

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, 2011

To Shareholders:

## **Notice of the Sixth 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 Sixth Ordinary General Meeting of Shareholders to be held on the date and at the venue specified below.

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

### **1. Vote-By-Mail**

If you vote by mail, please indicate your approval or disapproval of the proposals on the enclosed Card for Exercise of Voting Rights and return it to the Company to arrive by 5:45 p.m. on June 23, 2011.

### **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 5:45 p.m. on June 23, 2011.

(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** Friday, June 24, 2011, 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 sixth fiscal year from April 1, 2010, to March 31, 2011.
- Item 2. The contents of Financial Statements for the sixth fiscal year from April 1, 2010, to March 31, 2011.

#### Matters to be Resolved

- Agendum 1. Appropriation of Retained Earnings
- Agendum 2. Election of Seven Directors
- Agendum 3. Election of One Corporate Auditor

### **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) a. 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 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, 2010 to March 31, 2011)**

**1. Group Overview of Operation**

(1) Mitsubishi Chemical Holdings Group

At the Mitsubishi Chemical Holdings Group (the “Group” or “MCHC Group”), Mitsubishi Chemical Holdings Corporation (the “Company” or “MCHC”) executed a share exchange in October 2010 with Mitsubishi Rayon Co., Ltd. (“MRC”) which has become a subsidiary of the Company in March 2010, and consequently MRC became a wholly owned subsidiary of the Company. With Mitsubishi Chemical Corp. (“MCC”), Mitsubishi Tanabe Pharma Corp. (“MTPC”), Mitsubishi Plastics, Inc. (“MPI”) and MRC serving as its four core operating companies, the MCHC Group is conducting business activities in the three business domains of performance products, healthcare, and materials.

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

The Company established Mitsubishi Chemical Holdings America, Inc. in November 2010 and Mitsubishi Chemical Holdings (Beijing) Co., Ltd. in January 2011 as its wholly and directly owned subsidiaries having the function of externally representing the MCHC Group in the United States and China, respectively, with responsibility for managing and supervising the Group companies in their respective regions with respect to compliance and risk response initiatives.

(2) Business Development and Performance

Although there were concerns about some business downswing abroad as the Japanese yen kept appreciating, the Japanese economy during the fiscal year under review was on course for recovery as the momentum for boosting capital expenditures and consumer spending returned and exports, in particular those bound for Asia, increased. However, the Great East Japan Earthquake that occurred in March 2011 caused enormous damage to large parts of the Tohoku and Kanto Regions, thereby sharply depressing corporate production activities and consumer spending.

The MCHC Group’s business environment remained generally favorable as market demand

recovered in the business domains of Performance Products and Industrial Materials at home and abroad despite the rising prices of raw materials and fuels, and market demand remained robust in the Healthcare Domain despite the general trend to hold down healthcare spending. However, the Great East Japan Earthquake has created a testing business environment for the MCHC Group as manufacturing facilities at MCC's Kashima Plant and other facilities were forced to shut down.

Under APTSIS 10, the three-year medium-term management plan of which the fiscal year under review marks its final year, the MCHC Group reformed its business portfolio by bolstering high-performance and high added-value businesses such as white LED and lithium-ion battery materials and by withdrawing from unprofitable businesses, and endeavored to enhance its international competitiveness by reinforcing and expanding its overseas businesses and partnering with or acquiring leading enterprises at home and abroad. At the same time, with a view to generating quickly positive effects of integration with MRC, which joined the Group in March 2010, the MCHC Group moved ahead with realigning and integrating its engineering and water treatment businesses and partially integrating various R&D units, and, for raising profits, made Group-wide efforts to implement measures such as cutting costs drastically and streamlining assets.

As a result, the MCHC Group's consolidated business performance in the fiscal year under review improved as net sales increased to ¥3,166.7 billion (up ¥651.6 billion year on year) primarily thanks to the recovery in market demand in the business domains of Performance Products and Industrial Materials, and the addition of MRC as a new subsidiary in March 2010. Operating income and recurring income increased to ¥226.4 billion (up ¥160.1 billion year on year) and ¥223.8 billion (up ¥164.9 billion year on year) respectively, primarily as a result of the addition of MRC as a new subsidiary and the recovery in market demand. Net income amounted to ¥83.5 billion (up ¥70.7 billion year on year) although a substantial amount of cost to repair the damage caused by the Great East Japan Earthquake had to be booked as extraordinary loss.

Information for each segment follows below.

## **Performance Products Domain**

### **Electronics Applications Segment**

In recording media, the sales volume of external hard disk drives and flash memory devices increased, but net sales decreased due to the sluggish DVD sales volume, the general downturn in sale prices and the adverse impacts of the yen's appreciation. Of the information and electronics-related materials, market demand for display materials decreased during the second half-year, and net sales for the full-term period were on a par

with those of the previous year. The precision cleaning and wafer regeneration businesses for semiconductors remained robust. Regarding imaging supplies, sales of business equipment-use printing supply, including organic photo conductor (OPC) drums and toners were robust, though net sales decreased due to the adverse impacts of the yen's appreciation.

As a result, net sales for the segment fell to ¥152.4 billion (down ¥14.8 billion year on year), but operating income amounted to ¥900 million (up ¥2.4 billion year on year) as the sales volume for increased earnings in precision cleaning and other semiconductor-related operations, OPC drums and toners increased.

In April 2010, the Blu-ray disk manufacturing facilities that Mitsubishi Kagaku Media Co., Ltd. had been constructing in Singapore were completed and commenced commercial operation.

### **Designed Materials Segment**

Net sales of food ingredients increased as the sales volume of food emulsifier at home remained basically unchanged from that of the previous fiscal year but market demand increased abroad. Net sales of battery materials decreased due to the lower sales volume of battery materials for laptop use and the downturn in their prices during the latter half of the fiscal year under review. Net sales of fine chemicals increased as market demand remained generally robust. Net sales of polymer-processing products increased sharply as net sales from Nippon Synthetic Chemical Industry Co., Ltd. and Quadrant A.G., both of which became the Group's subsidiaries in September 2009, contributed on a full-term basis, and the sales volume of polyester film sheets increased sharply amidst brisk market demand at home and abroad. Among composite materials, net sales of industrial materials such as carbon fibers and alumina fibers increased sharply, following the addition of MRC as a subsidiary and thanks to the rebound in market demand. Net sales of inorganic chemicals increased thanks to the higher sales volume that came with the recovery in market demand. Net sales of fibers, booked newly from the fiscal year under review, remained sluggish as sales volume hit the wall.

As a result, net sales for the segment amounted to ¥657.5 billion (up ¥220.7 billion year-on-year) and operating income amounted to ¥36.4 billion (up ¥23.1 billion year-on-year).

In October 2010, MCC established a company for manufacturing and distributing anode for lithium-ion batteries in China. In November 2010, MCC also established companies for manufacturing and distributing electrolyte for lithium-ion batteries in the United Kingdom and the United States.

## **Health Care Domain**

### **Health Care Segment**

Although there were some adverse impacts of the drug price revision in April 2010, net sales of pharmaceuticals increased as the sales volume of *Remicade*, an anti TNF-alpha monoclonal antibody, increased sharply at home, while *Maintate*, cure for angina pectoris, hypertension and arrhythmia, and *Talion*, a treatment for allergic disorders, as well as generic pharmaceuticals, delivered solid sales. Although net sales of diagnostic reagents and instruments decreased due to the lower sales, net sales of clinical testing increased thanks to the increased volume of entrusted testing.

As a result, net sales for the segment amounted to ¥504.9 billion (up ¥500 million year on year) and operating income amounted to ¥85.0 billion (up ¥14.0 billion year on year) as Selling, general and administrative expenses decreased because payments associated with amendments to certain license agreements that were booked in the previous fiscal year were no longer required.

MTPC obtained government approvals for the additional indication of ankylosing spondylitis for *Remicade I.V Drip Infusion 100*, anti TNF-alpha monoclonal antibody, in April 2010, and also of ulcerative colitis in June 2010, respectively.

## **Industrial Materials Domain**

### **Chemicals Segment**

The production volume of ethylene as a basic raw material for petrochemical products was affected as the ethylene plant of MCC's Kashima Plant was brought to a halt by the Great East Japan Earthquake, but stood at 1.19 million tons, exceeding that of the previous fiscal year by 4.5%, given the fact that the periodic repair was of a smaller scale than that of the previous fiscal year. Net sales of basic petrochemicals, chemical derivatives and synthetic fiber materials increased sharply as their selling prices rose in step with the rise in prices of raw materials and fuels, market demand increased, MRC became a subsidiary, and overseas market conditions for terephthalic acid as raw material for synthetic fiber improved substantially. Looking at carbon products, net sales of coke increased in step with the increased sales volume and the higher selling prices that reflected the higher prices of coking coal.

As a result, net sales for the segment amounted to ¥895.4 billion (up ¥109.6 billion year on year), and operating income amounted to ¥52.9 billion (up ¥46.0 billion year on year) primarily thanks to the improved price variance between the raw materials and final products and an increase in sales volumes.



In March 2011, with a view to integrating its basic petrochemical operations in Mizushima, MCC established Nishi Nippon Ethylen LLP through a joint equity investment with Asahi Kasei Chemicals Corporation.

### **Polymers Segment**

Net sales of synthetic resins increased sharply thanks to the higher selling prices that came with the rise in prices of raw materials and fuels, the increased market demand, and the active domestic and overseas demand for and the increased sales volume and prices of MMA monomer which became the MCHC Group's new product by virtue of adding MRC as a subsidiary.

As a result, net sales for the segment amounted to ¥731.1 billion (up ¥252.1 billion year on year), and operating income amounted to ¥55.0 billion (up ¥77.5 billion year on year) thanks to improvement of inventory valuation resulting from the upward trend of raw material and fuel prices.

In March 2011, MCC and PTT Public Company Limited (Thailand) established a joint venture company for the biodegradable resins business. In addition, in March 2011 Lucite International Inc. (U.S.A.) decided to build a methacrylic acid manufacturing facility at the Beaumont Plant.

### **Others**

Net sales from the engineering business increased thanks to the addition of MRC as a subsidiary, although fewer outside orders were received. Net sales from the logistics business increased thanks to the greater number of external orders.

As a result, net sales for the segment amounted to ¥225.2 billion (up ¥83.4 billion year on year), but operating income fell to ¥4.5 billion (down ¥1.7 billion year on year) due to the fewer external orders received at the engineering business.

In October 2010, MCC and MRC restructured and integrated their engineering and water treatment businesses.

### Notes

1. As a result of the business realignment that took effect on April 1, 2010, the segment to which inorganic chemicals belonged was changed from the Electronics Applications Segment to the Designed Materials Segment, and the products of MPI and its subsidiaries which had previously been classified as information and electronics-related materials in the Electronics Applications Segment were reclassified as polymer processing products in the Designed Materials Segment.

2. On April 1, 2010, the name of domain to which the Chemicals Segment and Polymers Segment belong was changed from the Chemical Domain to the Industrial Materials Domain.

3. For the purpose of comparing the fiscal year under review with the previous fiscal year, figures for each segment were grouped and recalculated according to the new segment classifications.

### (3) Outstanding Issues

The Japanese economy kept registering tones of recovery, but, in the aftermath of the Great East Japan Earthquake which struck the country in March 2011, it is now expected to remain in the balance for some time. This is because corporate production activities and consumer spending should fall off, exchange rates may fluctuate wildly, and the skyrocketing crude oil prices may give rise to serious adverse economic repercussions.

The latest earthquake disaster has made the current business environment surrounding the MCHC Group all the more difficult, but we, at the MCHC Group, are determined to place our highest current priority on restoring the damaged manufacturing bases as early as possible and to make Group-wide efforts at recovering earnings.

In a medium and long term business environment, a corporation would be required to deal more actively than ever with, and contribute more diligently than ever to resolution of the issues related to recyclable resources/energy and the environment, while healthcare needs are expected to become increasingly individualized and diversified as the population ages and fewer babies are born. On the economic front, China, India and other emerging Asian countries would assume greater importance, and large-scale cross-border corporate realignment and restructuring would become a reality. The marketplace is likely to become polarized with one domain seeking environment-friendly and high value-added products and the other seeking bare necessities and low-end products, and each corporation would be called upon to tackle an important challenge of responding to the needs of both domains in a proper manner.

Given such a business environment, in December 2010, the MCHC Group formulated “APTSIS 15,” a new medium-term management plan covering the five-year period from Fiscal Year 2011 to Fiscal Year 2015, to pick up the torch from “APTSIS 10.” Upholding the basic policy of “Grow, Innovate, and Leap Ahead by orchestrating the Group’s strengths,” the MCHC Group will strive to reinforce its corporate constitution by bolstering its collective strengths through concerted actions of its member companies, enhancing its financial integrity and reforming its business structures. The MCHC Group will faithfully implement its strategies for bolstering high-performance and high value-added businesses,

expanding businesses including white LEDs and lithium-ion battery materials that would help to bring about a sustainable society, developing pharmaceuticals that would be able to meet medical needs for combating illnesses for which effective treatments are yet to be found, and developing internationally competitive businesses on a global scale. With a forward-looking mindset, the MCHC Group will also seek to nurture and develop a total of six businesses that are identified as “Next-generation Growth Businesses”: OPV modules and materials, organic photo semiconductors, sustainable resources, advanced performance products, agribusiness solutions, and healthcare solutions. Furthermore, MCHC will continue to implement measures for strategic business acquisitions and tie-ups in order to make a further leap forward.

Under the Group philosophy of “Good Chemistry for Tomorrow: A Commitment to Creating Better Relationships among People, Society and Our Planet,” we at the MCHC Group have identified “Sustainability,” “Health,” and “Comfort” as the fundamental orientation of its business activities. We at the MCHC Group believe that, in order for a corporation to grow in a sustainable manner amidst calls for solving global-level problems, it would be critical to come up with a new cornerstone of management that would outreach the conventional realm of pursuit of earnings. Thus we have decided to introduce, concurrently with the formulation of APTSIS 15, the “Management of Sustainability” (“MOS”) Indexes which are designed to quantify and manage degrees of contribution to the sustainability of people, society and the Earth. The MCHC Group has decided to put together three different cornerstones of management: (1) the management theory-based cornerstone laying weight on capital efficiency by drawing on financial indexes such as operating income and return on assets, (2) the technical management-based cornerstone aimed at actively creating innovative technologies, and (3) the new cornerstone of management based on the MOS Indexes. The MCHC Group will then refer to the value derived from these three cornerstone “pillars” as the “KAITEKI Value” and will aspire, through its business activities, to become a corporate group that would be capable of making a reality of “KAITEKI” or a truly sustainable state of affairs that would be equally and equitably comfortable to people, society and the Earth.

Furthermore, in the hope of becoming a corporate group deserving the trust of society, the MCHC Group will make doubly sure it ensures safety for all its corporate and individual members, drive the significance of compliance and risk management home to all employees once again, assure reliability of financial reporting, and otherwise seek to bolster internal control. We at the MCHC Group would like to take this opportunity to extend out sincerest apology to our shareholders for the fact that in January 2011 certain pharmaceutical products were shipped out of Mitsubishi Tanabe Pharma Factory Ltd., a

subsidiary of MTPC, without the required quality testing and this incident caused our shareholders great concern. MTPC reflects deeply on the fact that such a regrettable state of affairs came into being and, while soliciting suggestions from outside experts, is making all-out efforts to re-ensure rigorous compliance, prevent recurrence of a similar incident and regain the trust of society. The MCHC Group, for its part, is determined to give any necessary advice to MTPC.

The MCHC Group which is led by MCHC as the holding company is firmly committed to meeting the expectations of our valued shareholders by exerting all-out efforts to address these management issues, setting out to become a corporate group deserving the trust of society, improving our business performance, and further enhancing the Group's corporate value and shareholder value. We would therefore appreciate being accorded with your continued support and guidance.

(4) Capital Expenditures

The MCHC Group's aggregate capital expenditures for the fiscal year under review (from April 1, 2010 to March 31, 2011) stood at ¥117.8 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

- Health Care Domain

[Health Care Segment]

MTPC Yokohama Office

Research Building (new)

- Industrial Materials Domain

[Chemicals Segment]

MCC Mizushima Plant

Pilot plant to manufacture propylene (new)

MCC Kashima Plant

Ethylene oxide storage facility (new)

[Polymers Segment]

MCC Kurosaki Plant

Pilot plant to manufacture bio-based polycarbonate (new)

Thai MMA Co., Ltd. (Thailand)

Production facility for MMA monomer (addition)

b) Major facilities under construction

- Performance Products Domain

[Designed Materials Segment]

MCC Sakaide Plant

Production facility for anode material for lithium-ion battery (addition)

MRC Otake Plant

Production facility for Carbon fiber (new)

Nippon Kasei Chemical Co., Ltd. Onahama Plant

Production facility for Triallyl isocyanurate (addition)

The Nippon Synthetic Chemical Industry Co., Ltd. Kumamoto Plant

Production facility for Polyvinyl alcohol film (addition)

MC Ionic Solutions UK Ltd. (UK)

Production facility for electrolyte for lithium-ion battery (new)

Qingdao Anode Kasei Co., Ltd. (China)

Production facility for anode material for lithium-ion battery (new)

- Health Care Domain

[Health Care Segment]

Mitsubishi Tanabe Pharma Factory Ltd. Kashima Plant

Production facility for pharmaceutical products (new)

Benesis Corporation Kyoto Plant

Production facility for pharmaceutical products (new)

- Industrial Materials Domain
  - [Chemicals Segment]
    - MCC Kurosaki Plant
      - Power equipment (rationalization)
    - MCC Sakaide Plant
      - Coke oven gas desulfurization equipment (new)
    - MCC Sakaide Plant
      - Coke oven dust collection system and other (renovation)
  - [Polymers Segment]
    - MRC Otake Plant
      - Production facility for Acrylic sheet (enhancement)

(5) Fund Procurement

In the fiscal year under review (from April 1, 2010 to March 31, 2011), the MCHC Group procured the necessary funds by borrowings funds and issuing corporate bonds and commercial paper.

The sum of MCHC Group's borrowings funds, corporate bonds and commercial paper stood at ¥1,304.6 billion as of the end of the fiscal year under review. No corporate bonds were issued in the fiscal year under review.

(6) Significant Business Realignment

- In May 2010, as part of its business structural reform initiatives, MCC assigned the MCC Group's nylon business to the Royal DSM N.V. while simultaneously taking over the Royal DSM N.V.'s polycarbonate business. (Polymers Segment)
- In September 2010, MCC assigned all of MCC's shares of Kohjin Co., Ltd. (then 73.0% controlled by Mitsubishi Corp., 7.8% by MCC, 7.8% by Mitsubishi Paper Mills Ltd. and 11.1 % by others) to Kohjin Co., Ltd. (Others)
- MCHC executed a share exchange in October 2010 with MRC and consequently MRC became a wholly owned subsidiary of the Company.  
(Each segment of Designed Materials, Chemicals, Polymers and others)

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

Category	3rd Term (Fiscal 2007)	4th Term (Fiscal 2008)	5th Term (Fiscal 2009)	6th Term (Year under Review; Fiscal 2010)
Net Sales (in billion yen)	2,929.8	2,909.0	2,515.0	3,166.7
Recurring Income (in billion yen)	128.8	(1.9)	58.9	223.8
Net Income (in billion yen)	164.0	(67.1)	12.8	83.5
Net Income per Share (in yen)	119.51	(48.81)	9.32	58.72
Net Assets (in billion yen)	1,095.9	940.1	1,032.8	1,114.0
Net Assets per Share (in yen)	601.45	486.09	490.99	514.30
Total Assets (in billion yen)	2,765.8	2,740.8	3,355.0	3,294.0

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

(8) Description of Principal Businesses (as of March 31, 2011)

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

Notes:

1. With Mitsubishi Chemical Agri, Inc. ceasing to be a subsidiary of the Company as a result of its merger with Chisso-Asahi Fertilizer Co., Ltd. on October 1, 2009, from this fiscal year fertilizers were removed from among the main products of the Chemicals Segment.
2. As a result of the business realignment that took effect on April 1, 2010, the segment to which inorganic chemicals belonged was changed from the Electronics Applications Segment to the Designed Materials Segment.
3. On April 1, 2010, the name of domain to which the Chemicals Segment and Polymers Segment belong was changed from the Chemicals Domain to the Industrial Materials Domain.

## (9) Status of Major Subsidiaries and Affiliates (as of March 31, 2011)

## (a) Major Subsidiaries

Company Name	Capital	MCHC's Equity Investment Ratio (%)	Principal Business
[Direct Investees]			
Mitsubishi Chemical Corporation	50.0 billion yen	100.0	Manufacture and marketing of chemical products
Mitsubishi Tanabe Pharma Corporation	50.0 billion yen	56.3	Manufacture and marketing of pharmaceuticals
Mitsubishi Plastics, Inc.	21.5 billion yen	100.0	Manufacture and marketing of polymer processing products
Mitsubishi Rayon Co., Ltd.	53.2 billion yen	100.0	Manufacture and marketing of chemical products
The KAITEKI Institute, Inc.	10 million yen	100.0	Study and research on future social trends
[Indirect Investees]			
(Performance Products Domain)			
<u>Electronics Applications Segment</u>			
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
<u>Designed Materials Segment</u>			
The Nippon Synthetic Chemical Industry Co., Ltd.	17.9 billion yen	40.7	Manufacture and marketing of polymer processing products
Nippon Kasei Chemical Co., Ltd.	6.5 billion yen	52.8	Manufacture and marketing of inorganic chemical products
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
(Health Care Domain)			
<u>Health Care Segment</u>			
API Corporation	4.0 billion yen	100.0	Manufacture and marketing of active pharmaceutical ingredients and intermediate bodies
Mitsubishi Chemical Medience Corporation	3.0 billion yen	99.3	Clinical testing and medical support services; marketing of in vitro diagnostic agents



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

Notes:

1. MCC operates businesses that fall into the categories of Performance Products Domain, Industrial Materials Domain and Others.
2. MTPC operates businesses that fall into the categories of Health Care Domain.
3. MPI operates businesses that fall into the categories of Performance Products Domain.
4. MRC operates businesses that fall into the categories of Performance Products Domain, Industrial Materials Domain and Others.
5. The KAITEKI Institute, Inc. conducts basic research activities which cannot be classified in any specific domain.
6. Japan Epoxy Resin Co., Ltd. and Mitsubishi Rayon Engineering Co., Ltd. (currently MRE Co., Ltd), both of which were previously listed as important subsidiaries, were removed as such following the former's merger

with MCC and the latter's assignment of the engineering business to Mitsubishi Chemical Engineering Corporation.

7. Capital reported for each of Verbatim Americas LLC, Mitsubishi Polyester Film, Inc. and Lucite International Inc. (U.S.A) represents paid-in capital.
8. As a result of the business realignment that took effect on April 1, 2010, the segment to which Nippon Kasei Chemicals Co., Ltd., Mitsubishi Polyester Film, Inc. (U.S.A.) and Mitsubishi Polyester Film GmbH (Germany) belonged was changed from the Electronics Applications Segment to the Designed Materials Segment.

(b) Major Affiliates

Company Name	Capital	MCHC's Equity Investment Ratio (%)	Principal Business
(Industrial Materials Domain) <u>Chemicals Segment</u>			
Kawasaki Kasei Chemicals Ltd.	6.2 billion yen	36.3	Manufacture and marketing of chemical derivatives
Kashima-Kita Electric Power Corporation	6.0 billion yen	40.8	Generation and supply of electric power
(Others)			
Taiyo Nippon Sanso Corporation	27.0 billion yen	15.1	Manufacture and marketing 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

Note: Above-listed companies are MCHC's indirect investees.

## (10) Principal Business Offices and Plants (as of March 31, 2011)

## (a) MCHC

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

## (b) Major Subsidiaries

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

Company Name	Location
Lucite International UK Limited.	U.K.
(Others)	
Mitsubishi Chemical Logistics Corporation	Tokyo
Mitsubishi Chemical Engineering Corporation	Tokyo

Notes:

1. MCC operates businesses that fall into the categories of Performance Products Domain, Industrial Materials Domain and Others.
2. MTPC operates businesses that fall into the category of Health Care Products Domain.
3. MPI operates businesses that fall into the categories of Performance Products Domain.
4. MRC operates businesses that fall into the categories of Performance Products Domain, Industrial Materials Domain and Others.
5. The KAITEKI Institute, Inc. conducts basic research activities which cannot be classified in any specific segment.
6. As a result of the business realignment that took effect on April 1, 2010, the segment to which Nippon Kasei Chemicals Co., Ltd., Mitsubishi Polyester Film, Inc. (U.S.A.) and Mitsubishi Polyester Film GmbH (Germany) belonged was changed from the Electronics Applications Segment to the Designed Materials Segment.

#### (11) Employees of the Group (as of March 31, 2011)

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

Domain	Segment	No. of Employees	Year-on-year Increase/Decrease
Performance Products	Electronics Applications	3,364	Down 3,365
	Designed Materials	13,907	Up 4,128
Health Care	Health Care	12,946	Down 1
Industrial Materials	Chemicals	5,538	Down 109
	Polymers	7,426	Down 216
Others		9,704	Up 374
Company-wide (Common)		997	Down 836
Sum Total		53,882	Down 25

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 decrease in number of employees in the Electronics Applications Segment and the increase in number of employees in the Designed Materials Segment were attributable primarily to the reassignment of the employees of MPI, Nippon Kasei Chemicals Co., Ltd. and their subsidiaries previously belonging to the Electronics Applications Segment as those belonging to the Designed Materials Segment, as a result of the business realignment that took effect on April 1, 2010.

(b) Status of Employees of MCHC

No. of Employees (Year-on-year Change)	Average Age	Average Years of Service
46 (Up 6)	47 years and 4 months	21 years

Notes:

1. Employees are on loan from MCC, MTPC, MPI and MRC, and the average years of service include and reflect the years of service that they have accumulated at these companies.
2. Executive Officers are included.
3. The increase in number of employees was attributable primarily to the increase in number of employees on loan.

(12) Principal Lenders (as of March 31, 2011)

Lenders	Amount Borrowed
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	163.8 billion yen
Mitsubishi UFJ Trust and Banking Corporation	87.1 billion yen
Mizuho Corporate Bank, Ltd.	80.0 billion yen
Development Bank of Japan Inc.	74.4 billion yen
Japan Finance Corporation Japan Bank for International Cooperation	54.6 billion yen

## 2. Matters Related to Corporate Stocks (as of March 31, 2011)

(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:  
220,281 (representing a year-on-year increase of 31,713 shareholders)

Note: The increase of number of shareholders was attributable primarily to the share exchange with MRC exercised on October 2010.

### (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	91.355	6.1
Meiji Yasuda Life Insurance Co.	64.388	4.3
Japan Trustee Services Bank, Ltd. – Trust Account	63.044	4.2
Takeda Pharmaceutical Co., Ltd.	51.730	3.5
Nippon Life Insurance Co.	49.429	3.3
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	41.105	2.7
Tokio Marine and Nichido Fire Insurance Co., Ltd.	37.626	2.5
SSBT OD05 OMNIBUS ACCOUNT – TREATY CLIENTS	24.260	1.6
Japan Trustee Services Bank, Ltd. – Trust Account 9	23.645	1.6
Mitsubishi UFJ Trust and Banking Corporation	20.289	1.3

Notes:

- In addition to the above, MCHC holds 30.209 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 (30.209 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 / Mitsubishi UFJ Trust and Banking Account” over which Mitsubishi UFJ Trust and Banking Corporation 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)
Date of Resolution for Issue	November 27, 2006	November 26, 2007
Number of Stock Acquisition Rights	1,408	794
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
Amount Paid In	¥34,100 per stock acquisition right	¥44,350 per stock acquisition right
Exercise Period	From December 14, 2006 to December 13, 2026	From December 13, 2007 to December 12, 2027
Intended Grantees	MCHC's Directors (3)	MCHC's Directors (2)
Number of Stock Acquisition Rights as of Last Day of Fiscal Year under Review	646	794
Number of Stock Acquisition Rights held by the Directors as of Last Day of Fiscal Year under Review	646 (1 Director)	794 (2 Directors)

	(3)	(4)
Date of Resolution for Issue	August 25, 2008	August 30, 2010
Number of Stock Acquisition Rights	653	894
Type and No. of Stock as Object of Stock Acquisition Rights	32,650 shares of MCHC's common stock	44,700 shares of MCHC's common stock
Amount Paid In	¥25,700 per stock acquisition right	¥19,800 per stock acquisition right
Exercise Period	From September 11, 2008 to September 10, 2028	From September 15, 2010 to September 14, 2030
Intended Grantees	MCHC's Directors (3)	MCHC's Directors (3)
Number of Stock Acquisition Rights as of Last Day of Fiscal Year under Review	653	894
Number of Stock Acquisition Rights held by the Directors as of Last Day of Fiscal Year under Review	525 (2 Directors)	894 (3 Directors)

Notes:

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

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

	(1)	(2)	(3)
Date of Resolution for Issue	November 27, 2006	November 26, 2007	August 25, 2008
Number of Stock Acquisition Rights	6,620	6,222	4,554
Type and No. of Stock as Object of Stock Acquisition Rights	331,000 shares of MCHC's common stock	311,100 shares of MCHC's common stock	227,700 shares of MCHC's common stock
Amount Paid In	¥34,100 per stock acquisition right	¥44,350 per stock acquisition right	¥25,700 per stock acquisition right
Exercise Period	From December 16, 2006 to December 15, 2026	From December 15, 2007 to December 14, 2027	From September 13, 2008 to September 12, 2028
Intended Grantees	MCC	MCC	MCC
Number of Stock Acquisition Rights as of Last Day of Fiscal Year under Review	3,627	4,597	4,170

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

Notes:

1. MCC granted all of the stock acquisition rights described in (1), (2), (3) and (5) above to a total of 26 Directors and Executive Officers (including retiring Directors and retiring Executive Officers) of MCC on December 15, 2006, to a total of 27 on December 14, 2007, to a total of 26 on September 12, 2008, and to a total of 20 on September 15, 2010 in each case as performance remuneration. Pursuant to the resolution of the general meeting of its shareholders, MCC decided to provide its Directors and Executive Officers (including retiring Directors and retiring Executive Officers) with performance remuneration (payable after the close of its Fiscal Year 2010 and subsequent fiscal years) in cash instead of stock acquisition rights.



2. Of the stock acquisition rights described in (4) above that were issued during this fiscal year, the number of stock acquisition rights granted to Executive Officer of MCHC (1 officer) is 205.
3. The number of stocks as object of the aforementioned stock acquisition rights is 50 per stock acquisition right. However, if MCHC's common stocks are split, the number of stocks per stock acquisition right will be adjusted.
4. The value of assets to be invested on the occasion of exercise of the aforementioned stock acquisition rights would be ¥1 per share.
5. In principle, the grantees may exercise the aforementioned stock acquisition rights only if they lose all of their positions as Director, Corporate Auditor and Executive Officer of MCHC and its subsidiaries during the respective Exercise Periods.

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

Date of Resolution for Issue	June 28, 2005
Number of Stock Acquisition Rights	9,321
Type and No. of Stock as Object of Stock Acquisition Rights	466,050 shares of MCHC's common stock
Amount Paid In	Gratis
Exercise Period	From June 28, 2006 to June 27, 2026
Intended Grantees	MCC's Directors and Executive Officers (including retiring Directors and retiring Executive Officers) (total 29)
Number of Stock Acquisition Rights as of Last Day of Fiscal Year under Review	3,796

Notes:

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

(4) Stock Acquisition Rights for Convertible Bonds

	(1)	(2)
Date of Resolution for Issue	October 4, 2007	October 4, 2007
Number of Stock Acquisition Rights	7,000	7,000
Type of Stock as Object of Stock Acquisition Rights	MCHC's common stock	MCHC's common stock
No. of Stock as Object of Stock Acquisition Rights	Number obtained by dividing face value of this Corporate Bond (total face value: ¥70 billion) by conversion value	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 Rights 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, 2011)

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

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

##### Notes:

1. Corporate Auditors Takashi Nishida, Rokuro Tsuruta and Toshio Mizushima are the outside Corporate Auditors as prescribed in Article 2, item 16 of the Companies Act. The Company has designated the candidates as independent officers pursuant to the rules and regulations of the Tokyo Stock Exchange and the Osaka Stock Exchange, and has notified both stock exchanges accordingly.
2. Director Hitoshi Ochi retired the position of Managing Executive Officer on April 1, 2011.
3. Corporate Auditor Kazuchika Yamaguchi has considerable knowledge about finance and accounting as he has served as a General Manager of Accounting Office at MCHC and MCC.
4. Corporate Auditor Toshio Mizushima has considerable knowledge about finance and accounting as he is qualified as a Certified Public Accountant.
5. In addition to the above, the status of significant concurrent positions held by Directors and Corporate Auditors is as follows:

Category	Name	Significant concurrent positions	
		Company Name	Title
Director	Ryuichi Tomizawa	Mitsubishi Chemical Corporation	Director
		Taiyo Nippon Sanso Corporation	Director
		Chi Mei Corporation	Director
	Yoshimitsu Kobayashi	Mitsubishi Chemical Corporation	President & CEO
		The KAITEKI Institute, Inc.	President & CEO
	Shotaro Yoshimura	Mitsubishi Chemical Corporation	Director
		Nippon Asahan Aluminium Co., Ltd.	Director
	Hitoshi Ochi	Mitsubishi Plastics, Inc.	Director
		Mitsubishi Rayon Co., Ltd.	Director
	Michihiro Tsuchiya	Mitsubishi Tanabe Pharma Corporation	President & CEO
	Hiroshi Yoshida	Mitsubishi Plastics, Inc.	President & CEO
		The KAITEKI Institute, Inc.	Director
	Masanao Kambara	Mitsubishi Rayon Co., Ltd.	President & CEO
The KAITEKI Institute, Inc.		Director	
Lucite International Group Limited		Chairman	
Corporate Auditor	Kazutoshi Kondo	Mitsubishi Plastics, Inc.	Corporate Auditor
		Mitsubishi Rayon Co., Ltd.	Corporate Auditor
		Mitsubishi Chemical Engineering Corporation	Corporate Auditor
	Kazuchika Yamaguchi	Mitsubishi Chemical Corporation	Corporate Auditor
		The KAITEKI Institute, Inc.	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
	Rokuro Tsuruta	Mitsubishi Chemical Corporation	Corporate Auditor
		J. FRONT RETAILING Co., Ltd.	Corporate Auditor
		TEIKOKU PISTON RING CO., LTD.	Director
	Toshio Mizushima	The Joyo Bank, Ltd.	Corporate Auditor

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

Category	Remuneration	
	No. of Persons	Amount (in million yen)
Directors	8	229
Corporate Auditors	8	111
Sum Total	16	341

### Notes:

1. No wage or salary has been paid to any Director concurrently serving as an employee for any work performed as an employee.
2. No bonus or retirement bonus has been paid to any Director or Corporate Auditor.
3. The amount of stock acquisition rights as remuneration (¥17 million) is included in the aforementioned remuneration to Directors.
4. Remuneration from MCHC's subsidiaries where Directors and Corporate Auditors concurrently serve as a Director or a Corporate Auditor are not included in the aforementioned remuneration to Directors and Corporate Auditors.
5. The amount of remuneration for Directors is set to be ¥30 million or less per month. In addition, a separate budget of up to ¥80 million per year is set aside in the form of stock acquisition rights.
6. The amount of remuneration for Corporate Auditors is set to be ¥11 million or less per month.
7. As of the close of the fiscal year under review, there were a total of seven Directors and five Corporate Auditors.

## (3) Matters Related to Outside Corporate Auditors

### (a) Concurrent Positions

- Corporate Auditor Takashi Nishida serves concurrently as an outside Corporate Auditor for MCC and MTPC. MCC and MTPC are MCHC's subsidiaries.
- Corporate Auditor Rokuro Tsuruta serves concurrently as an outside Corporate Auditor for MCC, J. FRONT RETAILING Co., Ltd. and as an outside Director for TEIKOKU PISTON RING CO., LTD. MCC is a subsidiary of MCHC, but MCHC does not have any special relationship with J. FRONT RETAILING Co., Ltd. and TEIKOKU PISTON RING CO., LTD.
- Corporate Auditor Toshio Mizushima serves concurrently as an outside Corporate Auditor for the Joyo Bank, Ltd. MCHC does not have any special relationship with the Joyo Bank, Ltd.

### (b) Status of Main Activities

- Corporate Auditor Takashi Nishida attended all 16 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 Rokuro Tsuruta, after the assumption of office as Corporate Auditor for MCHC on June 2010, attended 11 out of 12 meetings of the Board of Directors and 9 out of 10 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 prosecutor and lawyer.
- Corporate Auditor Toshio Mizushima, after the assumption of office as Corporate Auditor for MCHC on June 2010, attended 11 out of 12 meetings of the Board of Directors and all 10 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 five outside Corporate Auditors (including the two outside Corporate Auditors who retired at the conclusion of the Fifth Ordinary General Meeting of Shareholders) amounted to ¥45 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

(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	72
(ii) Sum total of money and other financial benefits to be paid by MCHC and its subsidiaries to Independent Auditors	793

Note:

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.

(3) Content of non-auditing affairs

With respect to services that are not stipulated in Article 2, paragraph 1 of the Certified Public Accountants Act (services other than audit attest services), MCHC asks Independent Auditors to carry out consulting and other services having to do with the introduction of the IFRS.

(4) 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 should be dismissed or not be reappointed.

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

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

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

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

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

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

- (2) Regulations, structure and systems for managing risks of loss

The President shall be the chief risk 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 MCHC Group management matters and internal audits.
  
- (6) System for ensuring that Corporate Auditors' audits are conducted in an effective manner
  - (a) Directors and Employees, pursuant to regulations such as the Corporate Auditors' Audit Standard, shall inform Corporate Auditors of any important management matters (including any fact or fraudulent act that might do material harm to MCHC or any fact in violation of laws, regulations or Articles of Incorporation).
  - (b) Management, at the Corporate Auditors' request, shall appoint audit assistants and have them assist the Corporate Auditors. Appointment of specific assistants shall be subject to the consent of the Corporate Auditors.

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

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

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

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

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

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

**mitsubishi chemical holdings corporation**

**Consolidated Balance Sheet**

**6th Consolidated Fiscal Year (As of March 31, 2011)**

Unit: Millions of yen

**Assets**

**Current assets:**

Cash and deposits	130,195
Trade receivables	597,189
Securities	84,798
Inventories	485,061
Deferred income taxes—current	39,442
Other	62,455
Allowance for doubtful accounts	(2,482)
Total current assets	1,396,658

**Fixed assets**

**Property, plant and equipment:**

Buildings and structures	294,122
Machinery and equipment	445,574
Land	261,285
Construction in progress	61,013
Other	26,375
Total property, plant and equipment	1,088,369

**Intangible fixed assets:**

Goodwill	154,844
Other	71,997
Total intangible fixed assets	226,841

**Investments and other assets:**

Investment securities	363,472
Long-term loans receivable	1,639
Deferred income taxes—non-current	109,608
Other	110,380
Allowance for doubtful accounts	(2,953)
Total investments and other assets	582,146
Total fixed assets	1,897,356
Total assets	3,294,014

**MITSUBISHI CHEMICAL HOLDINGS CORPORATION**

**Consolidated Balance Sheet (continued)**

**6th Consolidated Fiscal Year (As of March 31, 2011)**

Unit: Millions of yen

**Liabilities**

**Current liabilities:**

Trade payables	378,411
Short-term borrowings	326,564
Commercial papers	50,000
Current portion of bonds payable	30,000
Current portion of convertible bonds payable	70,048
Accrued bonuses	38,867
Accrued income taxes	26,879
Reserve for periodic repairs scheduled within one year	4,957
Reserve for current portion of prospective loss on removal of fixed assets	7,580
Reserve for loss on disaster	15,564
Other	196,703
Total current liabilities	1,145,573

**Long-term liabilities:**

Bonds payable	155,000
Convertible bonds payable	70,000
Long-term borrowings	602,977
Accrued retirement benefits	125,724
Accrued retirement benefits for directors	1,286
Provisions for possible losses in connection with litigation	9,975
Reserve for periodic repairs	2,550
Reserve for prospective loss on removal of fixed assets	4,393
Reserve for costs associated with liquidation of subsidiaries and affiliates	6,432
Reserve for environmental measures	1,562
Other	54,539
Total long-term liabilities	1,034,438
Total liabilities	2,180,011

**Net Assets**

**Shareholders' equity:**

Common stock	50,000
Additional paid-in capital	317,582
Retained earnings	451,934
Less, Treasury stock at cost	(10,758)
Total shareholders' equity	808,758

**Accumulated other comprehensive income**

Net unrealized holding gain on other securities	5,216
Loss on deferred hedges	(738)
Land revaluation surplus	1,426
Foreign currency translation adjustments	(52,378)
Unfunded retirement benefit obligation with respect to a foreign subsidiary	(4,037)
Total accumulated other comprehensive income	(50,511)

**Warrants**

Warrants	696
Minority interests in consolidated subsidiaries	355,060
Total net assets	1,114,003
Total liabilities and net assets	3,294,014

**MITSUBISHI CHEMICAL HOLDINGS CORPORATION**

**Consolidated Statement of Income**

**6th Consolidated Fiscal Year (Year ended March 31, 2011)**

Unit: Millions of yen

Net sales	3,166,771
Cost of sales	2,379,647
<b>Gross profit</b>	787,124
Selling, general and administrative expenses	560,631
<b>Operating income</b>	226,493
<b>Other income</b>	
Interest income	2,194
Dividend income	5,040
Equity in earnings of affiliates	15,139
Gain on cancellation of derivatives	2,379
Other	9,881
<b>Total other income</b>	34,633
<b>Other expenses</b>	
Interest expenses	16,179
Foreign exchange losses	5,013
Loss on sales and disposal of property, plant and equipment	2,840
Other	13,195
<b>Total other expenses</b>	37,227
<b>Ordinary income</b>	223,899
<b>Extraordinary income</b>	
Gain on sales of investment securities	1,995
Gain on sales of fixed assets	1,190
Gain on transfer of business	1,077
Other	2,412
<b>Total extraordinary income</b>	6,674
<b>Extraordinary losses</b>	
Loss on the Great East Japan Earthquake	22,451
Loss on sales and disposal of property, plant and equipment	12,396
Loss on valuation of investment securities	10,767
Impairment loss	3,681
Special retirement expenses	1,043
Other	10,683
<b>Total extraordinary losses</b>	61,021
<b>Gain before income taxes and minority interests in consolidated subsidiaries</b>	169,552
Current income taxes	47,837
Deferred income taxes	(870)
Net income before adjustments for income or loss attributable to minority interests	122,585
<b>Minority interests in consolidated subsidiaries</b>	39,004
<b>Net income</b>	83,581

**MITSUBISHI CHEMICAL HOLDINGS CORPORATION**  
**Consolidated Statement of Changes in Net Assets**  
**6th Consolidated Fiscal Year (Year ended March 31, 2011)**

Unit: Millions of yen

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2010	50,000	303,279	379,354	(38,768)	693,865
Changes during the consolidated fiscal year					
Cash dividends			(12,374)		(12,374)
Net income			83,581		83,581
Purchase of treasury stock				(182)	(182)
Disposition of treasury stock (Note 1)		14,303		28,192	42,495
Increase resulting from the merger of a non-consolidated subsidiary by equity-method subsidiaries			126		126
Change of scope of consolidation			39		39
Change of scope of equity method			(30)		(30)
Increase resulting from change of currency of a consolidated foreign subsidiary (Note 2)			1,238		1,238
Net change in items other than those in shareholders' equity					
Total changes during the consolidated fiscal year	-	14,303	72,580	28,010	114,893
Balance at March 31, 2011	50,000	317,582	451,934	(10,758)	808,758

Unit: Millions of yen

	Accumulated other comprehensive income						Warrants	Minority interests in consolidated subsidiaries	Total net assets
	Net unrealized holding gain on other securities	Loss on deferred hedges	Land revaluation surplus	Foreign currency translation adjustments	Unfunded retirement benefit obligation with respect to a foreign subsidiary	Total accumulated other comprehensive income			
Balance at March 31, 2010	11,756	(132)	1,426	(30,123)	(3,218)	(20,291)	653	358,638	1,032,865
Changes during the consolidated fiscal year									
Cash dividends						-			(12,374)
Net income						-			83,851
Purchase of treasury stock						-			(182)
Disposition of treasury stock (Note 1)						-			42,495
Increase resulting from the merger of a non-consolidated subsidiary by equity-method subsidiaries						-			126
Change of scope of consolidation						-			39
Change of scope of equity method						-			(30)
Increase resulting from change of currency of a consolidated foreign subsidiary (Note 2)				1,791		1,791		1,560	4,589
Net change in items other than those in shareholders' equity	(6,540)	(606)	-	(24,046)	(819)	(32,011)	42	(5,138)	(37,106)
Total changes during the consolidated fiscal year	(6,540)	(606)	-	(22,255)	(819)	(30,220)	42	(3,578)	81,138
Balance at March 31, 2011	5,216	(738)	1,426	(52,378)	(4,037)	(50,511)	696	355,060	1,114,003

Notes:

1. Disposal of treasury stock  
It includes the increase of ¥14,132 million in additional paid-in capital and the decrease of ¥27,136 million in treasury stock as a result of the disposal of treasury stock in connection with the share exchange with MRC undertaken in October 2010.
2. Increases/decreases resulting from the change of an overseas consolidated subsidiary's currency  
MCC PTA India Corp. Private Ltd., an overseas consolidated subsidiary of the Company, had in previous years prepared its financial statements in Indian Rupees. From the consolidated fiscal year under review it began preparing its financial statements in the U.S. dollar.

## Notes to the Consolidated Financial Statements

### Basis of Preparation of Consolidated Financial Statements

#### 1. Scope of Consolidation

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

Number of consolidated subsidiaries: 341

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

(Increase: 16 companies)

- Increase as a result of new establishment: Mitsubishi Chemical Holdings America, Inc., Mitsubishi Chemical Holdings (Beijing) Co., Ltd. and nine other companies
- Increase as a result of increased importance: Mitsubishi Chemical Europe GmbH and four other companies

(Decrease: 20 companies)

- Decrease as a result of extinction in mergers: Japan Epoxy Resin Co., Ltd. and four other companies
- Decrease as a result of completion of liquidation: Dia Terephthalic Acid Corporation and eleven other companies
- Decrease as a result of sale of shares: Tai Young Nylon Co., Ltd. and two other companies

(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: 13

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

Techno-Research Corporation

(Decrease: 5 companies)

- Decrease as a result of extinction in mergers: Koei-Shouji Co., Ltd.
- Decrease as a result of completion of liquidation: Ryoka Marine Co., Ltd.
- Change to a consolidated subsidiary as a result of increased importance: Mitsubishi Chemical Europe GmbH and two other companies

Number of affiliates to which equity method is applied: 57

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

(Increase: 4 companies)

- Increase as a result of new establishment: Qingdao Lingda Kasei Co., Ltd. and two other companies
- Increase as a result of share acquisition: Solidur Indústria e Comércio de Plásticos Industriais Ltda.

(Decrease: 5 companies)

- Decrease as a result of completion of liquidation: Japan-Singapore EOG Co., Ltd. and one other company
- Decrease as a result of sale of shares: Calgon Carbon Japan KK 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: Ningbo Lingxin Logistics Co., Ltd. and Kashima Denkai Co., Ltd.

These non-consolidated subsidiaries and affiliates are excluded from the scope of equity method companies because any total amount of 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: The straight-line method is applied primarily to domestic consolidated subsidiaries in the Chemicals and Polymers Segments (except for MRC which became a consolidated subsidiary on March 30, 2010, and its subsidiaries), and the declining-balance method is applied primarily to the other entities.

Overseas consolidated subsidiaries: Principally by the straight-line method

(4) Basis for Significant Reserves

(a) Allowance for Doubtful Accounts

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

(b) Accrued Bonuses to Employees

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

(c) Provisions for Possible Losses in Connection with Litigation

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

1. Reserve for Health Management Allowances for HIV Compensation: ¥1,513 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: ¥4,627 million

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

3. Reserve for Health Management Allowances for SMON (Sub-acute Myelo-Optico-Neuropathy) Compensation: ¥3,835 million

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

(d) Reserve for Periodic Repairs

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

(e) Accrued Retirement Benefits

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



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

(ii) Method and period of amortization

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

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

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

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

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

(1) Application of accounting standard for asset retirement obligations

With effect from the consolidated fiscal year under review, the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18 of March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21 of March 31, 2008) were applied. As a result, operating income for the consolidated fiscal year under review decreased by ¥346 million, recurring income decreased by ¥405 million, and net income before tax and other adjustments decreased by ¥1,940 million.

(2) Change of depreciation method applicable to significant depreciable assets

Over the previous years, MCHC and its consolidated Japanese subsidiaries had mainly used the declining-balance method of depreciation for their tangible fixed assets, and MCHC's consolidated overseas subsidiaries had mainly used the straight-line method depreciation for their tangible fixed assets. With effect from the consolidated fiscal year under review, the

consolidated Japanese subsidiaries mainly in the Chemicals and Polymers Segments (excluding MRC which became a consolidated subsidiary on March 30, 2010 and MRC's subsidiaries) changed their depreciation method to the straight-line method.

Of those large-scale investment projects in the Chemicals and Polymers Segments for which expenditures were made in accordance with the previous medium-term management plan "Innovation – Phase 2," (ended in March 2008) overseas projects have commenced operation over the past several years and the domestic projects went into full-scale operation on a full-term basis from the consolidated fiscal year under review. Accordingly, the major investment projects have run their course. Under "APTSIS 10" (which ended in March 2011), MCHC proceeded to reinforce and expand business including strategic tie-ups with powerful partners abroad with respect to both Segments. On the other hand, MCHC put the brakes on capital expenditure in Japan and implemented structural reform including withdrawing from unprofitable derivative products.

MCHC re-examined the depreciation methods in the wake of changes to the status of capital expenditures for the two Segments in Japan. As a result, we have determined that the capacity operating rate was segmentally stable given the attributes of the business and that, in light of the changes in the status of capital expenditures, it would be a more rational way of allocating costs and expenses to change the depreciation method for the consolidated Japanese subsidiaries in the Chemicals and Polymers to the straight-line method.

As a result, operating income, recurring income and net income before taxes and other adjustments for the consolidated fiscal year under review increased by ¥17,851 million, respectively.

## Notes to the Consolidated Balance Sheets

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

Assets pledged as collateral

Buildings and structures	¥29,382 million
Land	¥21,703 million
Machinery and equipment, etc.	¥96,559 million
Amount of debt obligations covered by collateral	¥17,436 million

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

¥2,514,064 million

Accumulated impairment losses of ¥28,083 million are included in the accumulated depreciation.

### 3. Contingent Liabilities

Liabilities on guarantee for bank borrowings

Guarantees	¥15,970 million
	(Of which ¥15,861 million is borne by the MCHC Group)
Stand-by guarantees	¥851 million
	(Of which ¥851 million is borne by the MCHC Group)
Others	¥7 million
	(Of which ¥7 million is borne by the MCHC Group)

### 4. Trademark Infringement Lawsuit

The consolidated subsidiary Verbatim Corporation (U.S.A.) was sued for trademark infringement in Brazil. In May 2007, a court in Manaus, in the Brazilian state of Amazonas, ruled in favor of the plaintiff and ordered Verbatim Corporation (U.S.A.) to pay R\$377 million (equivalent to ¥19,245 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 ¥45 million

## Notes to the Consolidated Statements of Income

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

The losses were broken down mainly into: ¥15,564 million as reserve for loss on disaster (restoration costs: ¥14,388 million), ¥3,486 million as fixed costs incurred during closedown caused by the earthquake, and ¥1,712 million as loss of inventory assets.

Receipt of insurance claims under casualty insurance policies were not reported as they could not be specified or finalized during 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, 2010	Common stock	¥5,506 million	¥4	March 31, 2010	June 25, 2010
Board of Directors meeting November 2, 2010	Common stock	¥6,883 million	¥5	September 30, 2010	December 2, 2010
Total		¥12,389 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, 2011.

Resolution	Share Class	Aggregate Amount of Dividends	Source of Dividend	Dividend per share	Entitlement Date	Effective Date
Ordinary General Meeting of Shareholders June 24, 2011	Common stock	¥7,380 million	Retained earnings	¥5	March 31, 2011	June 27, 2011

**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	344,900 shares
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**Notes on Financial Instruments**

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

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

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

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

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



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

The amounts booked on the consolidated balance sheet, fair value and the amount of differences as of March 31, 2011 (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	130,195	130,195	-
(2) Trade receivables	597,189	597,189	-
(3) Securities and investment securities			
(i) Held-to-maturity bonds	24,837	22,728	(2,109)
(ii) Shares of affiliated companies	40,238	45,905	5,667
(iii) Other securities	269,333	269,333	-
(4) Trade payables	(378,411)	(378,411)	-
(5) Short-term borrowings	(326,564)	(326,564)	-
(6) Commercial papers	(50,000)	(50,000)	-
(7) Current portion of bonds payable	(30,000)	(30,000)	-
(8) Current portion of bonds with stock acquisition rights	(70,048)	(70,048)	-
(9) Bonds payable	(155,000)	(161,195)	6,195
(10) Convertible bonds payable	(70,000)	(68,359)	(1,641)
(11) Long-term borrowings	(602,977)	(610,993)	8,016
(12) Derivatives transactions			
(i) Derivatives transactions to which hedge accounting is not applied	1,869	1,869	-
(ii) Derivatives transactions to which hedge accounting is applied	(1,884)	(1,884)	-

(\*) 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, (7) Current portion of bonds payable and (8) Current portion of bonds with stock acquisition rights

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.

- (9) Bonds payable, and (10) Convertible bonds payable

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

- (11) 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 (12) below).

- (12) 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 (11) above).

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

Unit: Millions of yen

Classification	Amount booked on consolidated balance sheet
Unlisted shares	108,922
Unlisted bonds	3,000
Equity securities	1,940

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

#### Notes on Per Share Information

Net assets per share ¥514.30

Net income per share ¥58.72

#### Notes on Business Combination

##### 1. Share Exchange with MRC

Pursuant to the share exchange agreement concluded on April 28, 2010, the Company and its consolidated subsidiary, MRC, executed a share exchange, with October 1, 2010 as the effective date, whereby the Company became the wholly owning parent company and MRC became the wholly owned subsidiary (hereinafter referred to as the “Share exchange”). An overview of the Share exchange is as described below:

(1) Method of share exchange

The Company allocated and issued the treasury stock (common stock) held by it to the shareholders (excluding the Company) of MRC as of the time immediately preceding the effective date for the Share exchange. MRC retired the treasury stock held by it before the share exchange. MCHC implemented 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) Share category, share exchange ratio and number of shares issued

Share category:	Common stock
Exchange ratio:	0.80 share of MCHC common stock for one share of MRC common stock
Number of shares issued:	99,681,436

(3) Acquisition cost, amount of goodwill, and method and period of amortization

Acquisition cost:	¥41,268 million
-------------------	-----------------

Amount of goodwill:	¥9,683 million
Method and period of amortization:	amortized on a straight-line basis over a period of 20 years

2. Particulars and amount of revision as a material revision was made to the amount of initial allocation of acquisition cost

In light of the fact that acquisition of the shares of MRC by means of tender offer in the previous consolidated fiscal year was executed immediately prior to the fiscal closing date, provisional accounting treatment was conducted in respect of part of the assets and liabilities of MRC pursuant to the provisions of paragraph 69 of “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures.” (ASBJ Guidance No. 10). The amount of goodwill amortization revised as a result of the review of the acquisition cost allocation procedure in the consolidated fiscal year under review was as stated below:

Account title	(Millions of yen) The amount of goodwill amortization revised
Goodwill (before revision)	77,122
Intangible fixed assets	(33,432)
Deferred income taxes	13,572
Minority Interests	4,093
Other	1,095
Total	(14,672)
Goodwill (after revision)	62,450

**MITSUBISHI CHEMICAL HOLDINGS CORPORATION**

**Non-consolidated Balance Sheet**

**As of March 31, 2011**

Unit: Millions of yen

**Assets**

**Current assets:**

Cash and deposits	2
Income taxes receivable	5,260
Deferred income taxes—current	30
Other	3,941
Total current assets	9,234

**Fixed assets:**

**Property, plant and equipment**

Buildings	89
Structures	1
Tools, furniture and fixtures	73
Total property, plant and equipment	164

**Intangible fixed assets:**

Software	144
Other	0
Total intangible fixed assets	145

**Investments and other assets:**

Stocks of subsidiaries and affiliates	644,019
Investments in affiliated companies	32
Long-term prepaid expenses	17
Deferred income taxes—non-current	29
Total investments and other assets	644,098
Total fixed assets	644,408
Total assets	653,643

**mitsubishi chemical holdings corporation**

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

**As of March 31, 2011**

Unit: Millions of yen

**Liabilities**

**Current liabilities:**

Short-term loan payable	52,695
Current portion of convertible bonds payable	70,048
Accounts payables	7,541
Accrued income taxes	4
Deposits received	10
Accrued bonuses	75
Other	30
	<hr/>
Total current liabilities	130,407
	<hr/>

**Long-term liabilities:**

Long-term loan payable	85,000
Convertible bonds payable	70,000
	<hr/>
Total long-term liabilities	155,000
	<hr/>
Total liabilities	285,407
	<hr/>

**Net Assets**

**Shareholders' equity:**

Common stock	50,000
Additional paid-in capital	264,573
Legal capital surplus	12,500
Other capital surplus	252,073
Retained earnings	75,445
Other retained earnings	75,445
Retained earnings brought forward	75,445
Less, Treasury stock at cost	(22,478)
	<hr/>
Total shareholders' equity	367,540
	<hr/>

**Warrants**

	696
	<hr/>
Total net assets	368,236
	<hr/>
Total liabilities and net assets	653,643
	<hr/>

**MITSUBISHI CHEMICAL HOLDINGS CORPORATION**

**Non-consolidated Statement of Income**

**Year ended March 31, 2011**

Unit: Millions of yen

Operating revenue	
Dividends income	12,226
Operating costs receipts	2,948
Total operating revenue	<u>15,174</u>
General and administrative expenses	3,659
Operating income	<u>11,515</u>
Other income	
Interest income	96
Gain on exclusion of accrued dividends	40
Other	1
Total other income	<u>(138)</u>
Other expenses	
Interest expenses	1,128
Other	151
Total other expenses	<u>1,280</u>
Ordinary income	<u>10,374</u>
Income before income taxes	10,374
Current income taxes	(49)
Deferred income taxes	(19)
Net income	<u><u>10,442</u></u>

**MITSUBISHI CHEMICAL HOLDINGS CORPORATION**  
**Non-consolidated Statement of Changes in Net Assets**  
**Year ended March 31, 2011**

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, 2010	50,000	12,500	285,262	77,392	(96,810)	328,344
Changes during the fiscal year						
Cash dividends (Note 1)				(12,390)		(12,390)
Net income				10,442		10,442
Purchase of treasury stock					(182)	(182)
Disposition of treasury stock (Note 2)			(33,189)		74,514	41,324
Net change in items other than those in shareholders' equity	/	/	/	/	/	/
Total changes during the fiscal year	-	-	(33,189)	(1,947)	74,332	39,195
Balance at March 31, 2011	50,000	12,500	252,073	75,445	(22,478)	367,540

Unit: Millions of yen

	Warrants	Total net assets
Balance at March 31, 2010	653	328,997
Changes during the fiscal year		
Cash dividends (Note 1)		(12,390)
Net income		10,442
Purchase of treasury stock		(182)
Disposition of treasury stock (Note 2)		41,324
Net change in items other than those in shareholders' equity	42	42
Total changes during the fiscal year	42	39,238
Balance at March 31, 2011	696	368,236

Notes:

1. 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 2010, and the interim dividend (¥6,883 million) was paid based on the resolution at the Board of Directors meeting held in November 2010.

2. Disposal of treasury stock

Includes the decrease of ¥33,172 million in other capital surplus and the decrease of ¥74,440 million in treasury stock as a result of the disposal of treasury stock in connection with the share exchange with MRC undertaken in October 2010.



## Notes to the non-consolidated Financial Statements

### Matters Concerning Significant Accounting Policies

#### 1. Valuation Methods of Securities

Subsidiaries' stocks

Stated at cost based on the moving average method

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

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

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

By the straight-line method

#### 4. Basis for Reserves

Accrued bonuses to employees

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

#### 5. Treatment of Consumption Taxes

Net of tax

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

Consolidated tax payment system

### Notes to the Non-consolidated Balance Sheets

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

¥4 million

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

Short-term monetary claim ¥3,920 million

Short-term monetary liabilities ¥59,972 million

## Notes to the Non-consolidated Statements of Income

### 1. Transactions with Subsidiaries and Affiliates

Operating income	¥15,174 million
General and administrative expenses	¥1,391 million
Transactions except for operational transactions	¥361 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	129,610	379	99,779	30,209

Note: The increase of 379 thousand shares of treasury stock represented the increase of 271 thousand shares resulting from the purchase of shares less than one unit and the increase of 108 thousand shares resulting from the purchase from those shareholders who opposed the share exchange.

Treasury stocks were decreased by 99,779 thousand due to sales of 33 thousand shares less than one unit, reissuance of 65 thousand shares upon exercise of warrants and share exchange of 99,681 thousand shares.

## Notes on Tax Effect Accounting

### 1. 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)	1,652	—	—
				Repayment of funds (Note 2)	55,000	—	—
				Payment of interest (Note 2)	367	—	—
				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)	746	—	—
Subsidiary	MCFA Inc.	Indirect 100%	Fund borrowing	Fund borrowing (Note 5)	52,695	Short-term borrowings	52,695
				Payment of interest (Note 5)	2	—	—

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, MPI and MRC.
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 borrowing funds (pooling of funds) from MCFA Inc. represents the net amount.

**Notes on Per Share Information**

Net assets per share	¥248.99
Net income per share	¥7.32

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 10, 2011

The Board of Directors  
Mitsubishi Chemical Holdings Corporation

Ernst & Young ShinNihon LLC

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

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

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

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

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, 2010 through March 31, 2011. 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, 2011 in conformity with accounting principles generally accepted in Japan.

Additional information

As described in (2) of the section of "Changes in Matters Concerning Basis of Preparation of Consolidated Financial Statements" of "Basis of Preparation of Consolidated Financial Statements," the consolidated Japanese subsidiaries mainly in the Chemicals and Polymers Segments changed their depreciation method from the declining-balance method to the straight-line method effective from the fiscal year ended March 31, 2011.

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 10, 2011

The Board of Directors  
Mitsubishi Chemical Holdings Corporation

Ernst & Young ShinNihon LLC

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

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

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

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

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 6th fiscal year from April 1, 2010 through March 31, 2011. 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 6th fiscal year ended March 31, 2011 in conformity with accounting principles generally accepted in Japan.

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 6th business year from April 1, 2010 to March 31, 2011, the Board of Corporate Auditors has prepared this Audit Report after deliberations based on the audit reports prepared by each Corporate Auditor. We hereby report as follows:

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

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

In conformity with the Corporate Auditor auditing standards established by the Board of Corporate Auditor, and in accordance with the audit policies and assignment of duties, etc., each Corporate Auditor endeavored to facilitate a mutual understanding with the Directors, the internal audit division and other employees, etc. of the Company, endeavored to collect information and maintain and improve the audit environment, has attended the meetings of the board of directors and other important meetings, received reports on the status of performance of duties from the Directors and other employees and requested explanations as necessary, examined important approval/decision documents, and inspected the status of the corporate affairs and assets. Also, each Corporate Auditor monitored and inspected the status of the contents of the Board of Directors' resolutions regarding the development and maintenance of the system to ensure that the Directors' performance of their duties complied with all laws, regulations and the articles of incorporation of the company and other system that are set forth in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of the corporate affairs of a joint stock company (Kabushiki Kaisha). In addition, with regard to the internal controls for financial reporting, we received reports from the Directors and Ernst & Young ShinNihon LLC regarding the evaluation of said internal controls and the auditing activities, and requested explanations as necessary. With respect to the subsidiaries, each Corporate Auditor endeavored to facilitate a mutual understanding and exchanged information with the directors and corporate auditors, etc. of each subsidiary, and received reports on their respective business, including the development status of internal audit system, from the subsidiaries as necessary.

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

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

Based on the above-described methods, each Corporate Auditor examined the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and notes to non-consolidated financial statements) and their annexed 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.

### (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 10, 2011

The Board of Corporate Auditors of Mitsubishi Chemical Holdings Corporation

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



## Reference Materials for the General Meeting of Shareholders

### Agenda and References

#### Agendum 1. Appropriation of Retained Earnings

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

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

- (1) Type of dividend  
Cash
- (2) Matters concerning appropriation of dividend property and total amount thereof  
5 yen per share of the Company's common stock  
Total dividends: 7,380,390,720 yen
- (3) Date on which distribution of retained earnings takes effect  
June 27, 2011

## Agendum 2. Election of Seven Directors

The term of office of all seven directors will expire at the conclusion of this General Meeting of Shareholders. It is therefore proposed that seven directors should 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 and Chief Executive Officer 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, Executive Vice President and 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 and Chief Executive Officer 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 Taiyo Nippon Sanso Corporation</p> <p>Member of the Board of Chi Mei Corporation (Scheduled to assume the position of member of the Board of TOKYO GAS CO., LTD. effective June 29, 2011)</p>	96,901

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 and Chief Executive Officer of Mitsubishi Chemical Holdings Corporation (current)</p> <p>Member of the Board, President and Chief Executive Officer of Mitsubishi Chemical Corporation (current)</p> <p>Apr. 2009 to present    President and Chief Executive Officer of The KAITEKI Institute, Inc.</p> <p>(Significant concurrent positions)</p> <p>President and Chief Executive Officer of Mitsubishi Chemical Corporation</p> <p>President and Chief Executive Officer of The KAITEKI Institute, Inc.</p>	46,268

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
3	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 (until June 2010) Managing Executive Officer of Mitsubishi Chemical Corporation (until June 2010)</p> <p>Jun. 2006    Member of the Board of Mitsubishi Chemical Holdings Corporation (current) Member of the Board of Mitsubishi Chemical Corporation (current)</p> <p>Jun. 2008    Member of the Board of Mitsubishi Tanabe Pharma Corporation (until June 2009)</p> <p>Jun. 2010 to present    Senior Managing Executive Officer of Mitsubishi Chemical Holdings Corporation Senior Managing Executive Officer of Mitsubishi Chemical Corporation (Significant concurrent positions) Member of the Board of Mitsubishi Chemical Corporation Member of the Board of Nippon Asahan Aluminium Co., Ltd.</p>	32,364

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	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 Member of the Board, Managing Executive Officer of Tanabe Seiyaku Co., Ltd.</p> <p>Jun. 2006 Member of the Board, Senior Managing Executive Officer of Tanabe Seiyaku Co., Ltd.</p> <p>Oct. 2007 Member of the Board, Executive 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 and Chief Executive Officer of Mitsubishi Tanabe Pharma Corporation (current)</p> <p>Apr. 2011 to present Member of the Board of The KAITEKI Institute, Inc. (Significant concurrent positions) President and Chief Executive Officer of Mitsubishi Tanabe Pharma Corporation Member of the Board of The KAITEKI Institute, Inc.</p>	15,495
5	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 Executive 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 and Chief Executive Officer of Mitsubishi Plastics, Inc. (current)</p> <p>Jun. 2008 Member of the Board of Mitsubishi Chemical Holdings Corporation (current)</p> <p>Apr. 2009 to present Member of the Board of The KAITEKI Institute, Inc. (Significant concurrent positions) President and Chief Executive Officer of Mitsubishi Plastics, Inc. Member of the Board of The KAITEKI Institute, Inc.</p>	16,425

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	Masanao Kambara (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 Director of Mitsubishi Rayon Co., Ltd.</p> <p>Jun. 2006    President and Chief Executive Officer of Mitsubishi Rayon Co., Ltd. (current)</p> <p>Jun. 2010 to present    Member of the Board of Mitsubishi Chemical Holdings Corporation</p> <p>Member of the Board of The KAITEKI Institute, Inc. (Significant concurrent positions)</p> <p>President and Chief Executive Officer of Mitsubishi Rayon Co., Ltd.</p> <p>Member of the Board of The KAITEKI Institute, Inc. Chairman of Lucite International Group Limited.</p>	23,324
7	Shigeru Tsuyuki (September 13, 1947)	<p>Apr. 1971    Joined Mitsubishi Kasei Industries Corporation (present-day Mitsubishi Chemical Corporation)</p> <p>Oct. 2007    Executive Officer of Mitsubishi Chemical Corporation</p> <p>Apr. 2008    Managing Executive Officer of Mitsubishi Chemical Corporation (until June 2010)</p> <p>Jun. 2009    Member of the Board of Mitsubishi Chemical Corporation (until April 2011)</p> <p>Jun. 2010    Senior Managing Executive Officer of Mitsubishi Chemical Corporation (current)</p> <p>Apr. 2011 to present    Senior Managing Executive Officer of Mitsubishi Chemical Holdings Corporation (Significant concurrent positions)</p> <p>Member of the Board of Nippon Synthetic Chemical Industry Co., Ltd.</p> <p>Member of the Board of Mitsubishi Chemical Medience Corporation</p> <p>(Scheduled to assume the position of Member of the Board of Mitsubishi Rayon Co., Ltd. and retire as Member of the Board of Nippon Synthetic Chemical Industry Co., Ltd. on June 22, 2011 )</p>	9,745

Note: Michihiro Tsuchiya serves as Representative Director of Mitsubishi Tanabe Pharma Corporation. Mitsubishi Tanabe Pharma Corporation pays its share of Group operating expenses to MCHC. There are no special interests between any of the other candidates and MCHC.

### Agendum 3. Election of One Corporate Auditor

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

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

The candidate for a corporate auditor is as described below.

Name (Date of birth)	Personal history, position at the Company and significant concurrent positions outside the Company	Number of the Company's shares held
Takashi Nishida (September 28, 1953)	Apr. 1976    Joined Mitsubishi Bank., Ltd. (present-day Bank of Tokyo-Mitsubishi UFJ, Ltd.)	5,579
	Sep. 2002    Executive Officer of Mitsubishi Securities Co., Ltd. (present-day Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)	
	Jun. 2003    Managing Executive Officer of Mitsubishi Securities Co., Ltd.	
	Jun. 2004    Executive Officer of Bank of Tokyo-Mitsubishi, Ltd. (present-day The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	
	Jun. 2007    Corporate Auditor of Mitsubishi Chemical Holdings Corporation (current)	
	Corporate Auditor of Mitsubishi Chemical Corporation (current)	
	Corporate Auditor of Mitsubishi Pharma Corporation (present-day Mitsubishi Tanabe Pharma Corporation)	
Oct. 2007    Corporate Auditor of Mitsubishi Tanabe Pharma Corporation to present    (Significant concurrent positions)		
	Corporate Auditor of Mitsubishi Chemical Corporation	
	Corporate Auditor of Mitsubishi Tanabe Pharma Corporation	

Notes:

1. Takashi Nishida is an outside corporate auditor candidate. The Company has designated the candidate as an independent officer pursuant to the rules and regulations of the Tokyo Stock Exchange and the Osaka Stock Exchange, and has notified both stock exchanges accordingly. If this proposal is approved and if the candidate is inaugurated as an outside corporate auditor, the Company intends to keep him registered as an independent officer.
2. The Company's evaluation of the candidate is that he will conduct fair audit as an outside corporate auditor based on his wealth of experience in the banking and securities industry and knowledge he cultivated there. The Company therefore proposes that the candidate should be elected.
3. While the candidate serves concurrently as an outside corporate auditor of MTPC, the said company was subjected to an administrative action from the Ministry of Health, Labor and Welfare in April 2010 because one of its subsidiaries fraudulently replaced some data on application for pharmaceutical production and hence violated the Pharmaceutical Affairs Act. The candidate had been expressing his opinions and promoting awareness at the Board of Directors and the Board of Corporate Auditors on a routine basis from the perspectives of the compliance and improving internal control frameworks. After the violations were brought to

light, he expressed his opinions on the need to find out the cause and prevent recurrence of a similar problem.

4. Takashi Nishida will have served as an outside corporate auditor for four years at the conclusion of this General Meeting of Shareholders.
5. Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, MCHC and the candidate conclude liability-limiting agreement prescribed in Article 423, paragraph 1 of the said law. The maximum limit of damage compensation liability under this agreement is set to be the minimum amount of liability prescribed in Article 425, paragraph 1 of the said law. If this proposal is approved and if the candidate is inaugurated as an outside corporate auditor, the Company intends to maintain the relevant liability agreement.