥6.2 billion.

### (3) Outstanding Issues

Although capital expenditures and consumer spending grow at a sluggish pace in the Japanese economy and overseas business conditions may take another downturn, overall business conditions would pick up mildly as exports for Asia in particular are expected to increase and production activities of business enterprises to recover.

In such a business environment, bearing in mind the current status of management, the MCHC Group will, under APTSYS 10, the three-year medium-term management plan of which Fiscal Year 2010 marks its last year, continue to implement measures for reducing costs uncompromisingly and streamlining assets with a view to bringing earnings back on track, accelerate its restructuring programs in order to respond flexibly to changes in industrial structure and market structure, and implement measures to assure a sustainable growth by such as developing high-performance and high value-added products, pursuing strategic business acquisitions and tie-ups, bolstering and expanding overseas businesses, and building a robust operating base. With respect to those businesses which the MCHC Group has identified and had determined to nurture as the main pillars of its future growth, the Group is firmly committed to accelerating the processes for realizing earnings at an early stage by preferentially allocating its management resources to development and commercialization of “white LEDs” that can attract a rapidly increasing market demand which would be tied to next-generation LCD televisions and lighting devices and of “lithium-ion battery materials” for hybrid motor vehicles. At the same time, the MCHC Group will strive to realize positive effects of integration with MRC that joined the Group in March of this year, and will seek to boost its competitiveness further in the business domains including carbon fibers, water treatment, specialty chemicals.

Under the Group philosophy of “Good Chemistry for Tomorrow: A Commitment to Creating Better Relationships among People, Society and Our Planet,” we at the Mitsubishi Chemical Holdings Group have decided the three criteria for corporate activities, “Sustainability”, “Health” and “Comfort”. With a view to helping realize a sound, comfortable and sustainable society, MCHC Group will endeavor to fuse a broad spectrum of its products together with its technological capabilities, offer resource-saving, energy-saving and environment-friendly products, technologies and services, and work proactively on solving environmental issues including reduction of greenhouse gases through various activities of newly established “Kaiteki Project” in MCHC Group. Furthermore, in the hope of becoming a corporate group deserving the trust of society, the MCHC Group will re-ensure the significance of safety to all of its corporate and individual members, treat the matter of compliance with laws and ordinances for the purpose of

conducting business in a proper manner as the most critical managerial challenge, drive home the significance of compliance and risk management to all employees once again, assure reliability of financial reporting, and otherwise seek to bolster internal control. The MCHC Group would like to extend its sincerest apology to its shareholders for the fact that MTPC received this April an administrative action from the Ministry of Health, Labor and Welfare with regard to violation of the Pharmaceutical Affairs Act and this caused our shareholders concern. MTPC reflects deeply on the fact that such a regrettable state of affairs has come into being, takes the significance of the administrative disposition with utmost seriousness, and is making serious efforts to re-ensure rigorous compliance and prevent recurrence of a similar incident. The MCHC Group, for its part, is determined to give any necessary advice to MTPC.

At the Mitsubishi Chemical Holdings Group centered on Mitsubishi Chemical Holdings Corporation as holding company, we are committed to meeting the expectations of our valued shareholders by exerting all-out efforts to address these management issues, recover and improve our business performance, and further enhance the Group's corporate value and shareholder value. We would therefore request your continuing support and guidance.

(4) Capital Expenditures

The MCHC Group's aggregate capital expenditures for the fiscal year under review (from April 1, 2009 to March 31, 2010) stood at ¥119.0 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

[Electronics Applications Segment]

MCC Odawara Plant

Production facility for OPC sheet (addition)

MPI Santo Plant

Production facility for silicone-coated release film (addition)

MPI Santo Plant

Production facility for Polyester film (addition)

Dia Moulding Slovakia s.r.o. (Slovakia)  
Production facility for Injection-molded plastic (new)

- Health Care Domain
  - [Health Care Segment]
  - Mitsubishi Tanabe Pharma Factory Ltd. Kashima Plant
  - Drug packaging equipment (new)
- Chemicals Domain
  - [Chemicals Segment]
  - MCC Kashima Plant
  - Production facility for Propylene (new)

MCC Advanced Polymers Ningbo Co., Ltd. (China)  
Production facility for Polytetra methylene ether glycol (new)

MCC PTA India Corp. Private Ltd. (India)  
Production facility for purified terephthalic acid (addition)

[Polymers Segment]  
Japan Polypropylene Corp. Kashima Plant  
Production facility for Polypropylene (addition)

b) Major facilities under construction

- Health Care Domain
  - [Health Care Segment]
  - MTPC Yokohama Office
  - Research Building (new)

Mitsubishi Pharma (Guangzhou) Co., Ltd. (China)  
Infusion bag production facility (new)

- Chemicals Domain
  - [Chemicals Segment]
  - MCC Mizushima Plant
  - Pilot plant to manufacture propylene (new)

MCC Kashima Plant  
Ethylene oxide storage facility (new)

MCC Sakaide Plant  
Coke oven gas desulfurization equipment (new)

MCC Sakaide Plant  
Coke oven dust collection system and other (renovation)

[Polymers Segment]  
MCC Kurosaki Plant  
Pilot plant to manufacture bio-based polycarbonate (new)

(5) Fund Procurement

In the fiscal year under review (from April 1, 2009 to March 31, 2010), the MCHC Group procured the necessary funds by borrowings funds and issuing corporate bonds and commercial paper.

The sum of MCHC Group's borrowings, corporate bonds and commercial paper stood at ¥1,454.1 billion as of the end of the fiscal year under review (including the funds raised by MRC and its subsidiaries as of the end of March 2010), and main corporate bonds issued during the fiscal year under review were as follows:

(MCC)

Issue	Date of Issue	Aggregate Issue Amount
No. 38 Unsecured Corporate Bond	August 2009	10.0 billion yen
No. 39 Unsecured Corporate Bond	August 2009	15.0 billion yen

(MPI)

Issue	Date of Issue	Aggregate Issue Amount
The Fifth Unsecured Straight Bond	September 2009	10.0 billion yen
The Sixth Unsecured Straight Bond	September 2009	5.0 billion yen

(6) Significant Business Realignment

- In order to bolster its portable hard disc business, Mitsubishi Kagaku Media Co., Ltd. acquired all of the shares of Freecom B.V. of the Netherlands in September of last year.  
(Electronics Applications Segment)

- In order to bolster its engineering plastic products business and accelerate its overseas business expansion, MPI acquired shares of Quadrant AG of Switzerland by means of tender offer through Aquamit B.V. of the Netherlands, 50% of whose shares are held by MPI, and turned Quadrant AG into a subsidiary in September of last year. (MPI had an investment ratio of 95.3% at the time of completion of the tender offer.)  
(Designed Materials Segment)
- In September of last year, MCC acquired additional shares of The Nippon Synthetic Chemical Industry Co., Ltd. and turned the company into a subsidiary as part of its initiatives to bolster its business. (MCC had an investment ratio of 40.0% as of the end of September 2009)  
(Designed Materials Segment)
- Mitsubishi Chemical Medience Corporation withdrew from dispensing pharmacy business by transferring it to WEEDS Co., Ltd. by means of divestiture in September of last year.  
(Healthcare Segment)
- In September of last year, MCC acquired additional shares of Taiyo Nippon Sanso Corp. and turned the company into an affiliate as part of its initiatives to bolster its business. (MCC had an investment ratio of 15.1% after completion of the share acquisition.)  
(Others)
- As part of MCHC Group's initiatives for business structural reform, Mitsubishi Chemical Agri, Inc. (then owned 95.3% by MCC and 4.7% by Nippon Kasei Chemical Co., Ltd.) merged with Chisso-Asahi Fertilizer Co., Ltd. in October of last year. (MCC and Nippon Kasei Chemical Co., Ltd. jointly had an investment ratio of 34.9% following the merger.)  
(Chemicals Segment)
- In order to further strengthen MCHC Group's operating base and competitiveness, MCHC made a tender offer to acquire the shares of MRC between February and March of this year, and turned the company into a subsidiary in March of this year. (MCHC had an investment ratio of 74.5% upon completion of the tender offer.)  
(Designed Materials, Chemicals, Polymers and Each Miscellaneous Segment)

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

Category	2nd Term (Fiscal 2006)	3rd Term (Fiscal 2007)	4th Term (Fiscal 2008)	5th Term (Year under Review; Fiscal 2009)
Net Sales (in billion yen)	2,622.8	2,929.8	2,909.0	2,515.0
Recurring Income (in billion yen)	141.2	128.8	(1.9)	58.9
Net Income (in billion yen)	100.3	164.0	(67.1)	12.8
Net Income per Share (in yen)	73.25	119.51	(48.81)	9.32
Net Assets (in billion yen)	758.7	1,095.9	940.1	1032.8
Net Assets per Share (in yen)	520.05	601.45	486.09	4,90.99
Total Assets (in billion yen)	2,318.8	2,765.8	2,740.8	3,355.0

Notes:

1. 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.
2. Net assets, amounts of net assets per share and total assets for the fifth term (fiscal 2009) were calculated by adding Fiscal 2009 net assets and total assets of MRC which became a subsidiary in March of this year.

(8) Description of Principal Businesses (as of March 31, 2010)

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

Note: By turning MRC into a subsidiary in March of this year, MCHC added chemical fiber as its flagship product in the Designed Materials Segment.

## (9) Status of Major Subsidiaries and Affiliates (as of March 31, 2010)

## (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	74.5	Manufacture and sale 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>			
Nippon Kasei Chemical Co., Ltd.	6.5 billion yen	52.8	Manufacture and marketing of inorganic chemical products
Shinryo Corporation	0.5 billion yen	100.0	Ecological recycling; manufacture and marketing of semiconductors
Verbatim Americas LLC	87 million U.S. dollars	100.0	Marketing of recording media and computer peripheral equipment
Verbatim Ltd. (U.K.)	3 million euro	100.0	Marketing of recording media and computer peripheral equipment
Mitsubishi Polyester Film, Inc. (U.S.A)	29 million U.S. dollars	100.0	Manufacture and marketing of polyester film
Mitsubishi Polyester Film GmbH (Germany)	160,000 euro	100.0	Manufacture and marketing of polyester film
<u>Designed Materials Segment</u>			
The Nippon Synthetic Chemical Industry Co., Ltd.	17.9 billion yen	40.1	Manufacture and marketing of polymer processing products
Japan Epoxy Resins Co., Ltd.	1.2 billion yen	100.0	Manufacture and marketing of epoxy resins
(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



(Chemicals 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 sale 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
V-Tech Corporation	6.0 billion yen	85.1	Manufacture and marketing of vinyl chloride
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 sale of MMA monomer, acrylic resin boards and coating materials
Lucite International UK Limited.	20 million pounds	100.0	Manufacture and sale of MMA monomer, acrylic resin boards and molding resin
(Others)			
Mitsubishi Chemical Logistics Corporation	1.5 billion yen	100.0	Logistics services
Mitsubishi Chemical Engineering Corporation	1.4 billion yen	100.0	Engineering and construction services
Mitsubishi Rayon Engineering Co., Ltd.	1.2 billion yen	100.0	Engineering, manufacture and marketing of hollow-fiber membrane filters

Notes:

1. MCC operates businesses that fall into the categories of Performance Products Domain, Chemicals 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, Chemicals Domain and Others.
5. The KAITEKI Institute, Inc. conducts basic research activities which cannot be classified in any specific

segment.

6. MRC, The KAITEKI Institute, Inc., The Nippon Synthetic Chemical Industry Co., Ltd., MCC PTA Asia Pacific Private Company Ltd., and Dia-Nitrix Co., Ltd. (subsidiary of MRC), Lucite International Inc., Lucite International U.K. Ltd. and Mitsubishi Rayon Engineering Co., Ltd. as subsidiaries of MRC were newly included as significant subsidiaries. Calgon Mitsubishi Chemical Corporation previously listed here, was deleted from the list of significant subsidiaries as its shares held by MCC were partially transferred to the company. Mitsubishi Chemical Safety Institute Ltd. and Mitsubishi Kagaku Iatron, Inc. were deleted as they merged with Mitsubishi Chemical Medience Corporation Mitsubishi Chemical Agri, Inc. was deleted as it ceased to be a subsidiary of MCHC in the wake of its merger with Chisso-Asahi Fertilizer Co., Ltd.
7. Capital reported for each of Verbatim Americas LLC, Mitsubishi Polyester Film, Inc. and Lucite International Inc. represents paid-in capital.
8. Japan Epoxy Resin Co., Ltd. dissolved itself on April 1, 2010 upon its merger with MCC on the same day.

(b) Major Affiliates

Company Name	Capital	MCHC's Equity Investment Ratio (%)	Principal Business
(Chemicals 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	40.8	Generation and supply of electric power
(Others)			
Taiyo Nippon Sanso Corporation	27.0 billion yen	15.1	Manufacture and sale of industrial gas
Kodama Chemical Industry Co., Ltd.	3.0 billion yen	20.6	Manufacture and marketing of plastic products
Nitto Kako Co., Ltd.	1.9 billion yen	37.1	Manufacture and marketing of rubber and plastic products

Notes:

1. Above-listed companies are MCHC's indirect investees.
2. Taiyo Nippon Sanso Corp. was newly added as one of the major affiliates.
3. The Nippon Synthetic Chemical Industry Co., Ltd., previously listed in this section, became a subsidiary of MCHC in September of last year and is now listed as one of the major subsidiaries under (9)(a) above.

## (10) Principal Business Offices and Plants (as of March 31, 2010)

## (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, Niigata, Aichi, Ehime, Kanagawa, Kagawa
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>	
Nippon Kasei Chemical Co., Ltd.	Tokyo, Fukushima, Fukuoka
Shinryo Corporation	Fukuoka
Verbatim America LLC	U.S.A.
Verbatim Ltd.(U.K.)	U.K.
Mitsubishi Polyester Film, Inc.(U.S.A)	U.S.A.
Mitsubishi Polyester Film GmbH(Germany)	Germany
<u>Designed Materials Segment</u>	
The Nippon Synthetic Chemical Industry Co., Ltd.	Osaka, Tokyo, Gifu, Okayama, Kumamoto
Japan Epoxy Resins Co., Ltd.	Tokyo, Mie
(Health Care Domain)	
<u>Health Care Segment</u>	
API Corporation	Tokyo, Osaka, Fukuoka, Shizuoka, Fukushima
Mitsubishi Chemical Medience Corporation	Tokyo, Chiba, Ibaraki, Kanagawa, Fukuoka, Kumamoto
(Chemicals 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
V-Tech Corporation	Tokyo, Okayama, Mie, Kanagawa
Japan Polypropylene Corporation	Tokyo, Ibaraki, Chiba, Kanagawa, Mie, Okayama
J-Film Corporation	Tokyo, Chiba

Company Name	Location
Lucite International Inc.	U.S.A
Lucite International UK Limited.	U.K.
(Others)	
Mitsubishi Chemical Logistics Corporation	Tokyo
Mitsubishi Chemical Engineering Corporation	Tokyo
Mitsubishi Rayon Engineering Co., Ltd.	Tokyo

Notes:

1. MCC operates businesses that fall into the categories of Performance Products Domain, Chemicals 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, Chemicals 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, 2010)

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

Segment		No. of Employees	Year-on-year Increase/Decrease
Performance Products	Electronics Applications	6,729	Down 249
	Designed Materials	9,779	Up 5,049
Health Care	Health Care	12,947	Down 513
Chemicals	Chemicals	5,647	Up 341
	Polymers	7,642	Up 3,505
Others		9,330	Up 3,308
Company-wide (Common)		1,833	Up 986
Sum Total		53,907	Up 12,427

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.
4. The increase in the number of employees was primarily attributable to the fact that MRC became a subsidiary of MCHC in March of this year.

(b) Status of Employees of MCHC

No. of Employees (Year-on-year Change)	Average Age	Average Years of Service
40 (Up 1)	48 years and 7 months	20 years and 8 months

Notes:

1. Employees are on loan from MCC, MTPC and MPI, 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, 2010)

Lenders	Amount Borrowed
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	287.2 billion yen
Mitsubishi UFJ Trust and Banking Corporation	88.1 billion yen
Mizuho Corporate Bank, Ltd.	84.2 billion yen
Japan Finance Corporation Japan Bank for International Cooperation	67.4 billion yen

Note: The amounts include those of MRC and its subsidiaries as of March 31, 2010.

(13) Other Significant Matters Related to the Present State of Corporate Group

(a) Administrative Disposition by Ministry of Health, Labor and Welfare against MTPC

In April of this year, MTPC and its subsidiary, Bipha Corp., received an administrative action, suspension of business and an order for improvement, from the Ministry of Health, Labor and Welfare related to a violation of the Pharmaceutical Affairs Act by submitting faked data from clinical tests with the aim of obtaining government approval to manufacture and market the genetically-engineered human serum albumin. These two companies are making efforts to regain the confidence of society by re-ensuring rigorous compliance and implementing countermeasures to prevent recurrence.

(b) Conclusion of Share Exchange Agreement with MRC

MCHC conducted a tender offer to acquire MRC's shares between February and March of this year, and turned MRC into a subsidiary in March of this year (MCHC's investment ratio stood at 74.5% following completion of the tender offer). On April 28 of this year, MCHC entered into a share exchange agreement with MRC with a view to turning the company into a wholly-owned subsidiary of MCHC effective October 1, 2010.

## 2. Matters Related to Corporate Stocks (as of March 31, 2010)

- (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:  
168,568 (representing a year-on-year increase of 2,212 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	88.262	6.4
Japan Trustee Services Bank, Ltd. – Trust Account	69.759	5.0
Meiji Yasuda Life Insurance Co.	60.644	4.4
Takeda Pharmaceutical Co., Ltd.	51.730	3.7
Nippon Life Insurance Co.	49.428	3.5
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	46.661	3.3
Tokio Marine and Nichido Fire Insurance Co., Ltd.	40.957	2.9
Japan Trustee Services Bank, Ltd. – Trust Account 4	24.410	1.7
Mitsubishi UFJ Trust and Banking Corporation	20.289	1.4
Japan Trustee Services Bank, Ltd. – Trust Account 9	19.024	1.3

#### Notes:

- In addition to the above, MCHC holds 129.610 million shares as treasury stocks, but these shares are non-voting pursuant to the provisions of Article 308, paragraph 2 of the Companies Act.
- Equity investment ratios are calculated to the exclusion of the treasury stocks (129.610 million).
- 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.
- In addition to the above, equity investments of Mitsubishi UFJ Trust and Banking Corporation in MCHC include 3.395 million shares of stock (representing the equity investment ratio of 0.2%) 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

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 their 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. Of described in (1) above, the number of stock acquisition rights held by MCHC's Director as of the last day of the fiscal year under review is 646 (held by one Director).
5. Of described in (2) above, the number of stock acquisition rights held by MCHC's Directors as of the last day of the fiscal year under review is 794 (held by two Directors).
6. Of described in (3) above, the number of stock acquisition rights held by MCHC's Directors as of the last day of the fiscal year under review is 525 (held by two Directors).
7. MCHC ordinarily issues new stock acquisition rights as a stock option to its directors. In the fiscal year under review, however, no new stock acquisition right was issued in light of the sharp deterioration in the financial results during the previous fiscal year.

(2) Stock Acquisition Rights Issued Except for the Directors

	(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	4,011	4,725	4,426

Notes:

1. MCC granted all of the stock acquisition rights described in (1), (2) and (3) 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, and to a total of 26 on September 12, 2008, in each case as performance remuneration.
2. 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.
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.
5. In addition, MCHC delivers stock option to its Directors. All of the stock acquisition rights whose issuance were resolved respectively in November 2006, November 2007 and August 2008 were converted into shares by the end of the fiscal year under review.
6. Given the sharp deterioration in MCHC's financial results for the previous fiscal year, no stock acquisition right was issued to MCHC's Executive Officers or Retiring Director or to MCC.



(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) (total 29)
Number of Stock Acquisition Rights as of Last Day of Fiscal Year under Review	4,331

Notes:

1. MCHC has inherited obligations under those of the stock acquisition rights delivered by MCC to its Directors and Executive Officers as stock option (including retiring Directors and retiring Executive Officers) which were not exercised or retired as of the date (as of October 3, 2005) on which MCC and MPC (currently MTP) 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

	(1)	(2)
Date of Resolution for Issue	October 4, 2007	October 4, 2007
Number of Stock Acquisition Right	7,000	7,000
Type of Stock as Object of Stock Acquisition Rights	MCHC's common stock	MCHC's common stock
No. of Shares Issued per Stock Acquisition Right	Number obtained by dividing face value of this Corporate Bond (total face value: ¥70 billion) by conversion value	Number obtained by dividing face value of this Corporate Bond (total face value: ¥70 billion) by conversion value
Amount Paid In	Gratis	Gratis
Conversion Value	¥1,207	¥1,177
Exercise Period	From November 5, 2007 to October 14, 2011	From November 5, 2007 to October 15, 2013
Number of Stock Acquisition Right as of Last Day of Fiscal Year under Review	7,000	7,000

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

#### 4. Directors and Corporate Auditors (as of March 31, 2010)

##### (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	Managing Executive Officer (Corporate Management, IR and Finance & Accounting)
Director	Etsujiro Koge	Managing Executive Officer
Director	Hitoshi Ochi	Executive Officer (Business strategy and PR)
Director	Michihiro Tsuchiya	
Director	Hiroshi Yoshida	
Corporate Auditor (full-time)	Kazutoshi Kondo	
Corporate Auditor (full-time)	Takayasu Kishi	
Corporate Auditor (full-time)	Takashi Nishida	
Corporate Auditor	Hiroyasu Sugihara	Lawyer
Corporate Auditor	Somitsu Takehara	Certified Public Accountant

##### Notes:

1. Corporate Auditors Takashi Nishida, Hiroyasu Sugihara and Somitsu Takehara are the outside Corporate Auditors as prescribed in Article 2, item 16 of the Companies Act.
2. Director Etsujiro Koge resigned the position of Managing Executive Officer on April 1, 2010.
3. Corporate Auditor Takayasu Kishi has considerable knowledge about finance and accounting as he has served as a senior accounting staff at Mitsubishi Kasei Corporation (currently MCC) and as General Manager, Accounting, at Mitsubishi-Tokyo Pharmaceuticals, Inc. (currently MTPC).
4. Corporate Auditor Somitsu Takehara has considerable knowledge about finance and accounting as he is qualified as a Certified Public Accountant.
5. In addition to the above, the status of significant offices held by Directors and Corporate Auditors is as follows:

Category	Name	Significant concurrent positions	
		Company Name	Title
Director	Ryuichi Tomizawa	Mitsubishi Chemical Corporation	Director
		Kansai Coke and Chemicals Co., Ltd.	Director
		Taiyo Nippon Sanso Corporation	Director
	Yoshimitsu Kobayashi	Mitsubishi Chemical Corporation	President
		The KAITEKI Institute, Inc.	President
	Shotaro Yoshimura	Mitsubishi Chemical Corporation.	Director
Nippon Asahan Aluminium Co., Ltd.		Director	
	Etsujiro Koge	SPDC Ltd.	Chairman of the Board
	Hitoshi Ochi	Mitsubishi Plastics, Inc.	Director
		Ryoka Systems Inc.	Director
	Michihiro Tsuchiya	Mitsubishi Tanabe Pharma Corporation	President
	Hiroshi Yoshida	Mitsubishi Plastics, Inc.	President
The KAITEKI Institute, Inc.		Director	
Corporate Auditor	Kazutoshi Kondo	Mitsubishi Plastics, Inc.	Corporate Auditor
		The KAITEKI Institute, Inc.	Corporate Auditor
		Mitsubishi Chemical Engineering Corporation	Corporate Auditor
	Takayasu Kishi	Mitsubishi Chemical Corporation	Corporate Auditor
		Mitsubishi Chemical Logistics Corporation	Corporate Auditor
		Ryoka Systems Inc.	Corporate Auditor
	Takashi Nishida	Mitsubishi Chemical Corporation	Corporate Auditor
		Mitsubishi Tanabe Pharma Corporation	Corporate Auditor
	Hiroyasu Sugihara	Mitsubishi Chemical Corporation	Corporate Auditor
Aeon Credit Service Co., Ltd.		Corporate Auditor	
Oji Paper Co., Ltd.		Corporate Auditor	

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

Category	Remunerations	
	No. of Persons	Amount (in million yen)
Directors	7	168
Corporate Auditors	5	104
Sum Total	12	272

### 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. Remuneration from MCHC's subsidiaries where Directors and Corporate Auditors concurrently serve as Directors or Corporate Auditors are not included in the aforementioned payments of remuneration to Directors and Corporate Auditors.
4. The amount of compensation 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 right. However, given the sharp deterioration in MCHC's financial results for the previous fiscal year, no stock acquisition right was issued to Directors as stock option during the fiscal year under review.
5. The amount of remuneration for Corporate Auditors is set to be ¥11 million or less per month.
6. 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 an outside Corporate Auditor for MCC and MTPC. MCC and MTPC are MCHC's subsidiaries.
- Corporate Auditor Hiroyasu Sugihara serves concurrently as an outside Corporate Auditor for MCC, Aeon Credit Service Co., Ltd. and Oji Paper Co., Ltd. MCC is a subsidiary of MCHC, but MCHC does not have any special relationship with Aeon Credit Service Co., Ltd. or Oji Paper Co., Ltd.

### (b) Status of Main Activities

- Corporate Auditor Takashi Nishida attended all 18 meetings of the Board of Directors and all 15 meetings of the Board of Corporate Auditors that were held, 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 Hiroyasu Sugihara attended 16 out of 18 meetings of the Board of Directors and all 15 meetings of the Board of Corporate Auditors, and has expressed his opinion as needed by drawing on his expert knowledge and experience accumulated primarily through his services as a public prosecutor and lawyer.

- Corporate Auditor Somitsu Takehara attended 17 out of 18 meetings of the Board of Directors and 14 out of 15 meetings of the Board of Corporate Auditors, and has expressed his opinion as needed by drawing on his expert knowledge and experience accumulated primarily through his services as a certified public accountant.

(c) Aggregate Amount of Remuneration

The remuneration paid to the three outside Corporate Auditors amounted to ¥42 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 conclude 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. Status of Independent Auditor (as of March 31, 2010)

(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 Auditors	39
(ii) Sum total of money and other financial benefits to be paid by MCHC and its subsidiaries to Independent Auditors	819

Notes:

1. As the amount of remuneration under the Companies Act and the amount of remuneration under the Financial Instruments and Exchange Law are not distinguished in the audit agreement between MCHC and the independent auditor, a sum total of these amounts is reported in (i) above.
2. Amount of money to be paid by MRC and its subsidiaries are included in (ii) above.

(3) Policy on Decision to Dismiss or Not Reappoint Independent Auditors

If Independent Auditors are 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 Auditors are 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 Auditors be dismissed or not be reappointed.

(4) 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 legitimacy of operational appropriateness 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 Directors and Employees 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 MCHC Group's training and education programs, audit/monitoring systems, hotlines and other compliance promotion programs 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 manager. 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 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 it is 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 that we will be able to live up to the expectations of our shareholders.

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**

**5th Consolidated Fiscal Year (As of March 31, 2010)**

Unit: Millions of yen

**Assets**

**Current assets:**

Cash and deposits	119,114
Trade receivables	595,661
Securities	59,737
Inventories	474,732
Deferred income taxes—current	37,867
Other	84,810
Allowance for doubtful accounts	(2,786)
Total current assets	1,369,135

**Fixed assets**

**Property, plant and equipment**

Buildings and structures	301,848
Machinery and equipment	456,385
Land	267,387
Construction in progress	111,810
Other	29,643
Total property, plant and equipment	1,167,073

**Intangible fixed assets**

Goodwill	171,699
Other	42,646
Total intangible fixed assets	214,345

**Investments and other assets**

Investment securities	388,534
Long-term loans receivable	2,165
Deferred income taxes—non-current	114,269
Other	102,861
Allowance for doubtful accounts	(3,285)
Total investments and other assets	604,544
Total fixed assets	1,985,962
Total assets	3,355,097

**MITSUBISHI CHEMICAL HOLDINGS CORPORATION**

**Consolidated Balance Sheet (continued)**

**5th Consolidated Fiscal Year (As of March 31, 2010)**

Unit: Millions of yen

**Liabilities**

**Current liabilities:**

Trade payables	370,846
Short-term borrowings	367,010
Commercial papers	125,000
Current portion of bonds payable	30,000
Accrued bonuses	35,570
Accrued income taxes	20,933
Reserve for periodic repairs scheduled within one year	3,268
Reserve for current portion of prospective loss on removal of fixed assets	2,383
Other	219,432

Total current liabilities	<u>1,174,442</u>
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**Long-term liabilities:**

Bonds payable	185,000
Convertible bonds payable	140,136
Long-term borrowings	606,980
Accrued retirement benefits	134,743
Accrued retirement benefits for directors	1,594
Provisions for possible losses in connection with litigation	16,521
Reserve for periodic repairs	2,641
Reserve for prospective loss on removal of fixed assets	4,036
Reserve for costs associated with liquidation of subsidiaries and affiliates	9,639
Other	46,500

Total long-term liabilities	<u>1,147,790</u>
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Total liabilities	<u>2,322,232</u>
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**Net Assets**

**Shareholders' equity:**

Common stock	50,000
Additional paid-in capital	303,279
Retained earnings	379,354
Less, Treasury stock at cost	(38,768)

Total shareholders' equity	<u>693,865</u>
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**Valuation, translation adjustments and other**

Net unrealized holding gain on other securities	11,756
Loss on deferred hedges	(132)
Land revaluation surplus	1,426
Foreign currency translation adjustments	(30,123)
Unfunded retirement benefit obligation with respect to a foreign subsidiary	(3,218)
Total valuation, translation adjustments and other	<u>(20,291)</u>

**Warrants**

653

**Minority interests in consolidated subsidiaries**

358,638

Total net assets	<u>1,032,865</u>
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Total liabilities and net assets	<u>3,355,097</u>
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**MITSUBISHI CHEMICAL HOLDINGS CORPORATION**

**Consolidated Statement of Income**

**5th Consolidated Fiscal Year (Year ended March 31, 2010)**

Unit: Millions of yen

Net sales	2,515,079
Cost of sales	1,953,938
<b>Gross profit</b>	561,141
Selling, general and administrative expenses	494,799
<b>Operating income</b>	66,342
<b>Other income</b>	
Interest income	2,440
Dividend income	4,232
Equity in earnings of affiliates	6,502
Insurance income	4,640
Rent income on noncurrent assets	3,712
Foreign exchange gains, net	1,925
Other	3,949
<b>Total other income</b>	27,400
<b>Other expenses</b>	
Interest expenses	13,081
Balance of labor cost for workers on loan	5,805
Loss on sales and disposal of property, plant and equipment	1,518
Other	14,348
<b>Total other expenses</b>	34,752
<b>Ordinary income</b>	58,990
<b>Total extraordinary income</b>	
Gain on negative goodwill	13,663
Gain on step acquisition	7,497
Gain on sales of fixed assets	2,428
Gain on sales of investment securities	2,138
Other	5,955
<b>Total extraordinary income</b>	31,681
<b>Extraordinary losses</b>	
Loss on liquidation of subsidiaries and affiliates	12,557
Loss on sales and disposal of property, plant and equipment	9,629
Impairment loss	4,420
Provision for possible losses in connection with litigation	3,000
Special retirement expenses	1,753
Loss on valuation of investment securities	575
Other	15,426
<b>Total extraordinary losses</b>	47,360
<b>Gain before income taxes and minority interests in consolidated subsidiaries</b>	43,311
Current income taxes	35,191
Deferred income taxes	(24,709)
Net income before adjustments for income or loss attributable to minority interests	32,829
<b>Minority interests in consolidated subsidiaries</b>	19,996
<b>Net income</b>	12,833

**mitsubishi chemical holdings corporation**  
**Consolidated Statement of Changes in Net Assets**  
**5th Consolidated Fiscal Year (Year ended March 31, 2010)**

Unit: Millions of yen

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2009	50,000	303,194	376,375	(37,278)	692,291
Changes during the consolidated fiscal year					
Cash dividends			(11,013)		(11,013)
Net income			12,833		12,833
Purchase of treasury stock				(336)	(336)
Disposition of treasury stock		85		174	259
Increase in treasury stock resulting from the change of interests in equity-method companies				(23)	(23)
Increase resulting from the merger of non-consolidated subsidiaries by consolidated subsidiaries			153		153
Increase resulting from the merger of a non-consolidated subsidiary by equity-method subsidiaries			383		383
Change of scope of consolidation			248	(1,012)	(764)
Change of scope of equity method			36	(293)	(257)
Reversal of land revaluation surplus			339		339
Net change in items other than those in shareholders' equity					
Total changes during the consolidated fiscal year	-	85	2,979	(1,490)	1,574
Balance at March 31, 2010	50,000	303,279	379,354	(38,768)	693,865

Unit: Millions of yen

	Valuation, translation adjustment and other						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 valuation, translation adjustments and other			
Balance at March 31, 2009	12,411	(567)	1,765	(32,708)	(4,219)	(23,318)	805	270,336	940,114
Changes during the consolidated fiscal year									
Cash dividends						-			(11,013)
Net income						-			12,833
Purchase of treasury stock						-			(336)
Disposition of treasury stock						-			259
Increase in treasury stock resulting from the change of interests in equity-method companies									(23)
Increase resulting from the merger of non-consolidated subsidiaries by consolidated subsidiaries						-			153
Increase resulting from the merger of a non-consolidated subsidiary by equity-method subsidiaries									383
Change of scope of consolidation						-			(764)
Change of scope of equity method						-			(257)
Reversal of land revaluation surplus			(339)			(339)			-
Net change in items other than those in shareholders' equity	(655)	435	-	2,585	1,001	3,366	(152)	88,302	91,516
Total changes during the consolidated fiscal year	(655)	435	(339)	2,585	1,001	3,027	(152)	88,302	92,751
Balance at March 31, 2010	11,756	(132)	1,426	(30,123)	(3,218)	(20,291)	653	358,638	1,032,865

## 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: 345

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

(Increase: 188 companies)

- Increase as a result of new establishment: MCC PTA Asia Pacific Private Company Ltd. and five other companies
- Increase as a result of share acquisition: Mitsubishi Rayon Co., Ltd. and its ninety two subsidiaries, Quadrant AG and its fifty six subsidiaries and ten other companies
- Increase as a result of additional share acquisition: The Nippon Synthetic Chemical Industry Co., Ltd. and its fourteen subsidiaries and one other company
- Increase as a result of increased importance: MCC Advanced Polymers Ningbo Co., Ltd. (China), Mitsubishi Chemical High-Technica Corporation and four other companies

(Decrease: 20 companies)

- Decrease as a result of extinction in mergers: Kasei Optonix, Ltd. and fourteen other companies
- Decrease as a result of completion of liquidation: Hishi Europlast Holdings Ltd. and three other companies
- Change to an equity-method affiliate as a result of sale of shares: Calgon Carbon Japan KK

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

Names of major non-consolidated subsidiaries: Mitsubishi Chemical Techno-Research Corporation

These non-consolidated subsidiaries are excluded from the scope of consolidation because any total amount of the following respective items of these companies does not have material impact on MCHC's consolidated financial statements. They are total assets, net sales, net income or loss corresponding to the equities held by MCHC and retained earnings corresponding to the equities held by MCHC.

## 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: 18

Names of major non-consolidated subsidiaries and affiliates: Mitsubishi Chemical Techno-Research Corporation

(Increase: 5 companies)

- Increase as a result of additional share acquisition making the companies subsidiaries: Guangdong Tanabe Pharmaceutical Co., Ltd. and four other companies

(Decrease: 11 companies)

- Decrease as a result of extinction in mergers: Ryoyo Chemical Co., Ltd. and seven other companies
- Decrease as a result of completion of liquidation: Ryoka Etech Co.,Ltd. and one other company
- Change to a consolidated subsidiary as a result of increased importance: Mitsubishi Chemical High-Technica Corporation

Number of affiliates to which equity method is applied: 58

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

(Increase: 27 companies)

- Increase as a result of new establishment: Sinopec Mitsubishi Chemical Polycarbonate (Beijing) Co., Ltd. and one other company
- Increase as a result of share acquisition: 18 subsidiaries and affiliates of Mitsubishi Rayon Co., Ltd. and four other companies
- Increase as a result of additional share acquisition: Taiyo Nippon Sanso Corporation and one other company
- Change from consolidated subsidiaries as a result of sale of shares: Calgon Carbon Japan KK

(Decrease: 8 companies)

- Change to subsidiaries as a result of additional share acquisition: The Nippon Synthetic Chemical Industry Co., Ltd. and four other companies
- Decrease as a result of sale of shares: PS Japan Corporation and two other companies

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



Names of major affiliates: Zhujiang Optonix New Material Co., Ltd., Kashima Denkai Co., Ltd.

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

### **3. 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: Principally by the declining balance method (straight-line method applicable to buildings (excluding fixtures attached to the buildings) acquired on or after April 1, 1998)

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: ¥1,627 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: ¥10,689 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: ¥4,205 million

MTPC has set aside an estimated amount for payments to cover health



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) Amortization of Goodwill and Negative Goodwill

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.

The negative goodwill that accrued on or after April 1, 2009 were treated as income for the consolidated fiscal year in which the relevant negative goodwill accrued.

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

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

**4. Valuation of Assets and Liabilities of Consolidated Subsidiaries**

The assets and liabilities of consolidated subsidiaries are fully evaluated using the fair market value at the time when MCHC acquired control of the respective consolidated subsidiaries.

**5. Changes in Matters Concerning Basis of Preparation of Consolidated Financial Statements**

(1) Implementation of Accounting Standard for Construction Contracts

With effect from the consolidated fiscal year under review, "Accounting Standard for Construction Contracts" (ASBJ Statement No. 15 of December 27, 2007) and "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidelines No. 18 of

December 27, 2007) were implemented, and therefore construction works which were started in the consolidated fiscal year under review and the outcome of which deemed certain by the end of the consolidated fiscal year under review were recorded on the percentage-of-completion (rate of progress estimated by the cost-ratio method), and the completed contract method was applied to other construction works. The financial effects of the implementation of the said accounting standard and guidance were immaterial.

(2) Implementation of Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)

With effect from the consolidated fiscal year under review, Partial Amendments to Accounting Standard for Retirement Benefits (Part 3) (ASBJ Statement No. 19 of July 31, 2008) were adopted.

The amount of expense processed and the unprocessed balance for the first year of implementation related to the difference in retirement benefit obligations that accrued in the wake of implementation of this Accounting Standard were immaterial.

(3) Implementation of Accounting Standard for Equity Method of Accounting for Investments and Accounting Standard and Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using Equity Method

In light of the fact that “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16 publicized on March 10, 2008) and “Accounting Standard and Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using Equity Method” (PITF No. 24 of March 10, 2008) became implementable with effect from the consolidated fiscal year beginning on or before March 31, 2010, the said Accounting Standard and the said PITF were implemented with effect from the consolidated fiscal year under review. The financial effects of the implementation of the said Accounting Standard and PITF were immaterial.

(4) Implementation of Accounting Standard for Business Combinations

In light of the fact that “Accounting Standard for Business Combinations” (ASBJ Statement No. 21 of December 26, 2008), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 of December 26, 2008), “Partial Amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23 of December 26, 2008), “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7 of December 26, 2008), “Revised Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16 publicized on December 26, 2008), and “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10

of December 26, 2008) became implementable with business combinations and business divestitures to be first conducted in the consolidated fiscal year beginning on or after April 1, 2009, the said Accounting Standards, etc. were implemented with effect from the consolidated fiscal year under review.

## Notes to the Consolidated Balance Sheets

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

Assets pledged as collateral

Buildings and structures	¥37,885 million
Land	¥23,586 million
Machinery and equipment, etc.	¥108,722 million
Amount of debt obligations covered by collateral	¥23,961 million

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

¥2,518,220 million

Accumulated impairment losses of ¥27,010 million are included in the accumulated depreciation.

### 3. Contingent Liabilities

Liabilities on guarantee for bank borrowings

Guarantees	¥21,096 million
	(Of which ¥20,460 million is borne by the MCHC Group)
Stand-by guarantees	¥1,015 million
	(Of which ¥1,015 million is borne by the MCHC Group)
Others	¥106 million
	(Of which ¥53million 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 ¥19,607 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 Brazil's Supreme Court. In February 2008, the Supreme Court ruled in

favor of Verbatim Corporation and returned the case to the Manaus court for retrial.

**5. Trade receivables endorsed for transfer** ¥48 million

## Notes to the Consolidated Statements of Income

### 1. Loss on Liquidation of Affiliated Company

In connection with its Malaysian rare-earth business from which it withdrew in 1994, MCC, a consolidated subsidiary, conducted a detailed review with a view to concluding a contract for construction of a waste processing facility. In August 2009, it decided to conclude the said contract. In order to provide for the burden of costs and expenses that the local subsidiary will incur for the construction works, the amount of ¥12,500 million was set aside in the consolidated fiscal year under review.

## 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, 2009	Common stock	¥5,506 million	¥4	March 31, 2009	June 25, 2009
Board of Directors meeting November 4, 2009	Common stock	¥5,506 million	¥4	September 30, 2009	December 2, 2009
Total		¥11,013 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 24, 2010.

Resolution	Share Class	Aggregate Amount of Dividends	Source of Dividend	Dividend per share	Entitlement Date	Effective Date
Ordinary General Meeting of Shareholders June 24, 2010	Common stock	¥5,506 million	Retained earnings	¥4	March 31, 2010	June 25, 2010

**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 232,400 shares

**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, 2010 (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	119,114	119,114	-
(2) Trade receivables	595,661	595,661	-
(3) Securities and investment securities			
(i) Held-to-maturity bonds	22,540	20,660	(1,880)
(ii) Shares of affiliated companies	39,152	59,244	20,092
(iii) Other securities	270,846	270,951	105
(4) Trade payables	(370,846)	(370,846)	-
(5) Short-term borrowings	(367,010)	(367,010)	-
(6) Commercial papers	(125,000)	(125,000)	-
(7) Current portion of bonds payable	(30,000)	(30,000)	-
(8) Bonds payable	(185,000)	(190,498)	5,498
(9) Convertible bonds payable	(140,136)	(133,219)	(6,917)
(10) Long-term borrowings	(606,980)	(615,010)	8,030
(11) Derivatives transactions			
(i) Derivatives transactions to which hedge accounting is not applied	(1,376)	(1,376)	-
(ii) Derivatives transactions to which hedge accounting is applied	(507)	(507)	-

(\*) 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) below).

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

(Millions of yen)Unit: Millions of yen

Classification	Amount booked on consolidated balance sheet
Unlisted shares	111,671
Unlisted bonds	2,000
Equity securities	2,062

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.

(Additional Information)

With effect from the consolidated fiscal year under review, “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10 of March 10, 2008) and “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19 of March 10, 2008) were implemented.

#### **Notes on Per Share Information**

Net assets per share ¥490.99

Net income per share ¥9.32

#### **Notes on Business Combination**

##### 1. Acquisition of MRC’s Shares

At their respective Boards of Directors, both held on November 19, 2009, MCHC and MRC passed a resolution to execute management integration whereby MRC would join the group of companies led by MCHC as the holding company. In addition, as part of the procedures for the management integration, MCHC made a tender offer to purchase all of the issued and outstanding shares of MRC (excluding the treasury shares owned by MRC) between February 17 and March 19, 2010.

As a result of the said tender offer, MCHC acquired a majority of voting rights associated with MRC’s shares, and MRC became a consolidated subsidiary of MCHC on March 30, 2010.

MCHC plans to turn MRC into a wholly-owned subsidiary on October 1, 2010 by exchanging the remaining shares of MRC with its own shares.

(Business Combination by Means of Share Acquisition)

- (1) Name and business of acquired company, principal reason for conducting business combination, date of business combination, legal form of business combination, and percentage of voting rights acquired

- (i) Name and business of acquired company:

Name: Mitsubishi Rayon Co., Ltd.

Business: Chemicals and plastics business;

Acrylic fiber, AN monomer and derivatives business;

Carbon fiber and composite materials business;

Acetate fibers, membranes and others business

- (ii) Principal reason for conducting business combination

This management integration, whereby MRC joined MCC, MTPC and MPI as a new core entity of the Group led by MCHC as the pure holding company, is intended to unify the management resources of the MCHC Group and MRC, expand corporate scale, establish a robust operating base, enhance business competitiveness and development capabilities, and hence become a group of companies that can expect to overcome global competition which is expected to intensify further.

- (iii) Date of business combination: March 30, 2010

- (iv) Legal form of business combination: share acquisition in exchange for cash

- (v) Percentage of voting rights after share acquisition:

Percentage of voting rights held immediately before business combination: 1.15%

Percentage of voting rights additionally acquired on the date of business combination:  
77.04%

Percentage of voting rights after share acquisition: 78.19%

- (2) Period of business results of acquired company included in the consolidated financial statements:

Not applicable as March 31, 2010 was treated as the deemed acquisition date

- (3) Acquired company's acquisition cost and its breakdown:

Consideration for acquisition:	¥170,158 million
Cost incurred directly for acquisition:	¥1,232 million
Acquisition cost:	¥171,390 million

Fair value as of the date of acquisition of control was assigned to the shares (1.15%) that MCHC had held since before acquisition of control.

- (4) Difference between acquired company's acquisition cost and sum of cost for each transaction leading to acquisition of control      ¥933 million

- (5) Amount of goodwill that accrued, cause for accrual, method and period of amortization:
- (i) Amount of goodwill that accrued: ¥77,122 million
  - (ii) Cause for accrual:  
Goodwill accrued as the difference between the amount of MCHC's equity interests in the acquired company and the relevant acquisition cost.
  - (iii) Method and period of amortization: amortized on a straight-line basis over a period of 20 years
  - (iv) The amount of goodwill represents a provisionally calculated amount. Given the fact that MRC's shares were acquired immediately before MCHC's account-closing date, provisional accounting treatment was applied to part of MRC's assets and liabilities pursuant to the provisions of paragraph 69 of "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10).
- (6) Amounts of assets and liabilities taken over on the date of business combination, and their breakdown:
- |                        |                  |
|------------------------|------------------|
| Current assets:        | ¥175,488 million |
| Fixed assets:          | ¥377,268 million |
| Total assets:          | ¥552,756 million |
| Current liabilities:   | ¥134,044 million |
| Long-term liabilities: | ¥278,317 million |
| Total liabilities:     | ¥412,361 million |
- These were the provisional amounts reflected in the consolidated financial statements as of the end of the consolidated fiscal year under review.

### Notes on Significant Subsequent Events

#### 1 Share Exchange with MRC

At their respective Boards of Directors, both held on April 28, 2010, MCHC and MRC, passed a resolution to execute management integration whereby MRC would turn into a wholly-owned subsidiaries of MCHC based on the agreement to integrate management dated November 19, 2009, and entered into an agreement concerning the Share Exchange on the same day.

#### (1) Method of share exchange

0.8 share of MCHC's common stock to be allotted for each share of MRC's common stock. MCHC plans to implement the share exchange without obtaining the approval at a general meeting of its shareholders in accordance with "simplified share exchange" procedures pursuant to Article 796, Paragraph 3 of the Companies Act.

(2) Effective date

October 1, 2010

2. Administrative action to our consolidated subsidiaries related to violation of Pharmaceutical Affairs Law

On April 13, 2010, MTPC and Bipha Corp., both consolidated subsidiaries of MCHC, were ordered by the Minister of Health, Labor and Welfare to suspend their operations (for a period of 25 days from April 17 and 30 days from April 14, respectively) and improve their operations on the grounds that Bipha Corp. and MTPC committed acts constituting violation of Pharmaceutical Affairs Law in connection with “Medway Injections” which were manufactured by Bipha Corp. and manufactured and marketed by MTPC.

The said administrative disposition may exert an adverse impact on the financial conditions and business performance of MCHC in the subsequent consolidated fiscal years. However, at this time, it is difficult to come up with a reasonable estimate of affected amount.

**mitsubishi chemical holdings corporation**

**Non-consolidated Balance Sheet**

**As of March 31, 2010**

Unit: Millions of yen

**Assets**

**Current assets:**

Cash and deposits	2
Income taxes receivable	5,244
Deferred income taxes—current	18
Short-term loans receivable	1,873
Other	2,587
Total current assets	<u>9,725</u>

**Fixed assets**

**Property, plant and equipment**

Tools, furniture and fixtures	0
Total property, plant and equipment	<u>0</u>

**Intangible fixed assets**

Software	120
Total intangible fixed assets	<u>120</u>

**Investments and other assets**

Stocks of subsidiaries and affiliates	602,484
Long-term prepaid expenses	10
Deferred income taxes—non-current	22
Total investments and other assets	<u>602,517</u>
Total fixed assets	<u>602,638</u>
Total assets	<u>612,364</u>

**MITSUBISHI CHEMICAL HOLDINGS CORPORATION**

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

**As of March 31, 2010**

Unit: Millions of yen

**Liabilities**

**Current liabilities:**

Short-term loan payable	135,600
Accounts payables	7,557
Accrued income taxes	8
Deposits received	11
Accrued bonuses	48
Other	4
Total current liabilities	143,229

**Long-term liabilities:**

Convertible bonds payable	140,136
Total long-term liabilities	140,136
Total liabilities	283,366

**Net Assets**

**Shareholders' equity:**

Common stock	50,000
Additional paid-in capital	297,762
Legal capital surplus	12,500
Other capital surplus	285,262
Retained earnings	77,392
Other retained earnings	77,392
Retained earnings brought forward	77,392
Less, Treasury stock at cost	(96,810)
Total shareholders' equity	328,344

**Warrants**

	653
Total net assets	328,997
Total liabilities and net assets	612,364



**MITSUBISHI CHEMICAL HOLDINGS CORPORATION**

**Non-consolidated Statement of Income**

**Year ended March 31, 2010**

Unit: Millions of yen

Operating revenue	
Dividends income	12,566
Operating costs receipts	<u>3,020</u>
Total operating revenue	15,586
General and administrative expenses	<u>2,895</u>
Operating income	12,691
Other income	
Interest income	282
Gain on exclusion of accrued dividends	43
Other	<u>0</u>
Total other income	326
Other expenses	
Commission paid	37
Interest expenses	4
Other	<u>3</u>
Total other expenses	<u>45</u>
Ordinary income	<u>12,972</u>
Income before income taxes	12,972
Current income taxes	344
Deferred income taxes	<u>6</u>
Net income	<u><u>12,622</u></u>

**MITSUBISHI CHEMICAL HOLDINGS CORPORATION**  
**Non-consolidated Statement of Changes in Net Assets**  
**Year ended March 31, 2010**

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 March 31, 2009	50,000	12,500	285,283	75,783	(96,919)	326,647
Changes during the fiscal year						
Cash dividends (Note)				(11,013)		(11,013)
Net income				12,622		12,622
Purchase of treasury stock					(77)	(77)
Disposition of treasury stock			(20)		185	165
Net change in items other than those in shareholders' equity	/	/	/	/	/	/
Total changes during the fiscal year	-	-	(20)	1,608	108	1,696
Balance at March 31, 2010	50,000	12,500	285,262	77,392	(96,810)	328,344

Unit: Millions of yen

	Warrants	Total net assets
Balance at March 31, 2009	805	327,453
Changes during the fiscal year		
Cash dividends		(11,013)
Net income		12,622
Purchase of treasury stock		(77)
Disposition of treasury stock		165
Net change in items other than those in shareholders' equity	(152)	(152)
Total changes during the fiscal year	(152)	1,544
Balance at March 31, 2010	653	328,997

Note:

Cash dividends

The year-end dividend (¥5,506 million) was paid based on the resolution at the Ordinary General Meeting of Shareholders held in June 2009, and the interim dividend (¥5,506 million) was paid based on the resolution at the Board of Directors meeting held in November 2009.

## 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

Tools, furniture and fixtures

By the declining balance method

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

Software

By the straight-line method

Amortized over the estimated useful lives (5 years) 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

## Notes to the Non-consolidated Balance Sheets

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

¥0 million

#### 2. Monetary Claims and Liabilities Against Subsidiaries and Affiliates

Short-term monetary claim ¥4,352 million

Short-term monetary liabilities ¥61,962 million

## Notes to the Non-consolidated Statements of Income

### 1. Transactions with Subsidiaries and Affiliates

Operating income	¥15,586 million
General and administrative expenses	¥1,172 million
Transactions except for operational transactions	¥154 million

## 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 previous year-end	Number of shares increased during the year	Number of shares decreased during the year	Number of shares at current year-end
Common stock	129,664	194	248	129,610

Note: Treasury stocks were increased by 194 thousand due to repurchases of shares less than one unit.

Treasury stocks were decreased by 248 thousand due to sales of 32 thousand shares less than one unit and reissuance of 216 thousand shares upon exercise of warrants.

## Notes on Tax Effect Accounting

### Breakdown of Deferred Tax Assets and Liabilities

Deferred tax assets mainly consist of subsidiaries' stocks, losses carried forward (local tax), 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.

## 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, Borrowing of funds and debt being guaranteed	Receipts of income of administrative cost (Note 1)	2,058	–	–
				Loan payable of funds (Note 2)	55,000	Short-term loan payable	55,000
				Payment of interest (Note 2)	2	Other current liabilities	2
				Debt being guaranteed (Note 3)	140,000	–	–
Subsidiary	The KAITEKI Institute, Inc.	Direct 100%	Interlocking of officers, research and commission of study	Payment of research and commissioned research (Note 4)	530	–	–
Subsidiary	MCFA Inc.	Indirect 100%	Fund lending	Collection of lending of funds (Note 5)	32,778	Short-term loans receivable	1,873
				Receipts of interest (Note 5)	156	–	–

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. Anticipated annual amount of expenses to be incurred in association with the business management of MCHC Group and enhancement of corporate value of the Group are collected. These expenses are also collected in a similar manner from MTPC and MPI.
2. Interests rates are reasonably decided reflecting market interest rates.
3. MCHC receives a debt guarantee for convertible bonds payable.

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 lending funds (pooling of funds) to MCFA Inc. represents the net amount.

**Notes on Per Share Information**

Net assets per share	¥238.50
Net income per share	¥9.16

**Notes on Significant Subsequent Events**

**1. Share Exchange with MRC**

At their respective Boards of Directors, both held on April 28, 2010, MCHC and MRC, passed a resolution to execute management integration whereby MRC would turn into a wholly-owned subsidiary of MCHC based on the agreement to integrate management dated November 19, 2009, and entered into an agreement concerning the Share Exchange on the same day.

The outline of the said agreement is as follows:

(1) Method of share exchange

0.8 share of MCHC's common stock to be allotted for each share of MRC's common stock. MCHC plans to implement the share exchange without obtaining the approval at a general meeting of its shareholders in accordance with "simplified share exchange" procedures pursuant to Article 796, Paragraph 3 of the Companies Act.

(2) Effective date

October 1, 2010

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 11, 2010

The Board of Directors  
Mitsubishi Chemical Holdings Corporation

Ernst & Young ShinNihon LLC

Yoji Suzuki  
Certified Public Accountant  
Designated, Limited Liability and Operating Partner

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

Ryuzo Shiraha  
Certified Public Accountant  
Designated, Limited Liability and Operating Partner

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

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of Mitsubishi Chemical Holdings Corporation (the "Company") applicable to the fiscal year from April 1, 2009 through March 31, 2010. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Mitsubishi Chemical Holdings Corporation, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2009 in conformity with accounting principles generally accepted in Japan.

Additional information

As described in (4) of the section 5. "Changes in Matters Concerning Basis of Preparation of Consolidated Financial Statements" of "Basis of Preparation of Consolidated Financial Statements," the Company has adopted the Accounting Standard for Business Combinations, etc. effective from the fiscal year ended March 31, 2010. As described in 1. of "Notes on Significant Subsequent Events," in April 28, 2010, MCHC and its subsidiary MRC have concluded share exchange agreement through which MCHC will become the parent company and sole shareholder of MRC and MRC will become a wholly-owned subsidiary of MCHC.

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Law.

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

Report of Independent Auditors

May 11, 2010

The Board of Directors  
Mitsubishi Chemical Holdings Corporation

Ernst & Young ShinNihon LLC

Yoji Suzuki  
Certified Public Accountant  
Designated, Limited Liability and Operating Partner

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

Ryuzo Shiraha  
Certified Public Accountant  
Designated, Limited Liability and Operating Partner

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

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the balance sheet, the statement of income, the statement of changes in net assets, the notes on the financial statements and the related supplementary schedules of Mitsubishi Chemical Holdings Corporation (the "Company") applicable to the 5th fiscal year from April 1, 2009 through March 31, 2010. These financial statements and the related supplementary schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and the related supplementary schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supplementary schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and the related supplementary schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of Mitsubishi Chemical Holdings Corporation applicable to the 4th fiscal year ended March 31, 2009 in conformity with accounting principles generally accepted in Japan.

Additional Information

As described in "Notes on Significant Subsequent Events," in April 28, 2010, MCHC and its subsidiary MRC have concluded share exchange agreement through which MCHC will become the parent company and sole shareholder of MRC and MRC will become a wholly-owned subsidiary of MCHC.

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Law.



(TRANSLATION PURPOSE ONLY)

Copy of the Board of Corporate Auditors' Report

## AUDIT REPORT

With respect to the Directors' performance of their duties during the 5th business year from April 1, 2009 to March 31, 2010, 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 at the Company's head office. 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 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 under consideration.

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 schedules 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 including the internal controls for financial reporting.

In addition, as described in the Business Report, there was an event that a subsidiary received an administrative action in violation of laws and regulations but we will closely observe how it re-ensures rigorous compliance and implements countermeasures to prevent recurrence.

### (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 12, 2010

The Board of Corporate Auditors of Mitsubishi Chemical Holdings Corporation

Full-time Corporate Auditor	Kazutoshi Kondo
Full-time Corporate Auditor	Takayasu Kishi
Full-time Corporate Auditor (Outside Corporate Auditor)	Takashi Nishida
Outside Corporate Auditor	Hiroyasu Sugihara
Outside Corporate Auditor	Somitsu Takehara

## 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, the augmentation of retained earnings as a group for the purpose of preparing for future business activities.

Since an interim dividend of 4 yen per share was paid, the total annual dividend will be 8 yen per share.

- (1) Type of dividend  
Cash
- (2) Matters concerning appropriation of dividend property and total amount thereof  
4 yen per share of the Company's common stock  
Total dividends: 5,506,712,420 yen
- (3) Date on which distribution of retained earnings takes effect  
June 25, 2010

## Agendum 2: Partial Amendment to Articles of Incorporation

### 1. Reason for Amendment

In association with turning MRC into a subsidiary of MCHC in March 2010, we propose to add the phrase “Manufacture of chemical fiber, carbon fiber and other fiber industries” as Item 2 of Paragraph 1 to Article 2 (Purpose) of its current Articles of Incorporation, and moved down the numbers of Item 2 and subsequent items of Paragraph 1, Article 2 of the current Articles of Incorporation.

### 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
Article 1 (Description omitted)	Article 1 (As stipulated in Article 1 of current Articles of Incorporation)
Article 2 Purpose	Article 2 Purpose
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.	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) Manufacture of organic and inorganic industrial chemicals, pharmaceuticals, chemical fertilizers and other chemical industries	(1) Manufacture of organic and inorganic industrial chemicals, pharmaceuticals, chemical fertilizers and other chemical industries
(2)-(22) (Description omitted)	(2) <u>Manufacture of chemical fiber, carbon fiber and other fiber industries</u>
(3)-(22) (Description omitted)	(3)-(23) (As stipulated in Items 2-22, Paragraph 1, Article 2 of current Articles of Incorporation)
2 (Description omitted)	2 (As stipulated in Paragraph 2, Article 2 of current Articles of Incorporation)
Article 3-42 (Description omitted)	Articles 3-42 (As stipulated in Article 3-42 of current Articles of Incorporation)

## Agendum 2. Election of Seven Directors

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

The candidates for directors are as described in No. 1 to 7 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	Ryuichi Tomizawa (August 21, 1941)	<p>Apr. 1965    Joined Mitsubishi Kasei Industries Corporation (present-day Mitsubishi Chemical Corporation)</p> <p>Jun. 1996    Member of the Board of Mitsubishi Chemical Corporation</p> <p>Jun. 1999    Managing Executive Officer of Mitsubishi Chemical Corporation</p> <p>Oct. 1999    Managing Director of Mitsubishi-Tokyo Pharmaceuticals, Inc. (present-day Mitsubishi Tanabe Pharma Corp.)</p> <p>Apr. 2000    President of Mitsubishi-Tokyo Pharmaceuticals, Inc.</p> <p>Oct. 2001    Member of the Board, Executive Vice President of Mitsubishi Pharma Corporation (present-day Mitsubishi Tanabe Pharma Corp.)</p> <p>Apr. 2002    Member of the Board, Deputy Chief Executive Officer of Mitsubishi Chemical Corporation</p> <p>Jun. 2002    Member of the Board, President and Chief Executive Officer of Mitsubishi Chemical Corporation (until March 2007)</p> <p>Jun. 2004    Member of the Board, Chairman of Mitsubishi Pharma Corporation (until October 2005)</p> <p>Oct. 2005    Member of the Board, President of Mitsubishi Chemical Holdings Corporation</p> <p>Apr. 2007 to present    Member of the Board, Chairman of Mitsubishi Chemical Holdings Corporation</p> <p>Member of the Board of Mitsubishi Chemical Corporation (Significant concurrent positions)</p> <p>Member of the Board of Mitsubishi Chemical Corporation</p> <p>Member of the Board of Kansai Coke and Chemicals Co., Ltd.</p> <p>Member of the Board of Taiyo Nippon Sanso Corporation (Scheduled to retire as member of the board of Kansai Coke and Chemicals Co., Ltd. effective June 18, 2010)</p>	89,097

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	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 of Mitsubishi Chemical Holdings Corporation (current)</p> <p>Member of the Board, President, and Chief Executive Officer of Mitsubishi Chemical Corporation (current)</p> <p>April 2009 to present    President of the KAITEKI Institute, Inc. (Significant concurrent positions) President of Mitsubishi Chemical Corporation President of The KAITEKI Institute, Inc.</p>	35,872
3	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 Corp.) (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 (current)</p> <p>Managing Executive Officer of Mitsubishi Chemical Corporation (current)</p> <p>Jun. 2006    Member of the Board of Mitsubishi Chemical Holdings Corporation (current)</p> <p>Member of the Board of Mitsubishi Chemical Corporation (current)</p> <p>Jun. 2008    Member of the Board of Mitsubishi Tanabe Pharma Corporation (until June 2009) (Significant concurrent positions) Member of the Board of Mitsubishi Chemical Corporation Director of Nippon Asahan Aluminium Co., Ltd.</p>	27,256

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
4	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 (current) Executive Officer of Mitsubishi Chemical Corporation (until March 2010)</p> <p>Apr. 2009    Member of the Board of Mitsubishi Plastics, Inc.(current)</p> <p>Jun. 2009    Member of the Board of Mitsubishi Chemical Holdings Corporation to present    (Significant concurrent positions) Member of the Board of Mitsubishi Plastics, Inc. Member of the Board of Ryoka Systems Inc. (Scheduled to assume the position of Member of the Board of Mitsubishi Rayon Co., Ltd. on June 29, 2010)</p>	10,240
5	Michihiro Tsuchiya (July 12, 1947)	<p>Apr. 1976    Joined Tanabe Seiyaku Co., Ltd. (currently 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    Managing Executive Officer of Tanabe Seiyaku Co., Ltd.</p> <p>Jun. 2006    Senior Managing Executive Officer of Tanabe Seiyaku Co., Ltd.</p> <p>Oct. 2007    Member of the Board, Vice President and 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 &amp; Representative Director of Mitsubishi Tanabe Pharma Corporation to present    (Significant concurrent positions) President of Mitsubishi Tanabe Pharma Corporation</p>	10,328

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
6	Hiroshi Yoshida (October 20, 1947)	<p>Apr. 1970    Joined Mitsubishi Petrochemical Co., Ltd. (present-day Mitsubishi Chemical Corporation)</p> <p>Jun. 2002    Executive Officer of Mitsubishi Chemical Corporation</p> <p>Apr. 2006    Managing Executive Officer of Mitsubishi Chemical Corporation</p> <p>Apr. 2007    Vice President and Executive Officer of Mitsubishi Plastics, Inc. (until March 2008)</p> <p>Jun. 2007    Member of the Board of Mitsubishi Plastics, Inc.</p> <p>Apr. 2008    Member of the Board, President of Mitsubishi Plastics, Inc. (current)</p> <p>Jun. 2008    Member of the Board of Mitsubishi Chemical Holdings Corporation (current)</p> <p>April 2009 to present    Member of the Board of the KAITEKI Institute, Inc.</p> <p>(Significant concurrent positions) President of Mitsubishi Plastics, Inc. Member of the Board of The KAITEKI Institute, Inc.</p>	12,054
7	Masanao Kanbara (March 26, 1943)	<p>Apr. 1965    Joined Mitsubishi Rayon Co., Ltd.</p> <p>Jun. 1997    Member of the Board of Mitsubishi Rayon Co., Ltd.</p> <p>Jun. 2000    Managing Director of Mitsubishi Rayon Co., Ltd. (until June 2002)</p> <p>Jun. 2001    Senior Executive Officer of Mitsubishi Rayon Co., Ltd. (until June 2006)</p> <p>Jun. 2002    Senior Managing Officer of Mitsubishi Rayon Co., Ltd.</p> <p>Jun. 2006    President of Mitsubishi Rayon Co., Ltd. (current)</p> <p>to present</p> <p>(Significant concurrent positions) President of Mitsubishi Rayon Co., Ltd. Chairman of Lucite International Group Limited.</p>	0

Note: Candidates of Messrs. Michihiro Tsuchiya and Masanao Kanbara serve as representative directors of MTPC and MRC, respectively. Both companies pay their shares of Group operating expenses to MCHC. There are no special interests between any of the other candidates and the Company.



### Agendum 3. Election of Three Corporate Auditors

The terms of office of corporate auditors Takayasu Kishi, Hiroyasu Sugihara and Somitsu Takehara will expire at the conclusion of this General Meeting of Shareholders. It is therefore proposed that three directors be elected.

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

The candidates for corporate are as described in No. 1 to 3 below.

No.	Name (Date of birth)	Personal history, position at the Company and significant concurrent positions outside the Company	Number of the Company's shares held
1	Kazuchika Yamaguchi (February 22, 1951)	<p>Apr. 1975    Joined Mitsubishi Kasei Industries Corporation (present-day Mitsubishi Chemical Corporation)</p> <p>Jun. 2007    Executive Officer of Mitsubishi Chemical Holdings Corporation (until March 2010)</p> <p>Executive Officer of Mitsubishi Chemical Corporation (until March 2010)</p> <p>(Scheduled to assume the position of Corporate Auditor of Mitsubishi Chemical Corporation on June 23, 2010)</p>	4,464
2	Rokuro Tsuruta (June 16, 1943)	<p>Apr. 1970    Appointed as a Prosecutor</p> <p>Dec. 1999    Director General of Correction Bureau, Ministry of Justice</p> <p>Aug. 2002    Head of the Public Security Department, Supreme Public Prosecutors Office</p> <p>Feb. 2003    Head of Research and Training Institute of the Ministry of Justice</p> <p>Jun. 2004    Chief Prosecutor of The Tokyo District Public Prosecutors Office</p> <p>Apr. 2005    Superintending Prosecutor of Nagoya High Public Prosecutors Office (Retired on June 2006)</p> <p>Jul. 2006    Registered as Lawyer</p> <p>Apr. 2008    Auditor of Mitsubishi Plastics, Inc.</p> <p>to present    (Significant concurrent positions)</p> <p>Independent Director of Teikoku Piston Ring Co., Ltd.</p> <p>Corporate Auditor of J. Front Retailing Co. Ltd.</p> <p>Corporate Auditor of Mitsubishi Plastics, Inc.</p> <p>(Scheduled to retire as Corporate Auditor of Mitsubishi Plastics, Inc. on June 22, 2010 and assume the position of Corporate Auditor of Mitsubishi Chemical Corporation on June 23, 2010)</p>	0

No.	Name (Date of birth)	Personal history, position at the Company and significant concurrent positions outside the Company	Number of the Company's shares held
3	Toshio Mizushima (January 7, 1944)	<p>Jan. 1969    Joined Tetsuzo Ota &amp; Company</p> <p>Mar. 1970    Registered as a Certified Public Accountant</p> <p>Jun. 1988    Representative of Ohta Showa Auditing</p> <p>May 1990    Board of Ohta Showa Auditing</p> <p>May 2000    Vice Chairperson of Century Ota Showa &amp; Co.</p> <p>May 2004    Chairperson of Shin Nihon &amp; Co. (present-day Ernst &amp; Young ShinNihon LLC)</p> <p>Aug. 2008    Senior Advisor of Ernst &amp; Young ShinNihon LLC</p> <p>Jun. 2009    Retired Ernst &amp; Young ShinNihon LLC (Significant concurrent position)</p> <p>Corporate Auditor of Joyo Bank Ltd.</p>	0

Notes:

1. Rokuro Tsuruta and Toshio Mizushima are the candidates of outside Corporate Auditors.
2. We propose that Messrs. Rokuro Tsuruta and Toshio Mizushima be elected as we believe that Messrs. Tsuruta and Mizushima will conduct fair audits as Outside Corporate Auditors given their experiences and expert perspectives as a former prosecutor, and incumbent attorney at law and as an incumbent certified public accountant, respectively. Neither Mr. Tsuruta nor Mr. Mizushima have been involved with the management of business enterprises in any capacity other than as outside directors or outside auditors, but MCHC believes that both of them will be able to perform their duties as outside corporate auditors in a proper manner.
3. If Messrs. Rokuro Tsuruta and Toshio Mizushima are elected as Corporate Auditors, MCHC would, pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, conclude liability-limiting agreements as prescribed in Article 423, paragraph 1 of the said Law and would set the maximum limit of liability thereunder at the minimum amount of liability prescribed in Article 425, paragraph 1 of the said Act.