

## Message from the President

During the reporting period, the term ended March 2009, the effects of the financial crisis that started in the U.S. spread to Europe, Japan, and most emerging markets, producing a downturn in the global real economy. In the United States, the downturn became still more severe amid a sharp fall in consumer spending and a notable weakening in private-sector capital investment.

In East Asian economies, particularly China, where economic growth had maintained a firm undertone for several years, growth rates slowed sharply against the background of sluggish exports in the face of the worldwide recession. Japanese corporations saw a major deterioration in earnings due to the falloff in demand, forcing the manufacturing sector to hold back on capital investment plans and reduce production volumes further. This led to rising unemployment, which in turn weakened consumer spending.

Against this backdrop, the Mitsubishi Rayon Group suffered a sudden deterioration in earnings in the latter half of fiscal 2008. This was the combined result of: decreased demand for the Group's products amid the global recession; high prices of oil and naphtha in the first-half period followed by a sharp fall in prices from the start of autumn, leading to strong user pressure for a cut in product selling prices; and the sharp appreciation of the yen against other major currencies. As a result of these factors, the Company posted an extraordinary loss resulting from the restructuring of the acrylic fiber business, and recognized losses on the valuation of investment securities. We also recorded a year-on-year decline in sales of 17.5% to ¥345,048 million on a consolidated basis, due to the dramatic across-the-board decline on the stock market. In addition, we posted an operating loss of ¥7,612 million (compared with an operating income of ¥37,508 million for the previous term) and a large net loss of ¥28,950 million (compared with a net income of ¥14,274 million for the previous term).

The majority of observers believe that the global economy will become even more severe over the next two or three years, while the future movements of oil and naphtha prices are impossible to predict, and the economy's prospects in general are becoming increasingly unclear.

In view of the current business environment, the management of the Mitsubishi Rayon Group is working to achieve the steady implementation of Global US→2010, the Group's sixth medium-term management plan. At the same time, as a priority measure, we are pushing forward with the JK→2010 plan to reinforce our operational competitiveness. We also aim to realize faster growth in our acrylic monomer/polymer business, including the operation of Lucite International Group Limited (UK), the world's leading maker of methyl methacrylate (MMA), which we acquired in May of this year. We plan to radically restructure the Group's business portfolio to eliminate unprofitable businesses, and to redesign our earnings structure.

I look forward to receiving the continued support of our shareholders and other stakeholders.

June 2009

**Masanao Kambara**  
President

