

Interview with the President

Question 01 Could you explain the Group's medium- to long-term management strategy?

Since the start of fiscal 2008 we have been working to achieve the goals set under Global US→2010, the Group's sixth medium-term management plan. This plan has been created around the basic concept of "new design for growth," and we are implementing measures to achieve an ideal business portfolio by 2015. Amid the global business downturn that began in fiscal 2008, we are attempting to get back to basics by rigorously enforcing greater operational efficiency, and by working to restructure the Mitsubishi Rayon Group's business portfolio. Our efforts are focused on the four priority challenges under the Global US→2010 plan: 1) reinforcing our operational competitiveness, 2) accelerating the growth of our acrylics business, 3) tackling unprofitable businesses, and 4) establishing new businesses.

The table below shows our main numerical targets under the Global US→2010 plan (announced May 2008).

(consolidated basis; ¥ billion)

	Results in FY2007	Forecasts for FY2008	Results in FY2008	Targets for FY2010
Sales	418.5	430	345	500
Operating income*	39.6	30	(1.7)	40
EBITDA	65.0	57.8	26.2	75.8
ROE	7.5%	6.5%	—	8.5%

*The figures represent amounts prior to amortization of differences arising from changes in actuarial assumptions.

Question 02 Could you tell the readers what you are doing to reinforce the Group's operational competitiveness?

Under our previous medium-term management plan, we successfully took a number of steps to improve the

Group's operational workflow and streamline its production processes. We are continuing this work under our current sixth medium-term plan, with the aim of reestablishing a solid earnings structure. From here onward we intend to further strengthen competitiveness across the entire Mitsubishi Rayon Group by devoting even greater efforts to product quality management and inventory control, as well as by seeking out new applications and opening up new markets for our products.

Question 03 Could you tell us about the measures you have taken to accelerate growth in the Group's acrylics business?

We have been focusing management resources on our acrylics business, which comprises our methyl methacrylate (MMA) and acrylonitrile (AN) operations. Our efforts have been aimed principally at creating an MMA supply chain that will give us unrivalled superiority in global markets, and at restructuring our AN operations.

In the field of MMA, we already operate an integrated network of production-to-delivery facilities in Japan, Thailand, and China covering both monomer and polymers. In South Korea, we began operations at a new molding materials plant in September 2008 and at an MMA monomer plant in May 2009. In Thailand, we hope to complete construction of a new acrylic sheet plant within 2009 and to commence the operation of new facilities for the production of MMA monomer in 2010.

At the moment, we are engaged in properly integrating into the Group the operations of the UK-based company Lucite, which we acquired in May. (See page 8) When this new subsidiary is fully integrated, the Group will have the largest production base in the world. In addition, our continued efforts to develop new products and applications in the fields of polymers, copolymers,



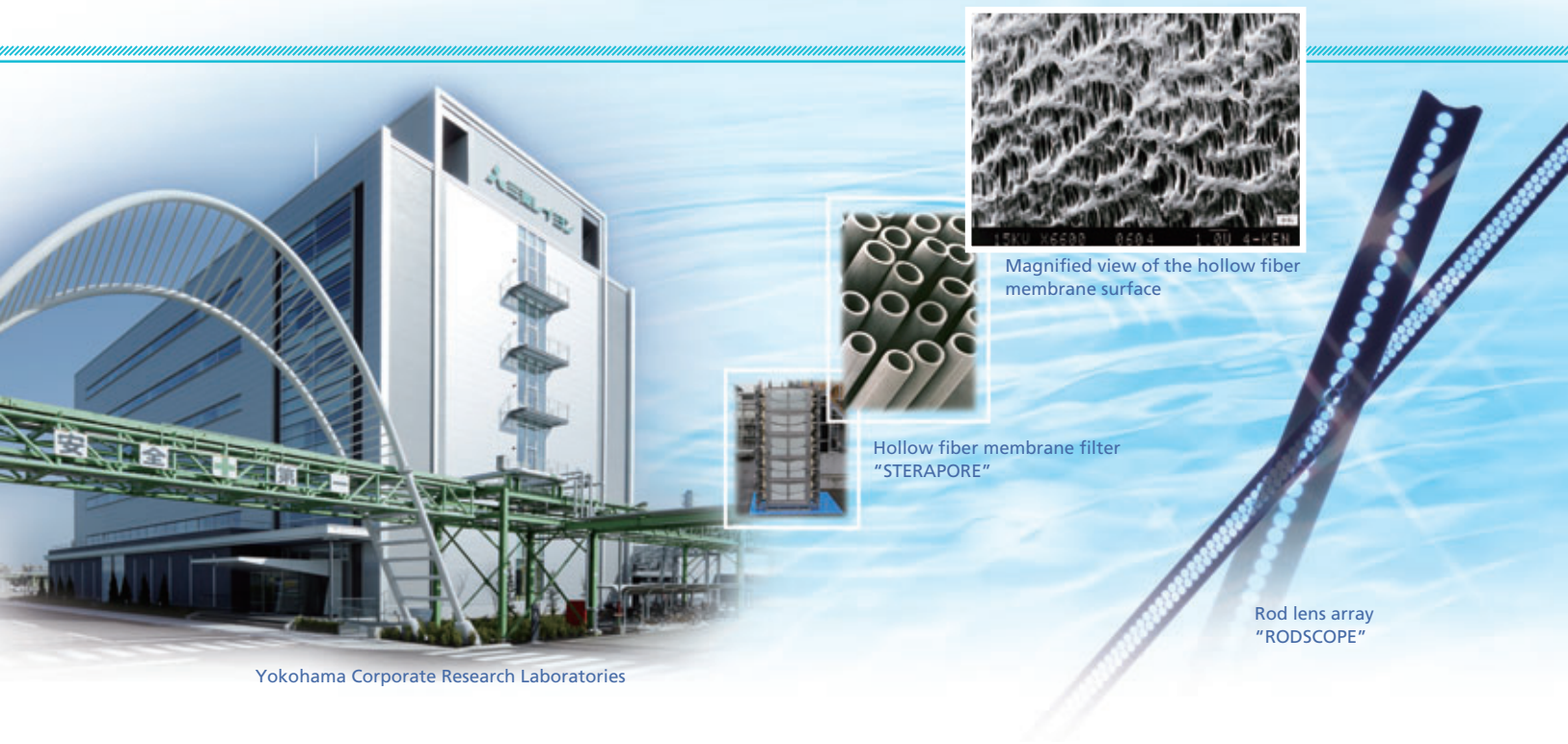
Masanao Kambara, *President*

and optical materials should lead to the further expansion of our supply chain.

In our AN (acrylonitrile) operations, we aim for growth based mainly on carbon fibers and composite materials. This area is one of the Group's strengths, and we are taking active measures to bring new products to market and increase our sales of high-valued-added products. We are drawing up plans for investment in increased production capacity in this field, and are determined to expand our operations in this area as one of our unique specialties.

With respect to our acrylic fiber operations, production capacity at the Otake Production Center – our main

domestic plant for the production of acrylonitrile monomer, the principal raw material for acrylic fiber – was reduced from 132,000 to 52,000 tonnes per annum as of the end of March this year. This operational downsizing is part of a larger restructuring of our business portfolio that includes the conversion of acrylic fiber production facilities at the Otake plant to the production of carbon fiber precursor. In this way, we are pursuing a business strategy aimed at creating an efficient operational chain from AN (acrylonitrile) monomer through carbon fiber precursor to carbon fibers and composite materials.



Yokohama Corporate Research Laboratories

Question 04 Please describe the steps you took in fiscal 2008 to tackle unprofitable businesses, as well as your thoughts on future developments in this area.

In fiscal 2008 we took specific steps to radically restructure our acrylic fiber business, which had posted losses for several years. We sold off our equity in spinning subsidiary P.T. Vonex Indonesia, thereby withdrawing completely from the acrylic fiber spinning business. In China, in May of this year we terminated acrylonitrile monomer production simultaneously with the downsizing of acrylonitrile monomer production at our Otake Production Center. We also withdrew from artificial suede operations in Japan, which use extremely fine acrylic fibers.

From here onward, we plan to make tough decisions regarding operations for which there is little hope of future growth in the acrylic fiber business and that lack significant synergy with our other operations. We will not hesitate to terminate such operations so as to more effectively allocate management resources elsewhere. We

intend to make particularly bold decisions with respect to the restructuring of unprofitable operations by overseas subsidiaries.

Question 05 Please share your plans for establishing new businesses.

At the Mitsubishi Rayon Group, we plan to nurture the water purification and related businesses, electronic components and related businesses, and the automotive-related business as our next-generation core businesses. To this end, we plan to selectively invest management resources in the development of these businesses, and we will persist with these initiatives no matter what difficulties we encounter. We set up the Yokohama Corporate Research Laboratories in February of this year, and these laboratories will play a central role in accelerating the development of new technologies in the fields of electronic materials, optical components, and the life sciences, as well as in the establishment of new businesses.



Fiber-type DNA chip
"GENOPAL"

Question 06 Could you explain the Company's dividend payment policy and your plans for dividends for the fiscal 2008 and 2009 business terms?

Mitsubishi Rayon positions the distribution of profits to shareholders as one of its top management priorities, and to that end our basic policy is to pay a stable level of dividends for every term in principle, taking into account the need for sufficient retained earnings to finance future business development. We aim to realize a payout ratio of 20-30%: that is to say, net income on actual business operations on a consolidated basis. Amounts prior to amortization of large actuarial gains or losses under pension accounting and other one-time factors will be employed as the denominator in calculating the payout ratio.

For the fiscal 2008 business term, despite the difficult operating environment, we have decided, in line with the Company's basic dividend policy, to pay a term-end dividend of ¥1 per share for a total annual per-share dividend of ¥4 when combined with the ¥3 per-share interim dividend that we have already paid. This represents a decline of ¥7 per share from the dividend for fiscal 2007.

The outlook for our operating environment in fiscal 2009 is extremely unclear, and we have not yet made a decision on dividend payments. A decision will be made and announced when the Company's business performance prospects become clearer.

Question 07 Please tell us something about the Company's stance on internal control, as well as steps you have taken in FY2008 and your plans for FY2009.

The fulfillment of its corporate social responsibility (CSR) is the overriding management commitment of the Mitsubishi Rayon Group. The CSR Committee, composed of directors of Mitsubishi Rayon Co., Ltd., is responsible for overseeing four subcommittees: the Corporate Ethics Committee, the Risk Management Committee, the Safety, Environment, and Quality Assurance Committee, and the Information Security Committee. The CSR Committee promulgates action guidelines for the whole Group, and works to coordinate the various CSR initiatives and expand the total scale of the Group's CSR activities.

In line with our Basic Policies on Internal Control, we are working on an ongoing basis to strengthen the effectiveness of our internal control system. To reinforce the Group's risk management system, in fiscal 2008, led by the Risk Management Committee, we instituted new measures to create an effective system for the management of material risk. We will continue our efforts in this field in fiscal 2009 by verifying the practical effectiveness of our system. In line with government guidelines on internal control of financial reporting, we have drawn up a set of operating regulations and have carried out an assessment of the current state of internal control procedures and administrative processes across the entire corporate Group. We will continue to faithfully observe these operating regulations in fiscal 2009.