Presentation for

Analyst Meeting

November 21, 2006

Ryuichi Tomizawa
President & CEO
Mitsubishi Chemical Holdings Corporation
Agenda

- Interim Financial Results for the Year Ending March 31, 2007
- Management Challenge in the MCHC* Group
- Performance & Functional Products Segment
  - Future Perspectives
  - Mitsubishi Polyester Film Group
  - Mitsubishi Chemical Functional Products, Inc.

* Mitsubishi Chemical Holdings Corporation
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*Mitsubishi Chemical Holdings Corporation*
Management Challenge in the MCHC Group

- Manage against cyclicality and naphtha price fluctuations
- Sustain attractive new product/business pipelines

- Measures on diversified sources of feedstocks; collaboration w/ oil refineries
- Changes in business model
- Business expansion & resource allocation on concentration businesses

- Businesses in performance & functional products and health care have increased strength to raise the level of profit.
- Further portfolio restructuring and strengthening of businesses are in progress.
Contribution from Performance and Functional Products and Health Care

Operating income (Billions of Yen)

Contribution from Performance and Functional Products and Health Care have reached at the level of ¥100 billion (operating income).

MCHC Consolidated

Performance and Functional Products, Health Care and others

Petrochemicals

Before consolidation adjustment

After consolidation adjustment

Before consolidation adjustment

Contribution from Performance and Functional Products and Health Care
Net Sales & Operating Income by Segments

Profit Drivers:
Performance and Functional Products & Health Care

FY2006 Forecast
Outer circle: Net sales ¥2,600 billion
Inner circle: Operating income ¥127 billion
Toward Strengthening High-Value-Added Business

Thorough dialogue with customers

- Much faster: Identify changes in business environments (values) and suggest solutions to customers ahead of others.
- Much wider: Integrate technologies and know-how and pursue business models
- More passionate: Improve customers’ commercial values by high-quality solution
Response to Changes in Business Environment (Value)

Society
Accelerated changes in value recognition for environment & health

Customers
Bigger impact and faster changes required from society

MCHC Group
Early collaboration and fast action are indispensable

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Advanced Technology Areas

- Carbon Chemistry
- Chemistry in Light and Colors
- Polymer Technologies
- Life Sciences

Electronics IT

- Environment & Energy

Automobiles

- Daily Necessities

Health care

: Business areas where “early stage collaboration” and/or “quick actions” are required.
Interim Financial Results for the Year Ending March 31, 2007

Management Challenge in the MCHC* Group

Performance & Functional Products Segment
  - Future Perspectives
  - Mitsubishi Polyester Film Group
  - Mitsubishi Chemical Functional Products, Inc.

* Mitsubishi Chemical Holdings Corporation
Historical Summary and Business Structure
for the Performance & Functional Products Segment

- **Net sales (Billions of Yen):**
  - FY2001: ¥530 billion
  - FY2002: ¥550 billion
  - FY2003: ¥700 billion
  - FY2004: ¥760 billion
  - FY2005: ¥800 billion
  - FY2006 (Forecast): ¥840 billion
  - FY2007: ¥900 billion
  - FY2008 (Forecast): ¥950 billion

- **Operating income (Billions of Yen):**
  - FY2001: ¥50 billion
  - FY2002: ¥55 billion
  - FY2003: ¥60 billion
  - FY2004: ¥65 billion
  - FY2005: ¥70 billion
  - FY2006 (Forecast): ¥75 billion
  - FY2007: ¥80 billion
  - FY2008 (Forecast): ¥85 billion

- **Operating income margin (%):**
  - FY2001: 2.8%
  - FY2002: 5.3%
  - FY2003: 7.2%
  - FY2004: 7.6%
  - FY2005: 7.4%
  - FY2006 (Forecast): 6.0%
  - FY2007: 7.0%
  - FY2008 (Forecast): 8.0%

- **KAKUSHIN Plan:**
  - Phase 1
  - Phase 2

- **FY2006 (Forecast):**
  - Net sales: ¥909 billion
  - Operating income: ¥63 billion

- **FY2007:**
  - Net sales: ¥909 billion
  - Operating income: ¥63 billion

- **FY2008 (Forecast):**
  - Net sales: ¥909 billion
  - Operating income: ¥63 billion

- **Business Structure:**
  - Information & Electronics: 32%
  - Carbon & Others: 34%
  - Plastics: 44%
  - Composite materials: 22%

- **Net sales (Billions of Yen):**
  - FY2006 (Forecast): ¥909 billion
  - Operating income: ¥63 billion

- **OP margin (%):**
  - FY2001: 2.8%
  - FY2002: 5.3%
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  - FY2005: 7.4%
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  - FY2007: 7.0%
  - FY2008 (Forecast): 8.0%
Information and Electronics Related Business

Performance & Functional Products Segment

Information & Electronics Related Business (Net sales)

- FPD: 36%
- Optical recording media & Imaging: 43%
- Plastics Composite materials: 31%
- Others: 21%

Net sales: about ¥300 billion
Operating income: about ¥27 billion

FY2006 (Forecast)

Net sales: ¥909 billion
Operating income: ¥63 billion

Type 1: Component business
Type 2: Process related materials
"LCD Components" Supported by Wide-ranging Technologies

LCD Component Businesses in the MCHC Group

Structure of LCD panel

- Color resist
- Resin black resist
- PVOH film for polarizer
- PSA* for polarizer
- Protection film for polarizer
- Release films for:
  - Protection film
  - Polarizer
- Base films for:
  - Diffusion sheet
  - Prism sheet
  - Reflection sheet
- Reflection plate
- Backlight unit
- Reflection plate
- Light diffuser plate for backlight
- Light guide plate for backlight
- Phosphor for CCFL

*Pressure Sensitive Adhesion
Unique Technologies for LCD Production Lines

Businesses related to LCD manufacturing in the MCHC Group

- Color filter process, TFT array process
- Cell process
- Module process
- Display

Plant construction

Inspection & Analysis

Mitsubishi Polyester Film Group

Mitsubishi Chemical Functional Products, Inc.

Businesses related to LCD manufacturing in the MCHC Group
Toward High-Value-Added Product Businesses

Business development maximizing new product incubation and solution capabilities

e.g. Approach to the market for FPD related materials and components

- Novel materials for future display technologies
- New materials & components
- Existing materials & components

Cost reduction requirement

Source: Fuji Chimera Research Institute, Inc.
New Business Development Technology Platform

R&D ¥100 billion/3 years

Electronics & IT

Automobiles

Environment & Energy

Optical recording media

Imaging Display materials

High performance films

Environmental chemistry systems

Composite materials

Battery materials

Food ingredients

Fullerene

GaN Phosphor

Organic EL New materials for FPD

CF, MAFTEC

Battery materials for HEV

Battery materials

Nano materials

Solid-state lighting

Display materials

Composite materials

Next-generation Optical recording media

HD DVD, Blu-ray Hologram

New Business Development Technology Platform

Technology Platform
Aiming at a Global Leading Runner with Customers

Customers

Have customers to be global leading runners!

Faster!  Wider!  More passionate!

Collaborative Innovation

Provide performance and functional products responding customer needs with creative integrated technologies.

MCHC
Materials
Performance and functional products

Chemistry Plaza
Customer Laboratory
Good Chemistry for Tomorrow
Creating better relationships among people, society, and our planet.
Mitsubishi Polyester Film Group

November 21, 2006

Steve Yurich, CEO
1. Mitsubishi Polyester Film Group at a Glance

2. Today’s Message

3. Business Topics
   · Market Valuation
   · Release Film, FPD*
   · New Application Opportunities

4. Summary
   *Flat Panel Display
History of Mitsubishi Polyester Film

- **1953**: First polyester film production
- **1957**: Expansion in Japan
- **1961**: International expansion
- **1992**: Formation of Hoechst / MCC JV
- **1998**: MCC100%
- **2003**: Mitsubishi Polyester Film Group (MPF)
  - Mitsubishi Polyester Film America (MFA)
  - Mitsubishi Polyester Film Europe (MFE)
  - Mitsubishi Polyester Film Japan (MFJ)
  - MC PET film Indonesia (MFI)

Hoechst (America)
Hoechst (Europe)
MCC (Japan)
Mitsubishi Polyester Film Group

- One of the leading companies in PET film business worldwide
- Located in USA, Germany, Japan, and Indonesia
My career has encompassed many **functions** and **business units** and three parent **companies**, American, German and Japanese.
**Vision**

MPF will be the global leader in polyester film.

We will be recognized as a ‘solution company’ focused on creating and capturing value in partnership with our customers.

We will maximize synergies and profitability across all business functions and regions and will consistently meet or exceed our stakeholders’ expectations.

**Slogan**

**WORLD CLASS**

**Policy**

Maximize our profit by focus on key growth specialty market where MPF has an No.1 or No.2 position in products and technology.

Focus includes customer collaboration in product development, technology platform development, global expansion of product line, and human capital positioning.
Performance

Revenue

Oku yen

9% AGR

year

Revenue by Regions

Americas

Asia

Europe
Today’s Message

World Class Technology Platforms + World Class Customer Collaboration = FPD Success

Future

Wide Market Applications

Success for New Application
Current Application Examples

Brand name: Diafoil®, Hostaphan®, Fusion®

- Capacitor
- Thermal transfer, Thermal stencil
- Packaging
- FPC
- Label liner
- Shrink label
- Steel lamination
- Automotive
- Imaging
- Solar panel
- Medical
- FPD
- Window film
- DFR
- MLCC

Thick - Thin
Market Valuation of existing products

Nurture: Strengthen on product/application development to be No.1 or No.2
Focus: Growth strategy with investment
Limited: Limited exposure
Selective: Selective focus
What is Release film?
Film with surface property that allows it to separate for functional use as a Carrier/Casting/Protective sheet.

World Class Technology Platform

- Resin
- Process
- Coating
  - in line / off line
  - silicone/ non silicone,
  - solvent/solventless/emulsion

Platforms excellence includes
- Transparency
- Defects free
- Flatness
- Release property

World Class Customer Collaboration

- Long development history
- Investment to meet their needs
- Develop products to make our customers as leaders in the industry

Wide market applications

Success for Release

- One fourth of MPF’s revenue
- One third of world market share
- Applied key technology in FPD
FPD Demand

### By units

<table>
<thead>
<tr>
<th>Year</th>
<th>Monitor</th>
<th>Notebook PC</th>
<th>LCD TV</th>
<th>Plasma TV</th>
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<td>2010</td>
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### By areas

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<th>LCDTV</th>
<th>Plasma TV</th>
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<td>2010</td>
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Data: Display Search
FPD Strategy

Leading PET film supplier in FPD

Global standard in the industry

Wide Market Applications

- LCD
  - Polarizer
    - Release
    - Protective
    - Diffusion sheet
    - Prism sheet
    - Reflection sheet
- PDP
  - AR
  - EMI
  - NIR
  - Release

World Class Technology Platform

- Development of technology platform
  - *Resin
  - *Coating
  - *Manufacturing technology
- Synergy with MCC

World Class Customer Collaboration

- Long development history
- Investment to meet their needs
- Develop products to make our customers as leaders in the industry
Wide Market Applications - LCD Panel

About 10 pieces of PET film

Top Coating Layer

Protection film

PSA*

Release film

Polarizer

Viewing Angle Compensation Film

Protection film

PSA*

Release film

LCD device

TFT

Viewing angle compensation film

Polarizer

Diffusion sheet (PET film)

Prism sheet (PET film)

Light guide plate (Acrylic)

Reflection sheet (PET film)

PSA*: Pressure Sensitive Adhesion
Wide Market Applications - PDP Panel

Example of PDP optical filter structure

- PET film
- Optical filter
- Fluorescent substance (RGB)
- Print circuit panel
- Rear glass substrate
- Front glass substrate
- About 5 pieces of PET film

AR: Anti Reflection
EMI: Electro Magnetic Interference
NIR: Near Infrared

AR: Anti Reflection
EMI: Electro Magnetic Interference
NIR: Near Infrared
World Class Technology Platform

- Resin:
  - Modified polyester
  - Co-polyester
  - Additives

- Process:
  - Equipment
  - Analysis

- Coating:
  - Adhesion promotion
  - Anti-static
  - Release
  - Heat resistant

- MCC Group (TPA, MEG, PET)

High performance film
World Class Customer Collaboration

Market Needs

Results
New products developed for FPD market
Investment
High market Share
New ideas in development pipe line
Making our customers as leaders in the industry

TPD
MTS
Sales

Technology Platform Development
One by one customer relationship “Customer Centric Innovation”

Diversified Customers
New Application Opportunities in Future

- Optics
  - OLED
  - Plastic plate
  - Electric paper
- Energy
  - Fuel cell
- Medical
  - Diagnostic Devices
- Electric/Electronics
  - RFID
  - Flat cable
- Environment
  - Light catalyst
  - Biodegradable
- Building Materials
  - Crime prevention
  - Energy efficient roofing
  - Flame retardant
- Packaging
  - Barrier
- Automobile
  - Inmold printing
  - Piezo IJ.
  - Seat sensor
- Strength in Release
- World Class Technology Platform
- World Class Customer Collaboration

Strong customer collaboration
MPF is committed to invest for growth.

MPF is working jointly with customers to develop products for emerging business opportunities.

MPF is the leading film supplier in FPD due to World Class Technology Platform, Customer Collaboration and Wide Market Applications.

MPF focuses resources based on market valuation with key technology platforms such as release.

MPF’s revenue and profitability continue to grow significantly.

MPF is a global company, 100% MCC subsidiary utilizing synergies.
Agenda

- Corporate profile, business overview
- Key business (for IT & Automotive industries)
- Expansion plan
- 2010 Objective
Corporate name: Mitsubishi Chemical Functional Products, Inc.
Founded: September 21, 1976
Paid-in capital: 2 billion yen
Employees: 390
Holding company: 100% owned by Mitsubishi Chemical Corporation, Inc.

Business division
- Composite Materials Division
- Civil Work Materials Division
- Plastics Pipes & Floor Heating Panels Division
- Functional Chemicals Division
- Logistics Materials Division
- Carbon Fiber & Alumina Fiber Division
- Business Development Division
MCFP Business results

Operating income continuously hit the record for 6 years. 2006 operating income will be 4 times of 2000.

Net sales (billion yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Sales</th>
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<tbody>
<tr>
<td>2000</td>
<td>34</td>
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<td>2001</td>
<td>36</td>
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<td>2003</td>
<td>38</td>
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<td>2004</td>
<td>41</td>
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<tr>
<td>2005</td>
<td>45</td>
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<tr>
<td>2006</td>
<td>52</td>
</tr>
</tbody>
</table>
Sales breakdown

2001 Net sales
36 billion yen

2006 Net sales
52 billion yen

Expand business in IT & Automotive industries area
Introduction of MCFP key business for IT industry
「DIALEAD」 application in LCD industry

「DIALEAD」: Indispensable to increasing LCD panel size.

**Robot hand**: High speed & stable carry of large size glass panel.

![Robot hand diagram](image)

- Low deflection, Quick vibration damping
- Stable carry
- Reducing tact time

**Roller**: Uniform treatments of glass/film surface. High precision coating.

![Roller image](image)

- Low deflection, Ultra high precise rotation, Low rotational inertia
- Higher quality by precise movement control
- Higher productivity by high speed production
CF-robot hand for G9 glass substrates

Low deflection, Quick vibration damping

Glass substrate

40inch TV-Display
Application of 「CARBOLEADER」 (CF roller)

LCD film making machine rollers

Coating roller

Rubbing roller

Guide roller of polarizer manufacturing

Guide roller for film slitter (rubber lining)

Winding roller for film slitter

Grooved roller for film slitter
Advantages of 「CARBOLEADER」
(Light weight, High stiffness, High precision)

Size: Φ140mm × 3800mmL

Measure Run-out by laser

Roller on balancing machine

Run-out: 5micron (0.005mm)

RPM and Dynamic balance

Data of each materials performance

<table>
<thead>
<tr>
<th>Material</th>
<th>OD [mm]</th>
<th>ID [mm]</th>
<th>Face [mm]</th>
<th>Weight [kg]</th>
<th>Deflection [mm]</th>
<th>Moment of inatia [kg·m²]</th>
<th>Critical speed [m/min]</th>
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<tr>
<td>Steel</td>
<td>260</td>
<td>235</td>
<td></td>
<td>506</td>
<td></td>
<td>26.7</td>
<td>1,450</td>
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<tr>
<td>Aluminum</td>
<td>280</td>
<td>245</td>
<td>5,000</td>
<td>250</td>
<td>&lt;0.1</td>
<td>14.8</td>
<td>1,520</td>
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<tr>
<td>Carbon</td>
<td>180</td>
<td>156</td>
<td>106</td>
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<td>2.7</td>
<td>2,080</td>
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</table>
Use of 「CARBOLEADER」 on LCD-parts production
(Underlined)

- AG (Anti Glare) / AR (Anti Reflection) films (PET, TAC film mfg.)
- Polarizer (PVA, TAC film mfg., Polarizing process, laminating)
- Retardation film (PET, Cyclic Olefin Polymers film mfg.)
- Color filter (Cleaning, Resist Coating, conveying)
- Alignment layer (PI Coating, Rubbing)
- Brightness enhancement film (PET, TAC film mfg.)
- Prism sheet (PET film mfg.)
- Reflective sheet (PET film mfg.)
- Glass plates
- Spacer
- Transparent electrode (ITO)
- LC cell
- Back light
- Diffusion plate (PC, PMMA, COP)
For film manufacturing line

<table>
<thead>
<tr>
<th></th>
<th>Light Weight</th>
<th>High stiffness</th>
<th>Key point</th>
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<tr>
<td>Guide roller</td>
<td>○</td>
<td>○</td>
<td>Higher speed</td>
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<tr>
<td>Dancer roller</td>
<td>○</td>
<td></td>
<td>Sensitive controlability</td>
</tr>
<tr>
<td>Contact roller</td>
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<td>Quality improvement</td>
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<tr>
<td>Winding core</td>
<td>○</td>
<td>○</td>
<td>Quality improvement</td>
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</table>

Big advantages at transverse stretch process of film making

- Low deflection
- High speed & stable rotation
- Low inertia
Rapid growth of TV application

- Expand capacity up to 150-200 million m\(^2\)/year

*by MCFP estimates

50% / year growth in TV

10% / year growth in PC & Monitor

LCD panel capacity
44 million m\(^2\) / year in 2006
<table>
<thead>
<tr>
<th>Year</th>
<th>Sales Forecast (as 100 in 2006)</th>
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<tr>
<td>2006</td>
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<td>2009</td>
<td>218</td>
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<td>2010</td>
<td>250</td>
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</table>

*“A Courtesy of DAIHEN Corporation”*
Introduction of MCFP key business for Automotive industry
Carbon brake

- Light weight: Density ratio 1/3 (carbon 1.9, cast iron 7.9)
  Weight reduction 24kg / car (cast iron 9kg, carbon 3kg, 4 discs)
- Heat resistance: Excellent friction and safety at high speed driving
* Ceramic brake
  Improvements in friction and wear resistance by ceramic for high performance motorcycle and automobile

Carbon brake for Motorcycle

Ceramic brake
World emission controls push alumina fiber demand

- CO2 concerns promote diesel engines
- Rising fuel prices accelerate shifting to diesel/hybrids (gasoline, diesel)

DPF (diesel particulate filter)
(Assembled with diesel engine)

Catalytic converter
(Assembled with all of combustion engines)

PM (Particulate material)

Emission control systems for 2008-2010 models are designed and confirmed in 2006.
Alumina fiber have an advantage as for environmental issue.
World automotive productions
(including trucks and buses)

- EURO5 compulsorily requires DPF
- Hybrid engine car
  - TOYOTA: Doubled in early 2010’s
  - HONDA: 200,000/year sales plan
- Electric car
  - MITSUBISHI: Release small car in 2010
- Hydrogen engine car
  - BMW: 300,000/year sales in 2020

*by MCFP’s estimate

Demand forecast of support mat application

- Alumina fiber for support mat
  - Market share of MCFP: 70-80%
  - MCFP: 7,800 tons/year
    - 1,200 tons/year
    - Others: 6,600 tons/year
  - Others: 3,600 tons/year
    - 1,000 tons/year
    - MCFP: 2,600 tons/year
Demand forecast of DPF support mat application
(Passenger cars)

Registered diesel passenger cars (Thousand/year)

<table>
<thead>
<tr>
<th>Region</th>
<th>2005</th>
<th>2010</th>
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<tbody>
<tr>
<td>Japan</td>
<td>3</td>
<td>350</td>
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<td>Europe</td>
<td>7000</td>
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<tr>
<td>North America</td>
<td>535</td>
<td>1000</td>
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</table>

Cars: 2.3 million increase in 5 years.
Alumina fiber: 1,200 ton increase in 5 years, Total demand in 2010 is ca.5,000 ton.
(0.5kg/car is used)
Expansion plan
Carbon fiber 「DIALEAD」 expansion plan

<table>
<thead>
<tr>
<th>Year</th>
<th>Ton/year</th>
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<tbody>
<tr>
<td>2005</td>
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<td>2009</td>
<td>1,250</td>
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<tr>
<td>2010</td>
<td>1,500</td>
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Additional 1,000 ton/year expansion plan
Carbon fiber applications and demand (outlook)

Tensile Strength [GPa] 2008 33,000 ton (Pitch-CF 1,200 ton)

(Ø: Market scale image)

- Aircraft 7,500 ton
- Automobile 8,000 ton
- Energy 5,000 ton
- Industrial machinery 1,500 ton
- Sports 5,000 ton
- Space 500 ton
- TP, C/C 2,000 ton
- Vessel 2,000 ton
- Roller 1,500 ton
- Robot 500 ton

「DIALEAD」 applications

Stiffness

Aluminum  Steel
Alumina fiber 「MAFTEC」 expansion plan

Alumina fiber
Market volume & share
(Estimation)

- MCFP 52%
- Others 48%

2006: ca. 5,000 ton

- MCFP 76%
- Others 24%

2010: ca. 10,000 ton

Tons/year

2005 2006 2007 2008 2009 2010

- 2,000
- 2,700
- 4,000
- 5,000
- 6,500
- 8,000

Ton / year
MC FP Sakaide plant
2010 Objective
MCFP 2010 Objective

2010 Objective!

- Continuous growth
  - 10 years continuous growth
- Net sales: 100 billion yen
- Operating income: 10 billion yen
- ROA: Over 15%
- ROS: Over 10%
- Investment: About 10 billion yen/year
Forward-looking Statements

The forward-looking statements are based largely on information available as of the date hereof, and are subject to risks and uncertainties which may be beyond company control. Actual results could differ largely, due to numerous factors, including but not limited to the following: Group companies execute businesses in many different fields, such as petrochemicals, carbon and inorganic products, information and electronics, pharmaceuticals, polymers and processed products, and these business results are subjected to influences of world demands, exchange rates, price and procurement volume of crude oil and naphtha, trend of market price, speed in technology innovation, National Health Insurance price revision, product liabilities, lawsuits, laws and regulations.