

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 Card for Exercise of Voting Rights 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, 2013

To Shareholders:

Notice of the Eighth 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 Eighth 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” on pages 71 to 76 of this notice 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 24, 2013.

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

If you vote by Internet, please refer to the “3. Procedures for Exercising Voting Rights via the Internet” on pages 3 and 4 of this notice and indicate your approval or disapproval of the proposals by 5:45 p.m. on June 24, 2013.

(Supplemental Note: Foreign investors 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 Company asks foreign investors to indicate their agreement or disagreement on the proposals to the custodians. However, in case they have participated in the Electronic Platform to Exercise Voting Rights for Institutional Investors operated by ICJ, Inc. , they can exercise their rights via the said platform.)

Sincerely yours,

Yoshimitsu Kobayashi, President & CEO

Mitsubishi Chemical Holdings Corporation

- 1. Date** Tuesday, June 25, 2013, from 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 the Business Report, the Consolidated Financial Statements, and results of audit by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements for the eighth fiscal year from April 1, 2012, to March 31, 2013
- Item 2. The contents of the Non-consolidated Financial Statements for the eighth fiscal year from April 1, 2012, to March 31, 2013

Matters to be Resolved

- Agendum 1. Appropriation of Retained Earnings
Agendum 2. Election of Eight Directors

4. Guidance Notes on the Exercise of Voting Rights

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

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

2. Pursuant to the relevant laws and ordinances and Article 17 of MCHC’s Articles of Incorporation, the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements are posted on MCHC’s website (<http://mitsubishichem-hd.co.jp/>), and hence are not presented as attachments to this Notice of the Eighth Ordinary Meeting of Shareholders.

(Supplemental Note: This English translation file contains the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements.)

3. Please be aware that if it becomes necessary to revise information contained in the Reference Materials for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements, or Consolidated Financial Statements, the revised information will be posted on the MCHC’s website (<http://www.mitsubishichem-hd.co.jp/>).

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

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

3. Procedures for Exercising Voting Rights via the Internet

- 1) Please exercise your voting rights via the Internet only 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 accessing our Internet voting website (<http://www.evotep.jp/>) through a computer, a smartphone or a mobile phone (i-mode, EZweb, or Yahoo! Keitai). (Please note that 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 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.
 - c. Please use any one of following services 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
Stock Transfer Agency Division (Help Desk)
Phone: 0120-173-027 (toll-free, within Japan only)
Hours: 9:00 a.m. to 9:00 p.m. (including weekends and holidays)
 - b. Other inquiries
Mitsubishi UFJ Trust and Banking Corporation
Stock Transfer Agency Division
Phone: 0120-232-711 (toll-free, within Japan only)
Hours: 9:00 a.m. to 5:00 p.m. (excluding weekends and holidays)

(Attachment)

Business Report
(From April 1, 2012 to March 31, 2013)

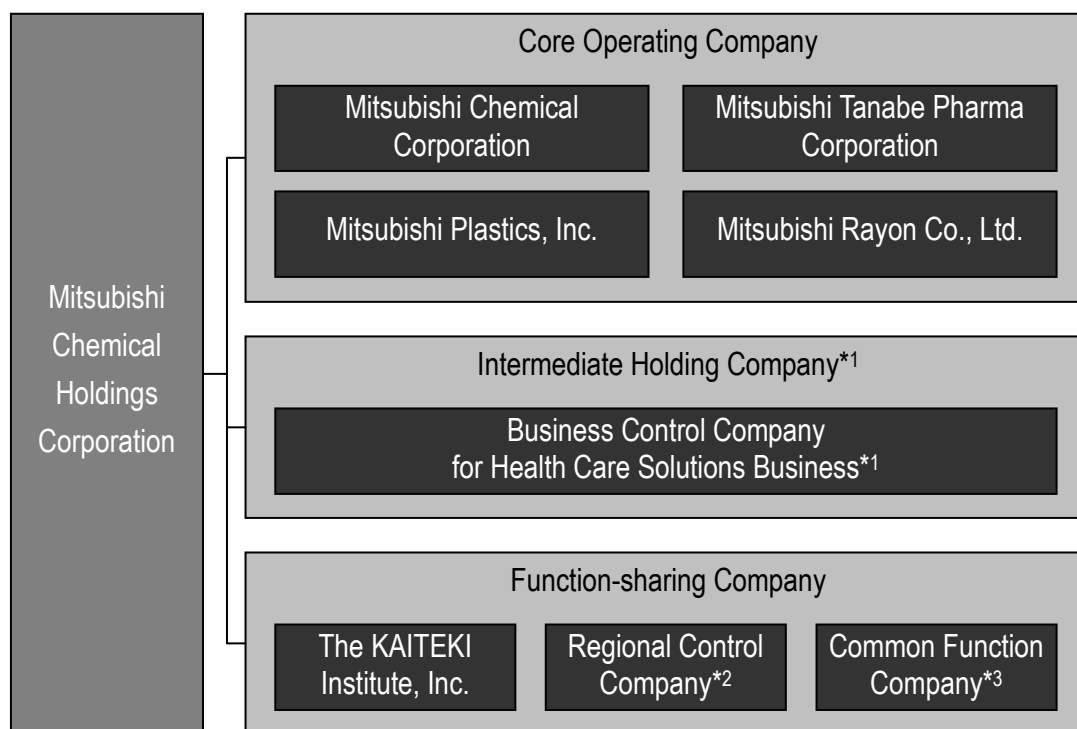
1. Group Overview of Operation

(1) Mitsubishi Chemical Holdings Group

Under the leadership of Mitsubishi Chemical Holdings Corporation (the “Company” or “MCHC”) as a holding company, the MCHC Group conducts business activities in the three business domains of performance products, health care and industrial materials with Mitsubishi Chemical Corporation (“MCC”), Mitsubishi Tanabe Pharma Corporation (“MTPC”), Mitsubishi Plastics, Inc. (“MPI”) and Mitsubishi Rayon Co., Ltd. (“MRC”) serving as its four Core Operating Companies. In addition, with a view to making the healthcare solutions business grow as a new business group next to the Core Operating Companies, the MCHC Group is moving forward with various measures aimed at business growth. These measures include the establishment of new companies as vehicles for managing the said business and the acquisition, conducted through one of those new companies in March 2013, of Qualicaps Co., Ltd, which manufactures and sells capsules for pharmaceuticals and health food, and pharmaceutical processing equipment.

MCHC, as the holding company, is responsible for formulating Group-wide strategies, optimally allocating management resources, supervising business management and taking other initiatives and, established Function-sharing Companies and has assigned part of the functional responsibilities to them. In formulating its long-term strategies, MCHC, through the KAITEKI Institute, Inc., studies social challenges that are likely to present themselves over the next 20 to 50 years, and reflects the results of such studies in the strategies. Meanwhile, in step with the MCHC Group’s global business expansion, MCHC strives to drive home the significance of compliance and risk management by establishing a Regional Control Company responsible for representing the Group in Europe in September 2012, following the establishment of the similar control companies in North America and China. Furthermore, MCHC, in addition to integrating its financial functions, seeks to further upgrade and streamline common business operations by consolidating part of general affairs, human resources and accounting functions at MCC, MPI and MRC in a phased manner starting in April 2013.

<Group Overview>



*1 MHCS Corporation (holding of shares of Qualicaps Co., Ltd), MHLC LLC (holding of shares of Healthy Life Compass Corporation)

*2 Mitsubishi Chemical Holdings America, Inc., Mitsubishi Chemical Holdings (Beijing) Co., Ltd., Mitsubishi Chemical Europe GmbH

*3 Mitsubishi Chemical Holdings Corporation Corporate Staff, Inc.

(2) Business Development and Performance

The Japanese economy during the fiscal year under review showed signs of recovery against the backdrop of the rising demand associated with reconstruction from the Great Eastern Japan Earthquake and positive effects of the monetary policy. All in all, however, the economy stopped short of a full-scale recovery as exports remained stagnant due to the deceleration of the world economy.

With respect to the business environment surrounding the MCHC Group, business conditions for the performance products and industrial materials domains remained difficult. This was mainly the result of the stagnant state of demand from China and other foreign countries by the deceleration of the world economy, and the strong yen that persisted through the latter of the third quarter.

Meanwhile, the health care domain continued to perform generally favorably thanks to robust market demand although it was affected by the market expansion of generic pharmaceuticals and by the drug price revision implemented in April of last year.

During the fiscal year under review, the MCHC Group, under “APTSIS 15,” the five-year medium-term management plan, sought to strengthen its comprehensive Group strengths with various measures such as appointing the presidents of its Core Operating Companies as Mission Coordinators and accelerating realization of synergy effects with the aim of drawing up and executing Group-wide strategies for the five business fields (health care solution, polymer-processing and information/electronics, water treatment systems and services, carbon fiber and composite materials, and specialty chemicals) that bundle up the Group in a cross-sectional manner. At the same time, the MCHC Group accelerated its business structural reform including disposition of, and withdrawal from, unprofitable businesses amidst the changing business environment, and made Group-wide efforts to implement measures to reduce costs drastically, re-examine capital expenditures and streamline assets with a view to improving earnings.

As a result of these efforts and initiatives, the MCHC Group’s consolidated net sales for the fiscal year under review amounted to ¥3,088.5 billion (down ¥119.5 billion year on year) as market demand for the performance products and industrial materials domains remained weak. Primarily due to the sharp reduction in the gap between raw materials and finished products in the industrial materials domain, consolidated operating income and consolidated ordinary income stood at ¥90.2 billion (down ¥40.3 billion year on year) and ¥87.0 billion (down ¥46.5 billion year on year), respectively. Consolidated net income came in at ¥18.5 billion (down ¥16.8 billion year on year).

Information for each segment follows below.

Performance Products Domain

Electronics Applications Segment

Net sales of recording media decreased sharply due to the scale-down of the DVD market and the decrease in the sales volume of external hard disk drives. The results for electronics-related products remained generally favorable as the sales volume of display materials and LED-use phosphors increased. Net sales of imaging supplies decreased sharply as the sales volume of business equipment-use printing supplies such as organic photo conductor (OPC) drums and toners decreased.

As a result, net sales for the segment amounted to ¥118.1 billion (down ¥15.5 billion year on year), but operating loss stood at ¥5.0 billion (improved ¥0.2 billion year on year).

In October 2012, Mitsubishi Kagaku Media Co., Ltd. commenced marketing of tuning/dimming type organic EL lighting panels with enhanced luminance and power efficiency.

Designed Materials Segment

Net sales of designed materials for food ingredients remained generally favorable. Net sales of battery materials decreased sharply due to the decrease in the sales volume caused by the termination of the substitute demand after the earthquake as well as the decrease in their sales prices. Net sales of fine chemicals increased because net sales of automobile coating materials remained generally favorable and Chuo Rika Kogyo Corporation was turned into a consolidated subsidiary in December 2011. Net sales of polymer-processing products were on a par with those of the previous fiscal year, as on one hand, overseas demand for non-optical polyester film sheets and engineering plastics products remained sluggish and the piping materials business was sold off in December 2012, while on the other hand, the sales volume of film sheets for flat panel displays increased sharply and net sales of film sheets for touch panels remained robust. Among composite materials, net sales of alumina fiber remained generally favorable, but those of carbon fiber decreased due to weak market demand and softening market prices. Although market demand for inorganic chemicals was sluggish, net sales were on a par with those of the previous fiscal year as the sales volume of the previous fiscal year decreased sharply in the aftermath of the earthquake disaster. Net sales of fibers decreased due to the decreased sales volume.

As a result, net sales for the segment amounted to ¥689.7 billion (down ¥10.1 billion year on year), and operating income stood at ¥22.5 billion (down ¥3.1 billion year on year).

In December 2012, MPI assigned its piping materials business to Sekisui Chemical Co., Ltd. Meanwhile, in December 2012, MRC decided to acquire Aldila Inc. (U.S.A.), manufacturing and distributing, the carbon fiber prepreg, carbon fiber golf club shafts and the like.

Health Care Domain

Health Care Segment

Net sales of pharmaceuticals were affected by the drug price revision implemented in April 2012 and the expansion of the use of generic pharmaceuticals. Nevertheless, the net sales increased thanks to higher net sales of *Remicade* (an anti-TNF-alpha monoclonal antibody), the contributions from new products including *Simponi* (a therapeutic substance for

rheumatoid arthritis) and *Tetrabik* (a DPT-IPV vaccine), and the increased royalty revenues from a therapeutic agent used to treat multiple sclerosis. Net sales of diagnostic reagents and instruments and clinical testing decreased due to the lower sales in drug-development support operations.

As a result, net sales for the segment amounted to ¥514.3 billion (up ¥11.8 billion year on year), but operating income stood at ¥74.9 billion (down ¥1.4 billion year on year) owing to the drug price revisions and the lower sales in the drug- development support operations.

In October 2012, MTPC commenced marketing of *Tetrabik* (a DPT-IPV vaccine) that prevents acute poliomyelitis, pertussis, diphtheria and tetanus, for which manufacturing and marketing approval was obtained by the Research Foundation for Microbial Diseases of Osaka University.

Industrial Materials Domain

Chemicals Segment

Due to the earthquake disaster, the ethylene plant at MCC's Kashima Plant remained closed during the previous fiscal year and also the scale of periodic repairs conducted during the fiscal year under review was smaller than that conducted during the previous fiscal year. Consequently, the production volume of ethylene as a basic raw material for petrochemical products amounted to 1.13 million tons, up 16.3% year on year, although production was cut back in the wake of decreased market demand. Despite sluggish market demand, net sales of basic petrochemicals and chemical derivatives increased year on year as the sales volume in the previous fiscal year had decreased largely in the aftermath of the earthquake disaster. Net sales of terephthalic acid, a raw material for synthetic fiber, decreased sharply. This was because the market prices softened significantly in step with the deterioration of supply-demand balance as a result of increased supply capacity and, due to the changes of the overseas subsidiaries' fiscal terms, their net sales covering a period of 15 months were recorded in the previous fiscal year. Among carbon products, net sales of coke decreased substantially due to the fall in the sales prices that came in the wake of the decrease in the prices of coking coal.

As a result, net sales for the segment amounted to ¥903.6 billion (down ¥103.8 billion year on year), and an operating loss of ¥0.2 billion (down ¥15.0 billion year on year) was incurred primarily due to the sharply reduced price variance between raw material and final products in terephthalic acid business.

In June 2012, as part of the basic petrochemical business structural reform, MCC decided to shut down Ethylene Plant No. 1 and Benzene Plant No. 1 and concurrently reinforce Ethylene Plant No. 2 at the Kashima Plant.

Polymers Segment

In synthetic resins, market prices for MMA monomer and acrylic resin fell in the wake of the deterioration of supply-demand balance caused by the sluggish market demand. However, net sales were on a par with those of the previous fiscal year as the sales volume of phenol-polycarbonate chain and polyolefin in the previous fiscal year had decreased sharply in the aftermath of the earthquake disaster.

As a result, net sales for the segment amounted to ¥675.6 billion (up ¥17.0 billion year on year), but operating income stood at ¥0.1 billion (down ¥23.6 billion year on year) due to the sharply reduced price variance between raw materials and finished products, although the sales of the performance resin business remained strong especially in the automobile-use products.

In June 2012, Japan Polyethylene Corporation and Japan Polypropylene Corporation, both of which are MCC's subsidiaries, each decided to shut down one line at their respective Kawasaki Plants: the high-density polyethylene manufacturing facilities in the case of the former and the polypropylene manufacturing facilities in the case of the latter. Meanwhile, in February 2013, MCC decided to take over thermoplastic elastomer and vinyl chloride compound operations from Tessenderlo Chemie NV(Belgium) in order to bolster its performance resin business.

Others

Although the logistics business remained generally favorable, net sales decreased sharply as external net sales of the engineering business decreased substantially and the segments for some businesses other than those described above were changed with effect from the fiscal year under review.

As a result, net sales for the segment decreased to ¥186.9 billion (down ¥18.9 billion year on year), while operating income increased to ¥6.4 billion (up ¥0.3 billion year on year).

(Note) Effective April 1, 2012, the segment to which some of the consolidated subsidiaries belonged was changed from the Polymers Segment to the Designed Materials Segment. As a result of this, for the purpose of comparing the segments with those for the previous fiscal year, the figures for the previous fiscal year were recalculated according to the new segment classifications.

(3) Outstanding Issues

The Japanese economy appears to be gradually on track for an upward swing in step with increasing domestic market demand supported by the positive effects of the monetary and fiscal policies, and the world economy is also expected to gradually come out of a state of sluggishness. Hence, business conditions should be on a mild recovery path. However, fears of downswings in overseas business conditions are still present given the current status of the European sovereign debt crises, the unresolved “fiscal cliff” crisis in the U.S.A., and deceleration of the Chinese economy.

Under such business environment, we at the MCHC Group, having formulated “APTSIS 15,” a medium-term management plan that covers five years through fiscal 2015, uphold the basic policy of “Grow, Innovate, and Leap Ahead by orchestrating the Group strengths,” and aim to achieve Group-wide synergistic effects as early as possible. However, given changes in the business environment, we have re-examined our plan for the latter three years of APTSIS 15. Specifically, we aim to conduct more accurate business management, through classifying our businesses into Stable businesses, Growth driver businesses, and Volatile businesses, from the perspectives of sensitivity to business fluctuations, as well as, classifying, from aspects of business profitability and advantages, our businesses into the existing four business groups (Next-generation growth business, Growth business, Cash-generating business and Business to be restructured). Furthermore, we, placing greater emphasis on improvements in business performance through self-help endeavors, reset target figures for fiscal 2015.

In keeping with the medium-term management plan that we have just re-examined, the MCHC group will make efforts to enhance our enterprise quality, through bolstering our comprehensive capability further from cooperative orchestration within the MCHC Group, and also through implementing business structural reform including strategic measures that will deal effectively with drastic changes in business environment triggered by such events as shale gas revolution, while at the same time reinforcing and expanding our internationally competitive businesses.

In order to realize “KAITEKI” or a truly sustainable state of affairs that is equally and equitably comfortable to people, society and the Earth, we at the MCHC Group, as an important management cornerstone, introduced “Management of Sustainability (MOS)” indices, through which we measure and identify our commitments to three criteria, “Sustainability(Green),” “Health” and “Comfort”. In the course of our latest re-examination of the medium-term management plan, we have improved and reviewed the MOS indices,

and will make further efforts to contribute to the sustainability of people, society and the Earth and to become a corporate group deserving the trust of society.

We at the MCHC Group are fully aware of our social responsibility, and we will ensure safety for all of our corporate and individual members, drive home the significance of compliance and risk management to all employees once again, and seek to bolster internal control including assuring reliability of financial reporting.

Under the Group philosophy of “Good Chemistry for Tomorrow - Creating Better Relationships among People, Society and Our Planet,” we at the MCHC Group are firmly committed to meeting the expectations of our valued shareholders by exerting all-out efforts to address these management issues, 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, 2012 to March 31, 2013) stood at ¥132.2 billion, the majority of which was applied to construction of new and additional manufacturing facilities, renewal of existing facilities, and rationalization investments in other existing facilities.

The major new and additional facilities include the following:

a) Major facilities completed during the fiscal year under review

Performance Products Domain	
[Designed Materials Segment]	
MCC Yokkaichi Plant	Production facility for sugar ester (addition)
MPI Nagahama Plant	Production facility for separators for lithium-ion battery (addition)
MPI Santo Plant	Production facility for polyester film (enhancement)
MPI Sakaide Plant	Production facility for alumina fiber (addition)
The Nippon Synthetic Chemical Industry Co., Ltd. Kumamoto Plant	Production facility for polyvinyl alcohol film (addition) Boiler facilities (renewal)
MC Ionic Solutions US. Inc. (U.S.A.)	Production facility for electrolyte for lithium-ion battery (new)
MC Ionic Solutions UK. Ltd. (U.K.)	Production facility for electrolyte for lithium-ion battery (new)
Changshu Mitsubishi Lithium Battery Material Co., Ltd. (China)	Production facility for electrolyte for lithium-ion battery (new)
Qingdao Anode Kasei Co., Ltd. (China)	Production facility for anode material for lithium-ion battery (addition)
Industrial Materials Domain	
[Chemicals Segment]	
Dia-Nitrix Company, Limited Yokohama Plant	Bio-catalyst cultivation equipment (addition)

Note: Dia-Nitrix Company, Limited was merged into MRC on March 31, 2013.

b) Major facilities under construction

Performance Products Domain	
[Electronics Applications Segment] MCC Mizushima Plant	Equipment for experimental proof of technology for manufacture of new organic solar batteries (new)
[Designed Materials Segment] The Nippon Synthetic Chemical Industry Co., Ltd. Kumamoto Plant	Production facility for polyvinyl alcohol film (addition)
Mitsubishi Polyester Film Suzhou Co., Ltd (China)	Production facility for polyester film (new)
Mitsubishi Polyester Film, Inc.(U.S.A.)	Production facility for polyester film (enhancement)
Health Care Domain	
[Health Care Segment] Tianjin Tanabe Seiyaku Co., Ltd. (China)	Production facility for pharmaceutical products (addition)
Industrial Materials Domain	
[Chemicals Segment] MCC Kashima Plant P.T. Mitsubishi Chemical Indonesia (Indonesia)	Production facility for ethylene, etc. (facility conversion) Power receiving equipment (new)
[Polymers Segment] MCC Kurosaki Plant Thai MMA Co. Ltd. (Thailand) Lucite International Inc. (U.S.A)	Production facility for isosorbide polymer (facility conversion) Production facility for methacrylic acid (new) Production facility for MMA monomer (facility conversion) Production facility for methacrylic acid (new)

(5) Fund Procurement

In the fiscal year under review (from April 1, 2012 to March 31, 2013), the MCHC Group procured the necessary funds by borrowing funds and issuing corporate bonds and commercial paper.

The sum total of the MCHC Group's borrowings, corporate bonds and commercial paper amounted to ¥1,198.7 billion as of the end of the fiscal year under review, and the corporate bonds issued during the fiscal year under review are as follows:

(MCHC)

Issue name	Issue date	Aggregate issue amount
Third unsecured corporate bond	July 2012	15 billion yen
Fourth unsecured corporate bond	July 2012	10 billion yen
Fifth unsecured corporate bond	December 2012	15 billion yen
Sixth unsecured corporate bond	December 2012	10 billion yen

(6) Significant Business Realignment

In September 2012, MTPC purchased all the shares held by Nipro Corporation of Bipa Corporation, a joint venture between of MTPC and Nipro Corporation, and turned Bipa Corporation into a wholly-owned subsidiary. (Health Care Segment)

In October 2012, Benesis Corporation, a subsidiary of MTPC, sold its blood plasma fractions business to Japan Blood Products Organization. (Health Care Segment)

In December 2012, as part of its business structural reform, MPI sold its piping materials business to Sekisui Chemical Co., Ltd. (Designed Materials Segment)

In March 2013, MCHC acquired, through a business control company, Qualicaps Co., Ltd., a manufacturer and marketer of capsules for pharmaceuticals and health food and pharmaceutical processing equipment. (Health Care Segment)

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

Category	5th Term (Fiscal 2009)	6th Term (Fiscal 2010)	7th Term (Fiscal 2011)	8th Term (Year under Review; Fiscal 2012)
Net Sales (in billion yen)	2,515.0	3,166.7	3,208.1	3,088.5
Ordinary Income (in billion yen)	58.9	223.8	133.6	87.0
Net Income (in billion yen)	12.8	83.5	35.4	18.5
Net Income per Share (in yen)	9.32	58.72	24.06	12.61
Net Assets (in billion yen)	1,032.8	1,114.0	1,144.9	1,203.3
Net Assets per Share (in yen)	490.99	514.30	522.77	553.54
Total Assets (in billion yen)	3,355.0	3,294.0	3,173.9	3,307.7

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, 2013)

Domain	Segment	Main Products
Performance Products	Electronics Applications	Recording media, electronics-related products, 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, Pharmaceutical materials
Industrial Materials	Chemicals	Basic petrochemicals, chemical derivatives, synthetic fiber materials, carbon products
	Polymers	Synthetic resins
Others		Engineering, logistics

Note: As a result of Qualicaps Co., Ltd. becoming a subsidiary of MCHC in March 2013, pharmaceutical materials were added as main products in the Health Care Segment.

(9) Status of Major Subsidiaries and Affiliates (as of March 31, 2013)

(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>			
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	50.3	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
J-Film Corporation	1.2 billion yen	87.7	Manufacture and marketing of plastic films
Quadrant AG	27 million Swiss franc	100.0	Processing and marketing of engineering plastic 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
Qualicaps Co., Ltd.	2.8 billion yen	100.0	Manufacture and marketing of capsules for pharmaceuticals and health food, and pharmaceutical processing equipment

Company Name	Capital	MCHC's Equity Investment Ratio (%)	Principal Business
(Industrial Materials Domain)			
<u>Chemicals Segment</u>			
Kansai Coke and Chemicals Co., Ltd.	6.0 billion yen	51.0	Manufacture and marketing of coke
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
Japan Polypropylene Corporation	5.0 billion yen	65.0	Manufacture and marketing of polypropylene
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. Capital reported for each of Verbatim Americas LLC, Mitsubishi Polyester Film, Inc. (U.S.A.) and Lucite International Inc. (U.S.A) represents paid-in capital.
7. Dia-Nitrix Company, Limited, which had previously been listed as one of the major subsidiaries, was excluded as it was merged into MRC on March 31, 2013.
8. The segment to which J-Film Corporation belongs was changed from the Polymers Segment to the Designed Materials Segment on April 1, 2012.

(b) Major Affiliates

Company Name	Capital	MCHC's Equity Investment Ratio (%)	Principal Business
(Performance Products Domain) <u>Designed Materials Segment</u> Kodama Chemical Industry Co., Ltd.	3.0 billion yen	20.6	Manufacture and marketing of plastic products
(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	41.2	Generation and supply of electric power
(Others) Taiyo Nippon Sanso Corporation	27.0 billion yen	15.1	Manufacture and marketing of industrial gas
Nitto Kako Co., Ltd.	1.9 billion yen	36.9	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, 2013)

(a) MCHC

	Address
Head Office	1-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo

Note: Effective July 2, 2012, the head office was relocated from 14-1, Shiba 4-chome, Minato-ku, Tokyo to the above-mentioned address.

(b) Major Subsidiaries

Company Name	Location
[Direct Investees] Mitsubishi Chemical Corporation Mitsubishi Tanabe Pharma Corporation Mitsubishi Plastics, Inc. Mitsubishi Rayon Co., Ltd. The KAITEKI Institute, Inc.	Tokyo, Fukuoka, Mie, Okayama, Ibaraki, Kagawa Osaka, Tokyo Tokyo, Shiga, Ibaraki, Kanagawa, Nagano, Kagawa Tokyo, Hiroshima, Aichi, Toyama, Kanagawa Tokyo
[Indirect Investees] (Performance Products Domain) <u>Electronics Applications Segment</u> Verbatim America LLC Verbatim Ltd. (U.K.) <u>Designed Materials Segment</u> The Nippon Synthetic Chemical Industry Co., Ltd. Nippon Kasei Chemical Co., Ltd. J-Film Corporation Quadrant AG Mitsubishi Polyester Film, Inc. (U.S.A.) Mitsubishi Polyester Film GmbH (Germany)	U.S.A. U.K. Osaka, Tokyo, Gifu, Okayama, Kumamoto Tokyo, Fukushima, Fukuoka Tokyo, Chiba Switzerland U.S.A. Germany
(Health Care Domain) <u>Health Care Segment</u> API Corporation Mitsubishi Chemical Medience Corporation Qualicaps Co., Ltd.	Tokyo, Osaka, Fukuoka, Shizuoka, Fukushima Tokyo, Chiba, Ibaraki, Kanagawa, Kumamoto Nara
(Industrial Materials Domain) <u>Chemicals Segment</u> Kansai Coke and Chemicals Co., Ltd. MCC PTA India Corp. Private Ltd. Ningbo Mitsubishi Chemical Co., Ltd. P.T. Mitsubishi Chemical Indonesia MCC PTA Asia Pacific Private Company Ltd. <u>Polymers Segment</u> Japan Polyethylene Corporation Japan Polypropylene Corporation Lucite International Inc. (U.S.A.) Lucite International UK Limited.	Hyogo India China Indonesia Singapore Tokyo, Ibaraki, Kanagawa, Okayama, Oita Tokyo, Ibaraki, Chiba, Kanagawa, Mie, Okayama U.S.A. U.K.
(Others) Mitsubishi Chemical Logistics Corporation Mitsubishi Chemical Engineering Corporation	Tokyo 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. The segment to which J-Film Corporation belongs was changed from the Polymers Segment to the Designed Materials Segment on April 1, 2012.

(11) Employees of the Group (as of March 31, 2013)

(a) Number of Employees of the Group

Domain	Segment	No. of Employees	Year-on-year Increase/Decrease
Performance Products	Electronics Applications	3,118	Down 127
	Designed Materials	15,281	Up 887
Health Care	Health Care	13,563	Up 703
Industrial Materials	Chemicals	5,039	Down 139
	Polymers	7,478	Up 109
Others		9,771	Down 217
Company-wide (Common)		881	Down 64
Sum Total		55,131	Up 1,152

Notes:

- 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)."
- Executive Officers are included.
- Employees loaned to entities outside of the MCHC Group are not included.

(b) Status of Employees of MCHC

No. of Employees (Year-on-year Change)	Average Age	Average Years of Service
97 (Up 49)	44 years and 10 months	18 years and 4 months

Notes:

- The employees are seconded mainly from MCHC's subsidiaries, and their average years of service include the years of service spent at the companies dispatching them as secondees.
- Executive Officers are included.
- The increase in the number of employees is attributable primarily to the facts that financing functions and PR and IR functions previously performed by MCC, MPI and MRC were centralized, and that the Healthcare Solutions Office was created for the purpose of bolstering strategic functions in the Health Care Domain.

(12) Principal Lenders (as of March 31, 2013)

Lenders	Amount Borrowed
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	235.3 billion yen
Mitsubishi UFJ Trust and Banking Corporation	88.6 billion yen
Mizuho Corporate Bank, Ltd.	88.6 billion yen
Development Bank of Japan Inc.	68.4 billion yen

2. Matters Related to Corporate Stocks (as of March 31, 2013)

- (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:
185,978 (representing a year-on-year decrease of 11,968 shareholders)

(4) Major Shareholders

Name of Shareholders	Equity Investments in MCHC	
	No. of Shares Held (million)	Equity Investment Ratio (%)
The Master Trust Bank of Japan, Ltd. – Trust Account	70.761	4.7
Meiji Yasuda Life Insurance Company	64.388	4.3
Japan Trustee Services Bank, Ltd. – Trust Account	61.321	4.1
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.	34.184	2.3
SSBT OD05 OMNIBUS ACCOUNT – TREATY CLIENTS	31.020	2.1
Taiyo Life Insurance Company	24.708	1.6
Japan Trustee Services Bank, Ltd. – Trust Account 4	23.457	1.5

Notes:

- In addition to the above, MCHC holds 31.244 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 (31.244 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.

3. Matters Related to Stock Acquisition Rights

(1) Overview of Stock Acquisition Rights Held by MCHC's Directors and Corporate Auditors (as of March 31, 2013)

Date of Resolution for Issue	Amount Paid In per Stock Acquisition Right	Exercise Period	Status of Stock Acquisition Rights Held by Directors and Corporate Auditors	Type and No. of Stock as Objects of Stock Acquisition Rights
November 26, 2007	¥44,350	From December 13, 2007 to December 12, 2027	MCHC's Director (1) 256 units	12,800 shares of MCHC's common stock
August 25, 2008	¥25,700	From September 11, 2008 to September 10, 2028	MCHC's Directors (2) 525 units	26,250 shares of MCHC's common stock
August 30, 2010	¥19,800	From September 15, 2010 to September 14, 2030	MCHC's Directors (3) 894 units	44,700 shares of MCHC's common stock
August 30, 2011	¥24,300	From September 15, 2011 to September 14, 2031	MCHC's Directors (2) 960 units	48,000 shares of MCHC's common stock
August 28, 2012	¥14,050	From September 13, 2012 to September 12, 2032	MCHC's Directors (3) 430 units	21,500 shares of MCHC's common stock

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.
4. In addition to the status described in the foregoing table, one director is in possession of 270 units of stock acquisition rights issued pursuant to the issuance resolution of August 30, 2011, which he obtained as a retiring director.
5. MCHC does not issue any stock acquisition rights to its Corporate Auditors in compensation for performance of their duties.
6. The table provided above does not include stock acquisition rights received by MCHC's Directors and Corporate Auditors as Executive Officers of MCHC, or Directors, Corporate Auditors or Executive Officers of the subsidiaries.

(2) Stock Acquisition Rights Issued for Executive Officers during the Fiscal Year Ended March 31, 2013

Date of Resolution for Issue	Amount Paid In	Exercise Period	Status of Issuance to Executive Officers	Type and No. of Stock as Objects of Stock Acquisition Rights
August 28, 2012	Gratis	From September 13, 2012 to September 12, 2032	One executive officer 90 units	4,500 shares of MCHC's common stock

Notes:

1. The number of stocks as object of the 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 stock acquisition rights would be ¥1 per share.
3. In principle, the grantees may exercise the 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 Exercise Period.

(3) Aggregate Number of Stock Acquisition Rights (as of March 31, 2013)

The aggregate number of stock acquisition rights and the type and number of stock as objects of stock acquisition rights as of the end of the fiscal year under review are as follows:

- | | |
|---|---------------------------------------|
| a) Aggregate number of stock acquisition rights | 19,234 units |
| b) Type and number of stock as objects of stock acquisition right | 961,700 shares of MCHC's common stock |

Note: The foregoing figures do not include stock acquisition rights attached to convertible bonds described in (4) below and the type and number of eligible stock as objects of such stock acquisition rights.

(4) Stock Acquisition Rights Attached to Convertible Bonds

Date of Resolution for Issue	Type and No. of Stock as Object of Stock Acquisition Rights	Amount Paid In	Conversion Value	Exercise Period	Number of Stock Acquisition Rights issued, and as of Last Day of Fiscal Year under Review
October 4, 2007	MCHC's Common Stock Number obtained by dividing face value of this Corporate Bond (total face value: ¥70 billion) by conversion value	Gratis	¥1,177	From November 5, 2007 to October 15, 2013	Number issued 7,000 units Number as of last day of fiscal year under review 7,000 units

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

4. Matters Related to Directors and Corporate Auditors

(1) Details of Directors and Corporate Auditors (as of March 31, 2013)

Position	Name	Responsibility at the company or main occupation
Director President & CEO (Representative Director)	Yoshimitsu Kobayashi	
Director (Representative Director)	Shotaro Yoshimura	Deputy Chief Executive Officer (Corporate Management, Finance & Accounting and IR)
Director	Shigeru Tsuyuki	Deputy Chief Executive Officer (Business Strategy and PR)
Director	Noriyuki Tajiri	Senior Managing Executive Officer
Director	Hiroaki Ishizuka	
Director	Michihiro Tsuchiya	
Director	Takumi Ubagai	
Director	Hitoshi Ochi	
Corporate Auditor (full-time)	Kazuchika Yamaguchi	
Corporate Auditor (full-time)	Akira Nakata	
Corporate Auditor (full-time)	Takashi Nishida	
Corporate Auditor	Rokuro Tsuruta	Lawyer
Corporate Auditor	Toshio Mizushima	Certified Public Accountant

Notes:

- 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 these outside Corporate Auditors 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.
- Effective April 1, 2013, there were the following changes in position, executive responsibility and main occupation:
 - Director Shigeru Tsuyuki stood down Deputy Chief Executive Officer (Business Strategy and PR).
 - Director Noriyuki Tajiri stood down Senior Managing Executive Officer.
- Corporate Auditor Kazuchika Yamaguchi has considerable knowledge about finance and accounting as he has served as General Manager of Accounting Office at MCHC and MCC.
- Corporate Auditor Toshio Mizushima has considerable knowledge about finance and accounting as he is qualified as Certified Public Accountant.
- 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	Yoshimitsu Kobayashi	Mitsubishi Chemical Corporation	Chairman
		The KAITEKI Institute, Inc.	President & CEO
		Japan Display Inc.	Director
		Tokyo Electric Power Company, Incorporated	Director
	Shotaro Yoshimura	Mitsubishi Plastics, Inc.	Director
		Taiyo Nippon Sanso Corporation	Director
	Shigeru Tsuyuki	Mitsubishi Rayon Co., Ltd.	Director
		Qualicaps Co., Ltd.	Chairman
		Chi Mei Corporation	Director
	Noriyuki Tajiri	Mitsubishi Rayon Co., Ltd.	Representative Director
		Mitsubishi Chemical Engineering Corporation	Director
		Lucite International Group Limited	Director
		UMG ABS, Ltd.	Director
	Hiroaki Ishizuka	Mitsubishi Chemical Corporation	President & CEO
		The KAITEKI Institute, Inc.	Director
		SPDC Ltd.	Chairman
	Michihiro Tsuchiya	Mitsubishi Tanabe Pharma Corporation	President & CEO
		The KAITEKI Institute, Inc.	Director
	Takumi Ubagai	Mitsubishi Plastics, Inc.	President & CEO
		The KAITEKI Institute, Inc.	Director
Hitoshi Ochi	Mitsubishi Rayon Co., Ltd.	President & CEO	
	The KAITEKI Institute, Inc.	Director	
	Lucite International Group Limited	Director	

Category	Name	Significant concurrent positions	
		Company Name	Title
Corporate Auditor	Kazuchika Yamaguchi	Mitsubishi Chemical Corporation	Corporate Auditor
		Mitsubishi Rayon Co., Ltd.	Corporate Auditor
		The KAITEKI Institute, Inc.	Corporate Auditor
		Mitsubishi Chemical Medience Corporation	Corporate Auditor
		Ryoka Systems Inc.	Corporate Auditor
	Akira Nakata	Mitsubishi Plastics, Inc.	Corporate Auditor
		Qualicaps Co., Ltd.	Corporate Auditor
		Mitsubishi Chemical Engineering Corporation	Corporate Auditor
		Mitsubishi Chemical Logistics Corporation	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
		Sumitomo Mitsui Financial Group, Inc.	Corporate Auditor
Sumitomo Mitsui Banking Corporation		Corporate Auditor	
Toshio Mizushima	TPR Co., Ltd.	Director	
	The Joyo Bank, Ltd.	Corporate Auditor	

Effective April 1, 2013, there were the following changes in the status of significant concurrent positions:

- Director Shotaro Yoshimura assumed the positions of President & CEO of Mitsubishi Chemical Holdings Corporation Corporate Staff, Inc. and Director of Ryoka Systems Inc.
- Director Shigeru Tsuyuki resigned as Director of Mitsubishi Rayon Co., Ltd.
- Director Noriyuki Tajiri resigned as Director of UMG ABS, Ltd.
- Director Hitoshi Ochi assumed the position of Chairman of Mitsubishi Rayon Lucite Group Limited. Mitsubishi Rayon Lucite Group Limited is the company that changed its corporate name from Lucite International Group Limited effective April 1, 2013.

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

Category	Remuneration	
	No. of Persons	Amount (in million yen)
Directors	11	232
Corporate Auditors	6	114
Sum Total	17	346

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 (¥6 million) is included in the aforementioned remuneration to Directors.
4. In addition to the above-stated amounts of remuneration paid to the Directors and Corporate Auditors, remunerations of ¥244 million and ¥13 million were paid by MCHC's subsidiaries to those Directors and Corporate Auditors, respectively, who concurrently served as executive officers of said subsidiaries.
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 eight Directors and five Corporate Auditors.

(3) Matters Related to Outside Corporate Auditors

(a) Concurrent Positions

- Corporate Auditor Takashi Nishida serves concurrently as outside Corporate Auditor for MCC and MTPC. MCC and MTPC are MCHC's subsidiaries.
- Corporate Auditor Rokuro Tsuruta serves concurrently as outside Corporate Auditor for MCC, J. Front Retailing Co., Ltd., Sumitomo Mitsui Financial Group, Inc. and Sumitomo Mitsui Banking Corporation and as outside Director for TPR Co., Ltd. MCC is a subsidiary of MCHC. MCHC does not have any special relationship with J. Front Retailing Co., Ltd., Sumitomo Mitsui Financial Group, Inc., Sumitomo Mitsui Banking Corporation, and TPR 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 18 meetings of the Board of Directors and all 14 meetings of the Board of Corporate Auditors that were held during the fiscal year under review, 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, attended 17 out of 18 meetings of the Board of Directors and all 14 meetings of the Board of Corporate Auditors that were held during the fiscal year under review, and has expressed his opinion as needed by drawing on his expert knowledge and experience accumulated primarily through his services as prosecutor and lawyer.
- Corporate Auditor Toshio Mizushima attended all 18 meetings of the Board of Directors and 13 out of 14 meetings of the Board of Corporate Auditors that were held during the fiscal year under review, and has expressed his opinion as needed by drawing on his expert knowledge and experience accumulated primarily through his services as certified public accountant.

(c) Aggregate Amount of Remuneration

The remuneration paid to the three outside Corporate Auditors amounted to ¥46 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 has concluded 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. Matters Related to Accounting Auditor

(1) Name

Ernst & Young ShinNihon LLC

(2) Amount of Remuneration, etc.

	Amount Paid (in million yen)
(i) Amount of audit remuneration to be paid by MCHC to the Accounting Auditor	40
(ii) Sum total of money and other financial benefits to be paid by MCHC and its subsidiaries to the Accounting Auditor	733

Note: As the amount of remuneration under the Companies Act and the amount of remuneration under the Financial Instruments and Exchange Act are not distinguished in the audit agreement between MCHC and the Accounting 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 the Accounting Auditor to provide consulting services having to do with the introduction of the International Financial Reporting Standards (IFRS).

(4) Policy on Decision to Dismiss or Not Reappoint Accounting Auditor

If the accounting auditor is 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 the accounting auditor.

In addition, if the accounting auditor is found to be incapable of performing the 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 the accounting auditor 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 the Accounting Auditor

Of MCHC's major subsidiaries, the overseas subsidiaries and Qualicaps Co., Ltd. are audited by certified public accountants or audit corporations (including those locally certified) other than the Accounting 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 Behavior 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 (Chief Compliance Officer) .

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

The President shall be the Chief Risk Management Officer. 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.

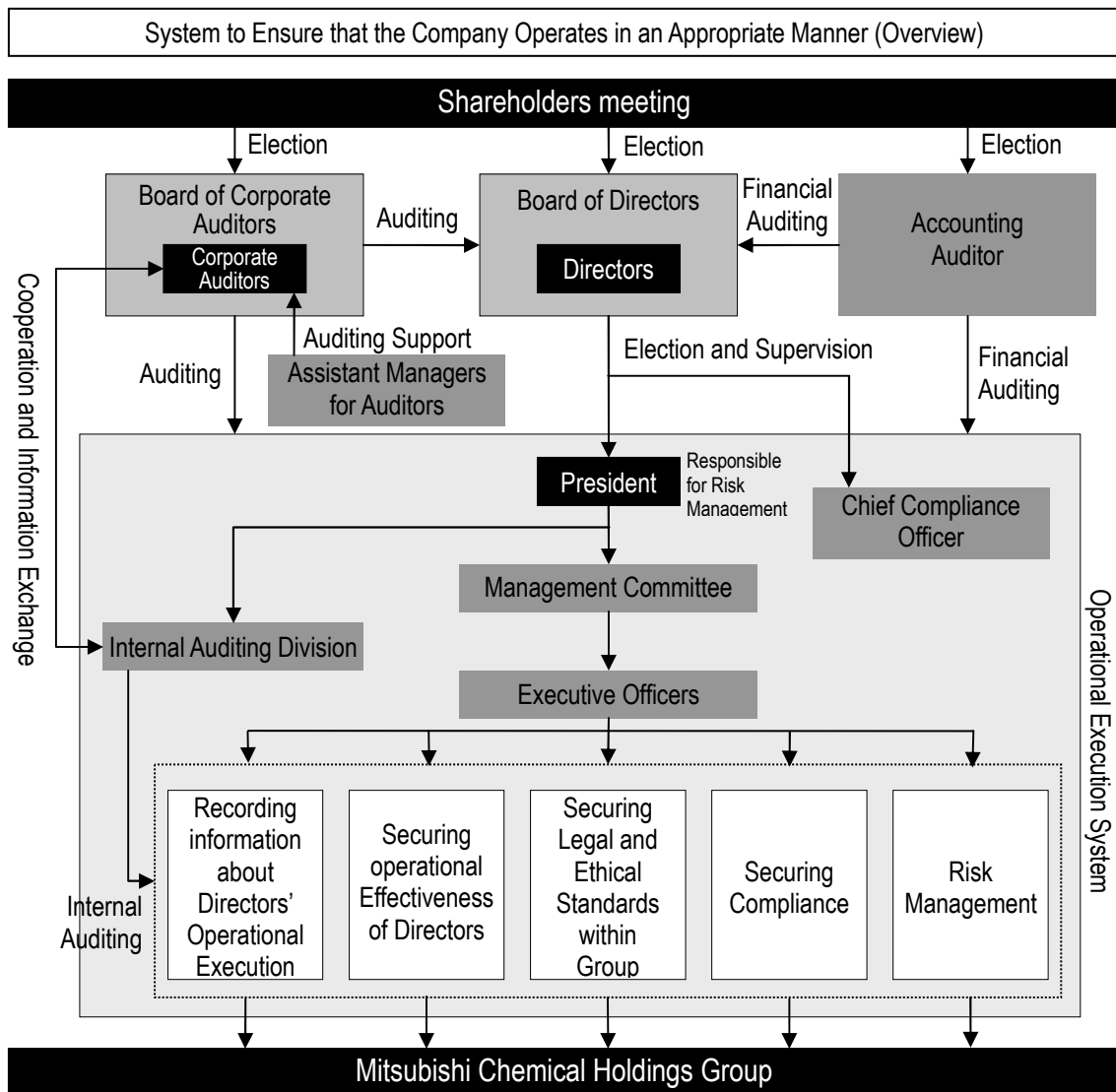
- (3) System for ensuring that Directors exercise their functions efficiently
 - (a) The Board of Directors shall decide on Group strategies and allocation of management resources (portfolio management), and shall set specific management goals by developing the Group's medium-term management plan, annual 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

8th Consolidated Fiscal Year (As of March 31, 2013)

Unit: Millions of yen

Assets

Current assets:

Cash and deposits	115,980
Trade receivables	588,208
Securities	84,993
Inventories	546,965
Deferred income taxes—current	32,227
Other	90,281
Allowance for doubtful accounts	(1,996)
Total current assets	1,456,658

Fixed assets

Property, plant and equipment:

Buildings and structures	285,009
Machinery and equipment	432,912
Land	247,214
Construction in progress	68,457
Other	27,959
Total property, plant and equipment	1,061,551

Intangible fixed assets:

Goodwill	179,937
Other	65,268
Total intangible fixed assets	245,205

Investments and other assets:

Investment securities	353,878
Long-term loans receivable	2,353
Deferred income taxes—noncurrent	91,898
Other	98,067
Allowance for doubtful accounts	(1,852)
Total investments and other assets	544,344
Total fixed assets	1,851,100
Total assets	3,307,758

MITSUBISHI CHEMICAL HOLDINGS CORPORATION

Consolidated Balance Sheet (continued)

8th Consolidated Fiscal Year (As of March 31, 2013)

Unit: Millions of yen

Liabilities

Current liabilities:

Trade payables	416,980
Short-term borrowings	315,551
Current portion of long-term borrowings	150,026
Current portion of bonds payable	10,000
Current portion of convertible bonds payable	70,000
Accrued Bonuses to Employees	35,210
Accrued income taxes	24,083
Reserve for periodic repairs scheduled within one year	7,447
Reserve for current portion of prospective loss on removal of fixed assets	3,256
Reserve for loss on disaster	990
Other	220,233
Total current liabilities	1,253,776

Long-term liabilities:

Bonds payable	200,000
Long-term borrowings	453,222
Accrued retirement benefits	126,713
Accrued retirement benefits for directors	1,273
Provisions for possible losses in connection with litigation	8,392
Reserve for periodic repairs	1,910
Reserve for prospective loss on removal of fixed assets	4,170
Reserve for costs associated with liquidation of subsidiaries and affiliates	1,409
Reserve for environmental measures	2,341
Other	51,236
Total long-term liabilities	850,666
Total liabilities	2,104,442

Net Assets

Shareholders' equity:

Common stock	50,000
Additional paid-in capital	317,693
Retained earnings	479,083
Less, Treasury stock at cost	(11,280)
Total shareholders' equity	835,496

Accumulated other comprehensive income:

Net unrealized holding gain on other securities	13,959
Gain on deferred hedges	1,018
Land revaluation surplus	1,581
Foreign currency translation adjustments	(31,639)
Unfunded retirement benefit obligation with respect to a foreign subsidiary	(4,912)
Total accumulated other comprehensive income	(19,993)

Warrants

Warrants	565
Minority interests in consolidated subsidiaries	387,248
Total net assets	1,203,316
Total liabilities and net assets	3,307,758

MITSUBISHI CHEMICAL HOLDINGS CORPORATION

Consolidated Statement of Income

8th Consolidated Fiscal Year (Year ended March 31, 2013)

Unit: Millions of yen

Net sales	3,088,577
Cost of sales	2,440,160
Gross profit	648,417
Selling, general and administrative expenses	558,176
Operating income	90,241
Other income	
Interest income	2,093
Dividend income	8,860
Equity in earnings of affiliates	3,246
Foreign exchange gains, net	8,194
Other	9,933
Total other income	32,326
Other expenses	
Interest expenses	15,035
Adjustment for salaries for employees on secondment	7,504
Loss on sales and disposal of property, plant and equipment	2,130
Other	10,844
Total other expenses	35,513
Ordinary income	87,054
Extraordinary income	
Gain on sales of investment securities	8,761
Gain on sales of fixed assets	6,686
Other	5,794
Total extraordinary income	21,241
Extraordinary losses	
Impairment loss	7,298
Loss on sales and disposal of property, plant and equipment	4,658
Environmental expenses	2,782
Other	10,657
Total extraordinary losses	25,395
Income before income taxes and minority interests in consolidated subsidiaries	82,900
Current income taxes	43,527
Deferred income taxes	(3,395)
Income before minority interests	42,768
Minority interests in consolidated subsidiaries	24,172
Net income	18,596

mitsubishi chemical holdings corporation
Consolidated Statement of Changes in Net Assets
8th Consolidated Fiscal Year (Year ended March 31, 2013)

Unit: Millions of yen

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2012	50,000	317,628	474,771	(10,797)	831,602
Changes during the consolidated fiscal year					
Cash dividends			(16,237)		(16,237)
Net income			18,596		18,596
Purchase of treasury stock				(531)	(531)
Disposition of treasury stock		65		48	113
Change of scope of consolidation			(23)		(23)
Change of scope of equity method			1,976		1,976
Net change in items other than those in shareholders' equity					
Total changes during the consolidated fiscal year	-	65	4,312	(483)	3,894
Balance at March 31, 2013	50,000	317,693	479,083	(11,280)	835,496

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 April 1, 2012	4,574	(139)	1,581	(62,007)	(4,882)	(60,873)	662	373,563	1,144,954
Changes during the consolidated fiscal year									
Cash dividends						-			(16,237)
Net income						-			18,596
Purchase of treasury stock						-			(531)
Disposition of treasury stock						-			113
Change of scope of consolidation						-			(23)
Change of scope of equity method						-			1,976
Net change in items other than those in shareholders' equity	9,385	1,157	-	30,368	(30)	40,880	(97)	13,685	54,468
Total changes during the consolidated fiscal year	9,385	1,157	-	30,368	(30)	40,880	(97)	13,685	58,362
Balance at March 31, 2013	13,959	1,018	1,581	(31,639)	(4,912)	(19,993)	565	387,248	1,203,316

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: 340

Names of major consolidated subsidiaries: MCC, MTPC, MPI., MRC

(Increase: 25 companies)

- Increase as a result of new establishment: Toyama Filter Tow Co., Ltd. and eight other companies
- Increase as a result of share acquisition : Qualicaps Co., Ltd., five subsidiaries of Qualicaps Co., Ltd. and three other companies
- Increase as a result of increased importance: Hokuryo Chemical Corporation and five other companies
- Increase as a result of change in shareholder composition: One subsidiary of Quadrant AG.

(Decrease: 26 companies)

- Decrease as a result of extinction in mergers: Dia-Nitrix Company, Limited and five other companies
- Decrease as a result of completion of liquidation: five subsidiaries of Quadrant AG and ten other companies
- Decrease as a result of sale of shares: Hanyu Plastics Industries Ltd. and four other companies

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

Name of major non-consolidated subsidiary: Ningbo Lingxin Logistics Co., Ltd.

This non-consolidated subsidiary is excluded from the scope of consolidation because any total amount of total assets, net sales, net income or loss corresponding to the equities held by MCHC, or retained earnings corresponding to the equities held by MCHC, of this company, does not have material impact on MCHC's consolidated financial statements.

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: 0

(Decrease: 8 companies)

- Decrease as a result of sale of shares: Choseido Pharmaceutical Co., Ltd. and one subsidiary thereof
- Change to a consolidated subsidiary as a result of increased importance: Hokuryo Chemical Corporation and five other companies

Number of affiliates to which equity method is applied: 52

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

(Increase: 5 companies)

- Increase as a result of new establishment: PT. Echo Advanced Technology Indonesia.
- Increase as a result of share acquisition: Beijing Nakamura-Yuji Science and Technology Co., Ltd.
- Increase as a result of increased importance: Shikoku Kakoh Co., Ltd. and two other companies

(Decrease: 8 companies)

- Decrease as a result of completion of liquidation: DuPont MRC DryFilm Ltd.
- Decrease as a result of sale of shares: WUXI SSS-DIAMOND PLASTICS CO., LTD. and five other companies
- Change to a consolidated subsidiary as a result of change in shareholder composition: One subsidiary of Quadrant AG.

- (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 Den kai Co., Ltd.

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

3. Matters Related to Fiscal Year of Consolidated Subsidiaries

With respect to Mitsubishi Tanabe Pharma Korea Co., Ltd., and fifteen other consolidated subsidiaries, the account settlement date was changed from December 31 to March 31 during the consolidated fiscal year under review. Hence the consolidated financial statements are prepared on the basis of their financial statements covering the 12 months ended on an account settlement date of December 31, 2012, combined with their financial statements covering the 3 months ended on an account settlement date of March 31, 2013.

In addition, while December 31 is the account settlement date for Tianjin Tanabe Seiyaku Co., Ltd. and five other companies, their financial statements based on a provisional calculation performed as of the consolidated account settlement date are used effective from the consolidated fiscal year under review.

4. 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, or calculated by other means. 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 mainly applied to MCHC, to MTPC and its subsidiaries in the Health Care Segment, and to the consolidated subsidiaries in the Chemicals and Polymers Segments (except for MRC and its subsidiaries), and the declining-balance method is mainly applied to other companies.

Overseas consolidated subsidiaries: Principally by the straight-line method

(4) Basis for Significant Reserves

(a) Allowance for Doubtful Accounts

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

(b) Accrued Bonuses to Employees

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

(c) Provisions for Possible Losses in Connection with Litigation

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

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

To provide for future payments of health management allowances and settlement payments (including attorney fees) in connection with a lawsuit for damages filed by plaintiffs infected with HIV, MTPC has set aside an estimated amount for such future payments.

2. Reserve for HCV Litigation: ¥3,593 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: ¥3,172 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.

Treatment of unrecognized expense items and years for treatment:

Past service liability

Straight-line method	Principally 5 years
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Actuarial difference

Straight-line method	Principally 5 years
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(Expensed principally from the following consolidated fiscal year onward)

Variance occurring at the time of change in accounting standard

Principally 15 years

(f) Accrued Retirement Benefits for Directors

Accrued retirement benefits for directors and executive officers are determined principally based on internal regulations.

(g) Reserve for Costs Associated with Liquidation of Subsidiaries and Affiliates

MCHC and its consolidated subsidiaries provide for estimated costs associated with liquidation of some of its subsidiaries and affiliates.

(h) Reserve for Prospective Loss on Removal of Fixed Assets

MCHC and its consolidated subsidiaries provide for estimated losses that may be incurred in the wake of removal of fixed assets.

(i) Reserve for Loss on disaster

The amount that is estimated to be necessary is earmarked in order to provide for expenditures of costs and expenses for restoration of fixed assets damaged, etc., as a consequence of the Great East Japan Earthquake.

(j) Reserve for Environmental Measures

An amount is earmarked in order to provide for any loss that MCHC may be required to bear in the future in connection with construction work aimed at environmental measures.

(5) Other Significant Matters Related to Preparation of Consolidated Financial Statements

(i) Standard for translating significant foreign currency assets and liabilities into Japanese yen

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

(ii) Method and period of amortization of goodwill

Amortized evenly over a period of 20 years or less depending on the source.

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,

and a period of 20 years for those in association with making MRC and Qualicaps Co., Ltd. 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.

5. Changes in Accounting Policies

(Change in accounting policies which is difficult to distinguish from change of accounting estimates)

(1) Change in method of depreciating important depreciable assets

With respect to the entities in the Health Care Segment, mainly the declining-balance method was previously applied to the property, plant and equipment of MTPC and its domestic subsidiaries (the "MTPC Group") (except those buildings (excluding their ancillary facilities) which were acquired on or after April 1, 1998 to which the straight-line method would be applied). However, the MTPC Group has decided to change this policy and apply the straight-line method with effect from the consolidated fiscal year under review.

During the consolidated fiscal year under review, marketing of new pharmaceuticals that the MTPC Group had launched on the marketplace in the previous consolidated fiscal year made positive contributions to earnings on a full-term basis, while the MTPC Group plans to continue launching multiple new pharmaceuticals in the next and subsequent consolidated fiscal years. In a business environment where increasingly rigorous post-manufacture safety measures are being demanded, the MTPC Group intends to gather and accumulate safety and validity data for promoting proper use of these new pharmaceuticals as early as possible, and market them while taking all necessary safety measures. For this reason, earnings are expected to increase at a slower and more stable pace than before.

Meanwhile, in October 2011, the MTPC Group announced that it had formulated a medium-term management plan covering the period up to Fiscal 2015, and announced that it would move proactively forward with anticipatory investments with a view to strengthening its business foundation and expanding businesses and achieving sustainable growth. The MTPC Group has implemented these investment plans in earnest as from the consolidated fiscal year under review.

Bearing the foregoing momentum in mind, the MTPC Group re-examined the advisability of the existing depreciation method. It has confirmed that long-term and stable earnings can be generated from its product groups and that the property, plant and equipment of the MTPC Group are generally operating in a stable manner and concentration and reinforcement of such assets by means of anticipatory investments would facilitate even more stable operations of these assets.

Therefore, we have determined that allocation of costs through even depreciation over estimated usable periods would reflect the actual status of the MTPC Group's use of its property, plant and equipment in a more proper manner, and we have hence decided to re-examine the existing depreciation method and adopt the straight-line method with effect from the consolidated fiscal year under review.

As a result, operating income for the consolidated fiscal year under review was greater by ¥2,637 million than if the previous depreciation method had been applied, and ordinary income and income before income taxes and minority interests in consolidated subsidiaries were also greater by ¥2,677 million, respectively, than if the previous depreciation method had been applied.

(2) Changes in method of depreciation of significant depreciable assets associated with amendment of the Corporation Tax Act

With effect from the consolidated fiscal year under review, those domestic consolidated subsidiaries which had previously adopted the declining-balance method switched to the depreciation method based on the amended Corporation Tax Act with respect to their property, plant and equipment acquired on or after April 1, 2012. As a result, operating income for the consolidated fiscal year under review was greater by ¥1,637 million than if the previous depreciation method had been applied, and ordinary income and income before income taxes and minority interests in consolidated subsidiaries were also greater by ¥1,659 million, respectively, than if the previous depreciation method had been applied.

6. Changes in Methods of Presentation (Consolidated Balance Sheet)

“Current portion of long-term borrowings” included as part of “short-term borrowings” under “Current Liabilities” in the previous consolidated fiscal year are stated as an independent account item as from the consolidated fiscal year under review since their amount has increased in significance.

Notes to the Consolidated Balance Sheets

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

Assets pledged as collateral	
Buildings and structures	¥9,145 million
Land	¥12,337 million
Machinery and equipment, etc.	¥76,435 million
Amount of debt obligations covered by collateral	¥17,208 million

2. Accumulated Depreciation on Total Property, Plant and Equipment

¥2,577,057 million

Accumulated impairment losses of ¥25,095 million are included in the accumulated depreciation.

3. Contingent Liabilities

Liabilities on guarantee for bank borrowings

Guarantees	¥4,543 million
	(Of which ¥4,498 million is borne by the MCHC Group)
Stand-by guarantees	¥174 million
	(Of which ¥174 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 ¥17,534 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 the Superior Court of Justice in Brasilia. In February 2008, the Superior Court of Justice in Brasilia ruled in favor of Verbatim Corporation and returned the case to the Manaus court for retrial.

Subsequently, a disadvantageous ruling was laid down in the retrial, and Verbatim Corporation (U.S.A.) filed a special appeal in the Superior Court of Justice in Brasilia expressing its dissatisfaction with the retrial ruling. In June 2011, the Superior Court of Justice in Brasilia made the decision to dismiss the trademark infringement lawsuit and the lawsuit for calculation of damages for which the amount of damages was

announced by the aforesaid lower court judgment. However, in April 2012, the plaintiff demanded the Superior Court of Justice to clarify the judgment, and it is not possible to completely rule out the possibility that counterarguments will be brought forward by the plaintiff in the future.

Notes to the Consolidated Statements of Income

1. Impairment Loss

In principle, the MCHC Group groups its assets on the basis of business units and their relevance to businesses, manufacturing processes, regions, and such like. With respect to idle assets, the MCHC Group determines whether or not to recognize impairment losses for each individual asset. During the consolidated fiscal year under review, an impairment loss of ¥7,298 million was reported as extraordinary loss. The main assets for which impairment loss was recognized were as follows:

Intended Use	Location	Category	Impairment loss
Polyethylene-manufacturing equipment	Japan Polyethylene Corporation Kawasaki Plant (Kawasaki-shi, Kanagawa)	Machinery and equipment Buildings and structures, etc.	¥1,976 million
Polypropylene-manufacturing equipment	Japan Polypropylene Corporation Kawasaki Factory (Kawasaki-shi, Kanagawa)	Machinery and equipment Buildings and structures, etc.	¥1,911 million

*Details of impairment losses

- Polyethylene-manufacturing equipment

¥1,976 million (of which machinery and equipment ¥1,194 million, buildings and structures ¥769 million, others ¥13 million)

- Polypropylene-manufacturing equipment

¥1,911 million (of which machinery and equipment ¥1,021 million, buildings and structures ¥875 million, others ¥15 million)

With respect to the polyethylene-manufacturing equipment and the polypropylene-manufacturing equipment, decisions were made to shut down the plant operations in view of their substantially deteriorating profitability and the slim prospect for recovery due to the sluggish domestic market demand. Hence their book values were reduced to the recoverable amounts. The relevant recoverable amounts were measured by

their utility value. Description of the discount rate is omitted as future cash flows before discount are negative.

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 26, 2012	Common stock	¥7,380 million	¥5	March 31, 2012	June 27, 2012
Board of Directors meeting November 1, 2012	Common stock	¥8,856 million	¥6	September 30, 2012	December 4, 2012
Total		¥16,236 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 25, 2013.

Resolution	Share Class	Aggregate Amount of Dividends	Source of Dividend	Dividend per share	Entitlement Date	Effective Date
Ordinary General Meeting of Shareholders June 25, 2013	Common stock	¥8,850 million	Retained earnings	¥6	March 31, 2013	June 26, 2013

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	170,600 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, 2013 (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	115,980	115,980	-
(2) Trade receivables	588,208	588,208	-
(3) Securities and investment securities			
(i) Held-to-maturity bonds	16,417	15,993	(424)
(ii) Shares of affiliated companies	42,185	42,322	137
(iii) Other securities	278,624	278,624	-
(4) Trade payables	(416,980)	(416,980)	-
(5) Short-term borrowings	(315,551)	(315,551)	-
(6) Current portion of long-term borrowings	(150,026)	(150,026)	-
(7) Current portion of bonds payable	(10,000)	(10,000)	-
(8) Current portion of convertible bonds payable	(70,000)	(70,000)	-
(9) Bonds payable	(200,000)	(206,667)	6,667
(10) Long-term borrowings	(453,222)	(463,795)	10,573
(11) Derivatives transactions			
(i) Derivatives transactions to which hedge accounting is not applied	9	9	-
(ii) Derivatives transactions to which hedge accounting is applied	2,732	2,732	-

(*) 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) Current portion of long-term borrowings (7) Current portion of bonds payable and (8) Current portion of convertible bonds payable

These items are settled over a short period of time and their fair value is virtually equal to their book value. Hence, their fair value is based on the relevant book value.

- (9) Bonds payable

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

- (10) Long-Term Borrowings

The fair value of these items is based primarily on the method of calculation whereby the sum of principal and interest is discounted by an assumed interest rate on the assumption that the said sum is freshly borrowed in a similar manner. Some long-term borrowings with floating interest rates are prescribed to be subject to special accounting treatment applicable to interest rate swaps. Hence the fair value of a long-term borrowing is based on the method of calculation whereby the sum of principal and interest, treated in combination with the said interest rate swap, is discounted by a reasonably estimable interest rate on the assumption that the said sum is freshly borrowed in a similar manner. (see (11) below)

- (11) Derivatives Transactions

The fair value of these transactions is based on the prices indicated by counterparty financial institutions. Those subject to special accounting treatment applicable to interest rate swaps are treated in combination with long-term borrowings as hedged items. Hence their fair value is included in that of long-term borrowings. (see (10) 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	99,367
Equity securities	2,278

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 ¥553.54

Net income per share ¥12.61

Notes on Business Combination

1. Acquisition of Shares of Qualicaps Co., Ltd.

On December 25, 2012, MCHC concluded with The Carlyle Group, the leading shareholder of the company, a stock sale/purchase agreement for the purpose of acquiring all of the issued shares of Qualicaps Co., Ltd. and turning the company into its subsidiary. On March 1, 2013, MCHC acquired all of the issued shares of Qualicaps Co., Ltd. through MHCS Corporation, a consolidated subsidiary newly established on January 17, 2013. As a result, Qualicaps Co., Ltd. became a consolidated subsidiary of MCHC.

Qualicaps Co., Ltd. has established its status as the leading company in the market of capsules for pharmaceuticals and health food where stable growth is anticipated, and is expected to make good contributions to the MCHC Group's stable earnings. In addition, the global customer network owned by the company is highly complementary to the MCHC Group's existing healthcare solution business, and MCHC can anticipate a reinforcement of business foundations at both ends.

(Business Combination through Acquisition)

(1) Name and business of acquired company, principal reason for implementing business combination, date of business combination, legal form of business combination, and ratio of voting rights acquired

(i) Name and business of acquired company

Name: Qualicaps Co., Ltd.

Business: Development, manufacture and marketing of capsules for pharmaceuticals and health food, and pharmaceutical processing equipment

(ii) Principal reason for implementing business combination

As stated above in this section, "1. Acquisition of Shares of Qualicaps Co., Ltd."

(iii) Date of business combination: March 1, 2013

(iv) Legal form of business combination: Acquisition of shares in exchange for cash

(v) Ratio of voting rights acquired: 100%

(2) Period of business results of acquired company included in consolidated statement of income for the consolidated fiscal year under review

Not applicable since the acquisition is deemed to have been executed on March 31, 2013.

(3) Acquired company's acquisition cost and a breakdown thereof

Cash compensation for acquisition	¥47,796 million
<u>Cost directly incurred for acquisition</u>	<u>¥675 million</u>
Acquisition cost	¥48,471 million

(4) Amount of goodwill, cause, amortization method and amortization period of goodwill

- (i) Amount of goodwill: ¥44,660 million
- (ii) Cause: Goodwill was recognized as a result of difference in amounts between MCHC's equity in the acquired company and the acquisition cost.
- (iii) Amortization method and amortization period: Equal amortization over 20 years
- (iv) The amount of goodwill has been provisionally calculated.
As the shares were acquired immediately prior to the close of the consolidated fiscal year under review, allocation of the acquisition costs was not completed as of the close of the relevant consolidated fiscal year under review. Accordingly, provisional accounting treatment was undertaken with respect to some of the assets and liabilities of Qualicaps Co., Ltd. pursuant to the provisions of Section 69 of ASBJ Guidance No. 10 "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures."

(5) Amounts of assets and liabilities accepted on the date of business combination, and a major breakdown thereof

Current assets	¥12,563 million
<u>Fixed assets</u>	<u>¥10,226 million</u>
<u>Total assets</u>	<u>¥22,789 million</u>
Current liabilities	¥17,219 million
<u>Long-term liabilities</u>	<u>¥1,759 million</u>
<u>Total liabilities</u>	<u>¥18,978 million</u>

These are the provisional amounts that are reflected in the consolidated financial statements as of the close of the consolidated fiscal year under review.

MITSUBISHI CHEMICAL HOLDINGS CORPORATION

Non-consolidated Balance Sheet

As of March 31, 2013

Unit: Millions of yen

Assets

Current assets:

Cash and deposits	2
Income taxes receivable	8,040
Deferred income taxes—current	38
Short-term loans receivable from subsidiaries and affiliates	197,783
Other	4,124
Total current assets	209,988

Fixed assets:

Property, plant and equipment

Buildings	2,660
Structures	90
Tools, furniture and fixtures	935
Construction in progress	54
Total property, plant and equipment	3,740

Intangible fixed assets:

Software	238
Other	2
Total intangible fixed assets	241

Investments and other assets:

Investment securities	22,268
Stocks of subsidiaries and affiliates	645,020
Investments in other securities of subsidiaries and affiliates	200
Investments in affiliated companies	162
Long-term loans receivable from subsidiaries and affiliates	70,330
Other	2,676
Total investments and other assets	740,657
Total fixed assets	744,639
Total assets	954,627

MITSUBISHI CHEMICAL HOLDINGS CORPORATION

Non-consolidated Balance Sheet (continued)

As of March 31, 2013

Unit: Millions of yen

Liabilities

Current liabilities:

Short-term borrowings	121,700
Short-term borrowings to subsidiaries and affiliates	156,110
Current portion of convertible bonds payable	70,000
Accounts payables	8,260
Accrued expenses	235
Accrued income taxes	10
Accrued bonuses	120
Other	402

Total current liabilities	<u>356,839</u>
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Long-term liabilities:

Bonds payable	80,000
Long-term borrowings	132,330
Deferred tax liabilities	2,062
Other	3,804

Total long-term liabilities	<u>218,196</u>
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Total liabilities	<u>575,036</u>
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Net Assets

Shareholders' equity:

Common stock	50,000
Additional paid-in capital	264,538
Legal capital surplus	12,500
Other capital surplus	252,038
Retained earnings	83,163
Other retained earnings	83,163
Retained earnings brought forward	83,163
Less, Treasury stock at cost	<u>(22,837)</u>

Total shareholders' equity	<u>374,864</u>
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Valuation and translation adjustments:

Net unrealized holding gain on other securities	4,161
Total valuation and translation adjustments	<u>4,161</u>

Warrants

Total net assets	<u>379,591</u>
Total liabilities and net assets	<u>954,627</u>

mitsubishi chemical holdings corporation

Non-consolidated Statement of Income

Year ended March 31, 2013

Unit: Millions of yen

Operating revenue	
Dividends from subsidiaries and affiliates	18,922
Operating costs receipts	4,165
Total operating revenue	23,088
General and administrative expenses	5,226
Operating income	17,862
Other income	
Interest income	618
Dividends income	226
Other	28
Total other income	873
Other expenses	
Interest expenses	2,157
Interest on bonds	335
Bond issuance cost	251
Other	10
Total other expenses	2,754
Ordinary income	15,981
Extraordinary losses	
Head office transfer cost	11
Total extraordinary losses	11
Income before income taxes	15,969
Current income taxes	(431)
Deferred income taxes	163
Net income	16,238

MITSUBISHI CHEMICAL HOLDINGS CORPORATION
Non-consolidated Statement of Changes in Net Assets
Year ended March 31, 2013

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 April 1, 2012	50,000	12,500	252,057	83,162	(22,451)	375,268
Changes during the fiscal year						
Cash dividends (Note 1)				(16,237)		(16,237)
Net income				16,238		16,238
Purchase of treasury stock					(518)	(518)
Disposition of treasury stock			(18)		131	112
Net change in items other than those in shareholders' equity	/	/	/	/	/	/
Total changes during the fiscal year	-	-	(18)	1	(386)	(404)
Balance at March 31, 2013	50,000	12,500	252,038	83,163	(22,837)	374,864

Unit: Millions of yen

	Valuation and translation adjustment	Warrants	Total net assets
	Net unrealized holding gain on other securities		
Balance at April 1, 2012	-	662	375,931
Changes during the fiscal year			
Cash dividends (Note 1)			(16,237)
Net income			16,238
Purchase of treasury stock			(518)
Disposition of treasury stock			112
Net change in items other than those in shareholders' equity	4,161	(97)	4,064
Total changes during the fiscal year	4,161	(97)	3,659
Balance at March 31, 2013	4,161	565	379,591

Note:

1. Cash dividends

The year-end dividend (¥7,380 million) was paid based on the resolution at the Ordinary General Meeting of Shareholders held in June 2012, and the interim dividend (¥8,856 million) was paid based on the resolution at the Board of Directors meeting held in November 2012.

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

Other securities with quoted market prices

Stated at fair value based on market price at the closing date, or calculated by other means. 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 based on the moving average method

2. Method of Depreciation of Property, Plant and Equipment

The straight-line method is applied.

(Change in accounting policies which is difficult to distinguish from change in accounting estimates)

Mainly the declining-balance method was previously applied to property, plant and equipment (except buildings (excluding their ancillary facilities) to which the straight-line method would be applied). However, the Company has decided to apply the straight-line method to all of its property, plant and equipment in order to more accurately reflect actual conditions of facility use and sharing of use costs, associated with the increased ancillary building facilities in the wake of the relocation of its head office. The financial effects of the implementation of the said accounting standard and guidance were immaterial.

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

Changes in Methods of Presentation

1. Change in Method of Indication of Dividends from Subsidiaries and Affiliates

In the past, dividends from subsidiaries and affiliates were presented as “dividends income” (¥24,433 million for the previous fiscal year) under operating revenue in the statement of income. As from the fiscal year under review, other dividends income is received and presented as “dividends income” under other income. In order to differentiate dividend income included in operating revenue, it is presented as “dividends from subsidiaries and affiliates” (¥18,922 million for the fiscal year under review).

Notes to the Non-consolidated Balance Sheets

1. Accumulated Depreciation of Total Property, Plant and Equipment

¥286 million

2. Monetary Claims and Liabilities Against Subsidiaries and Affiliates (excluding those sectionally indicated)

Short-term monetary claim	¥3,606 million
Short-term monetary liabilities	¥8,197 million

Notes to the Non-consolidated Statements of Income

1. Transactions with Subsidiaries and Affiliates

Operating revenue	¥23,088 million
General and administrative expenses	¥1,632 million
Transactions except for operational transactions	¥18,394 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 April 1, 2012	Number of shares increased during the year	Number of shares decreased during the year	Number of shares at March 31, 2013
Common stock	30,217	1,204	177	31,244

Note: Treasury stocks increased by 1,204 thousand shares due to purchase of 148 thousand shares for the stock holders having less than one unit and purchase of 1,055 thousand shares whose holders are not being able to contact.

Treasury stocks decreased by 177 thousand shares due to sales of 21 thousand shares for the stock holders having less than one unit and reissuance of 156 thousand shares upon exercise of Stock Acquisition Rights.

Notes on Tax Effect Accounting

1. Breakdown of Deferred Tax Assets and Liabilities

Deferred tax assets mainly consist of subsidiaries' stocks and losses carried forward (corporation income tax and local tax), and deferred tax liabilities mainly consist of net unrealized holding gain on other securities. 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	MCFA Inc.	Direct 100%	Lending of funds	Loan charge (Note 1)	197,783	Short-term loans receivable from subsidiaries and affiliates	197,783
				Receipts of interest (Note 1)	412	Current assets and others	107
				Loan charge (Note 1)	47,330	Long-term loans receivable from subsidiaries and affiliates	47,330
				Receipts of interest (Note 1)	58	Current assets and others	29
Subsidiary	Mitsubishi Chemical Corporation	Direct 100%	Interlocking of officers, Lending of funds and debt being guaranteed	Repayment of funds (Note 2)	19,866	–	–
				Receipts of interest (Note 2)	12	–	–
				Loan charge (Note 2)	–	Long-term loans receivable from subsidiaries and affiliates	20,000
				Receipts of interest (Note 2)	103	Current assets and others	5
				Debt being guaranteed (Note 3)	70,000	–	–

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	The KAITEKI Institute, Inc.	Direct 100%	Interlocking of officers, research and commission of study	Payment of research and commissioned research (Note 4)	793	Current assets and others	18
Subsidiary	Mitsubishi Tanabe Pharma Corporation	Direct 56%	Interlocking of officers and Fund borrowing	Fund borrowing (Note 5)	20,763	Short-term borrowings to subsidiaries and affiliates	151,553
				Payment of interest (Note 5)	763	–	–

Trading amount above does not include consumption taxes. The balance at year-end includes consumption taxes.

Term of transactions and policy of decision-making thereof

Notes:

- Interest rates are reasonably decided based on procurement interest rates.
The amount of loan (pooling of funds) to MCFA Inc. is indicated in a net amount.
(Effective April 1, 2013, MCFA Inc. changed its corporate name to Mitsubishi Chemical Holdings Corporate Staff Inc..)
- Interests rates are reasonably decided reflecting market interest rates.
The amount of loan (pooling of funds) to MCC is indicated in a net amount.
- MCHC receives a debt guarantee for convertible bonds payable from MCC.
- The amount of consideration for the services related to research and study is determined subject to mutual consultations.
- Interests rates are reasonably decided reflecting market interest rates.
Trading amount of borrowing funds (pooling of funds) from MTPC represents the net amount.

Notes on Per Share Information

Net assets per share	¥256.95
Net income per share	¥11.00

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 7, 2013

The Board of Directors
Mitsubishi Chemical Holdings Corporation

Ernst & Young ShinNihon LLC

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

Hiroshi Kobayashi
Certified Public Accountant
Designated, Limited Liability and
Operating Partner

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

Ken Tarui
Certified Public Accountant
Designated, Limited Liability and
Operating Partner

Pursuant to the provisions of Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements of Mitsubishi Chemical Holdings Corporation (the “Company”), which comprise the consolidated balance sheet as of March 31, 2013, and the consolidated statement of income and the consolidated statement of changes in net assets for the fiscal year from April 1, 2012 to March 31, 2013, and the related notes to consolidated financial statements.

Management’s responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan; this includes the development, implementation, and maintenance of internal control deemed necessary by management for the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditors’ responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits as independent auditors. We conducted our audits in accordance with auditing standards

generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. We select and apply the audit procedures based on our assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessment, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We attest that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of March 31, 2013, and the results of their operations for the period then ended in accordance with accounting principles generally accepted in Japan.

Interests in the Company

Our firm and engagement partners have no interest in the Company that should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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

Report of Independent Auditors

May 7, 2013

The Board of Directors
Mitsubishi Chemical Holdings Corporation

Ernst & Young ShinNihon LLC

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

Hiroshi Kobayashi
Certified Public Accountant
Designated, Limited Liability and
Operating Partner

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

Ken Tarui
Certified Public Accountant
Designated, Limited Liability and
Operating Partner

Pursuant to the provisions of Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the non-consolidated financial statements of Mitsubishi Chemical Holdings Corporation (the “Company”), which comprise the balance sheet as of March 31, 2013, and the statement of income and the statement of changes in net assets for the 8th fiscal year from April 1, 2012 to March 31, 2013, and the related notes to non-consolidated financial statements as well as the related supplementary schedules thereto.

Management’s responsibility for the non-consolidated financial statements.

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements and supplementary schedules in accordance with accounting principles generally accepted in Japan; this includes the development, implementation, and maintenance of internal control deemed necessary by management for the preparation and fair presentation of non-consolidated financial statements and supplementary schedules that are free from material misstatement, whether due to fraud or error.

Independent auditors’ responsibility

Our responsibility is to express an opinion on the non-consolidated financial statements and

supplementary schedules based on our audits as independent auditors. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and supplementary schedules. We select and apply the audit procedures based on our assessment of the risks of material misstatement of the non-consolidated financial statements and supplementary schedules, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessment, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and supplementary schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and supplementary schedules.

We attest that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit opinion

In our opinion, the non-consolidated financial statements and supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2013, and the results of its operations for the period then ended in accordance with accounting principles generally accepted in Japan.

Interests in the Company

Our firm and engagement partners have no interest in the Company that should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

(TRANSLATION PURPOSE ONLY)
Copy of the Board of Corporate Auditors' Report

AUDIT REPORT

With respect to the Directors' performance of their duties during the 8th business year from April 1, 2012 to March 31, 2013, 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 the Accounting 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 confirmed the status of the contents of the Board of Directors' resolutions regarding the development and maintenance of the internal control system and the status of the system, which is, precisely speaking, 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 confirmed whether the Accounting Auditor maintained its independence and properly conducted its audit, received a report from the Accounting Auditor on the status of their performance of duties, and requested explanations as necessary. Each Corporate Auditor was notified by the Accounting Auditor that it had established systems for ensuring appropriate execution of its 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 specifications 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 descriptions of the business report and the Director's performance of their duties regarding the development and maintenance of the internal control system including the internal controls for financial reporting.

(2) Results of Audit of Non-consolidated 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 8, 2013

The Board of Corporate Auditors of
Mitsubishi Chemical Holdings Corporation

Full-time Corporate Auditor	Kazuchika Yamaguchi
Full-time Corporate Auditor	Akira Nakata
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 6 yen per share was paid, the total annual dividend will be 12 yen per share.

- (1) Type of dividend
Cash
- (2) Matters concerning appropriation of dividend property and total amount thereof
6 yen per share of the Company's common stock
Total dividends: 8,850,261,858 yen
- (3) Date on which distribution of retained earnings takes effect
June 26, 2013

Agendum 2. Election of Eight Directors

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

The candidates for directors are as described in No. 1 to 8 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	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</p> <p>Jun. 2006 Member of the Board of Mitsubishi Chemical Holdings Corporation</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</p> <p>Apr. 2009 Member of the Board, President and Chief Executive Officer of The KAITEKI Institute, Inc. (current)</p> <p>Apr. 2012 to present Member of the Board, Chairman of Mitsubishi Chemical Corporation (Significant concurrent positions) Member of the Board, Chairman of Mitsubishi Chemical Corporation Member of the Board, President and Chief Executive Officer of The KAITEKI Institute, Inc. Member of the Board of Japan Display Inc. Member of the Board of Tokyo Electric Power Company, Incorporated</p>	70,682

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	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 Corporation) (until June 2007)</p> <p>Jun. 2003 Executive Officer of Mitsubishi Chemical Corporation</p> <p>Oct. 2005 Executive Officer of Mitsubishi Chemical Holdings Corporation</p> <p>Apr. 2006 Managing Executive Officer of Mitsubishi Chemical Holdings Corporation Managing Executive Officer of Mitsubishi Chemical Corporation</p> <p>Jun. 2006 Member of the Board of Mitsubishi Chemical Holdings Corporation (current) Member of the Board of Mitsubishi Chemical Corporation (until March 2012)</p> <p>Jun. 2008 Member of the Board of Mitsubishi Tanabe Pharma Corporation (until June 2009)</p> <p>Jun. 2010 Senior Managing Executive Officer of Mitsubishi Chemical Holdings Corporation Senior Managing Executive Officer of Mitsubishi Chemical Corporation (until March 2012)</p> <p>Apr. 2012 to present Member of the Board, Deputy Chief Executive Officer of Mitsubishi Chemical Holdings Corporation (Corporate Management, Finance & Accounting and IR) Member of the Board of Mitsubishi Plastics, Inc. (Significant concurrent positions) Member of the Board of Mitsubishi Plastics, Inc. Member of the Board, President and Chief Executive Officer of Mitsubishi Chemical Holdings Corporation Corporate Staff, Inc. Member of the Board of Ryoka Systems Inc. Member of the Board of Taiyo Nippon Sanso Corporation</p>	43,873

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
5	Takumi Ubagai (August 7, 1948)	<p>Apr. 1971 Joined Mitsubishi Rayon Co., Ltd.</p> <p>Jun. 2001 Member of the Board and Executive Officer of Mitsubishi Rayon Co., Ltd.</p> <p>Jun. 2004 Managing Director and Senior Executive Officer of Mitsubishi Rayon Co., Ltd.</p> <p>Jun. 2007 Member of the Board and Senior Executive Officer of Mitsubishi Rayon Co., Ltd. (until March 2012)</p> <p>Apr. 2012 Member of the Board, President and Chief Executive Officer of Mitsubishi Plastics, Inc. (current) Member of the Board of The KAITEKI Institute, Inc. (current)</p> <p>Jun. 2012 to present Member of the Board of Mitsubishi Chemical Holdings Corporation (Significant concurrent positions) Member of the Board, President and Chief Executive Officer of Mitsubishi Plastics, Inc. Member of the Board of The KAITEKI Institute, Inc.</p>	48,863
6	Hitoshi Ochi (October 21, 1952)	<p>Apr. 1977 Joined Mitsubishi Kasei Industries Corporation (present-day Mitsubishi Chemical Corporation)</p> <p>Jun. 2007 Executive Officer of Mitsubishi Chemical Holdings Corporation Executive Officer of Mitsubishi Chemical Corporation (until March 2010)</p> <p>Apr. 2009 Member of the Board of Mitsubishi Plastics, Inc. (until March 2011)</p> <p>Jun. 2009 Member of the Board of Mitsubishi Chemical Holdings Corporation (until June 2011)</p> <p>Jun. 2010 Managing Executive Officer of Mitsubishi Chemical Holdings Corporation (until March 2011) Member of the Board of Mitsubishi Rayon Co., Ltd. (until June 2011)</p> <p>Apr. 2011 Member of the Board and Managing Executive Officer of Mitsubishi Chemical Corporation (until March 2012)</p> <p>Apr. 2012 Member of the Board, President and Chief Executive Officer of Mitsubishi Rayon Co., Ltd. (current) Member of the Board of The KAITEKI Institute, Inc. (current)</p> <p>Jun. 2012 to present Member of the Board of Mitsubishi Chemical Holdings Corporation (Significant concurrent positions) Member of the Board, President and Chief Executive Officer of Mitsubishi Rayon Co., Ltd. Member of the Board of The KAITEKI Institute, Inc. Member of the Board, Chairman of Mitsubishi Rayon Lucite Group Limited</p>	18,949

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
7	Noboru Tsuda (November 25, 1949)	<p>Apr. 1973 Joined Mitsubishi Kasei Industries Corporation (present-day Mitsubishi Chemical Corporation)</p> <p>Jun. 2005 Executive Officer of Mitsubishi Chemical Corporation (until March 2009)</p> <p>Oct. 2005 Executive Officer of Mitsubishi Chemical Holdings Corporation</p> <p>Apr. 2009 Managing Executive Officer of Mitsubishi Chemical Holdings Corporation</p> <p>Apr. 2013 to present Senior Managing Executive Officer of Mitsubishi Chemical Holdings Corporation Member of the Board of Mitsubishi Rayon Co., Ltd. (Significant concurrent positions) Member of the Board of Mitsubishi Rayon Co., Ltd.</p>	51,447
8	Takeo Kikkawa (August 24, 1951)	<p>Apr. 1987 Associate Professor, School of Business, Aoyama Gakuin University</p> <p>Oct. 1993 Associate Professor, Institute of Social Science, The University of Tokyo</p> <p>Apr. 1996 Professor, Institute of Social Science, The University of Tokyo</p> <p>Apr. 2007 to present Professor, Graduate School of Commerce and Management, Hitotsubashi University</p>	0

Notes:

1. Michihiro Tsuchiya serves as Representative Director of MTPC. MTPC pays its share of Group operating expenses to MCHC. MTPC has also offered short-term loans to MCHC as part of cross-group fund procurement operations. There are no special interests between any of the other candidates and MCHC.
2. Takeo Kikkawa is a candidate for an outside Director. If this proposal is approved and Takeo Kikkawa is inaugurated as an outside Director, he is expected to become an independent officer pursuant to the rules and regulations of the Tokyo Stock Exchange and the Osaka Stock Exchange.
3. We conclude that Takeo Kikkawa would be highly capable of supervising our management activities as an outside Director, given his experience as a university professor (in management) and his profound insight developed through such experience. Therefore we request that Takeo Kikkawa be elected as proposed. While he has not been involved in practical business management, we trust that he will properly execute his duties as an outside Director of the Company.
4. If this proposal is approved and Takeo Kikkawa is inaugurated as an outside Director, the Company intends to conclude with him a liability-limiting agreement as prescribed in Article 423, Paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of said Act, and set an upper limit of the liability for damages under said agreement to be the minimum amount of liability for damages as set forth in Article 425, Paragraph 1 of said Act.