



Best Quality for a Better Life

Contributing to the Good of Society

**Presentation on Consolidated Business  
Performance for Fiscal 2007  
(April 2007 to March 2008)**

**May 2, 2008**

**Mitsubishi Rayon Co., Ltd.**

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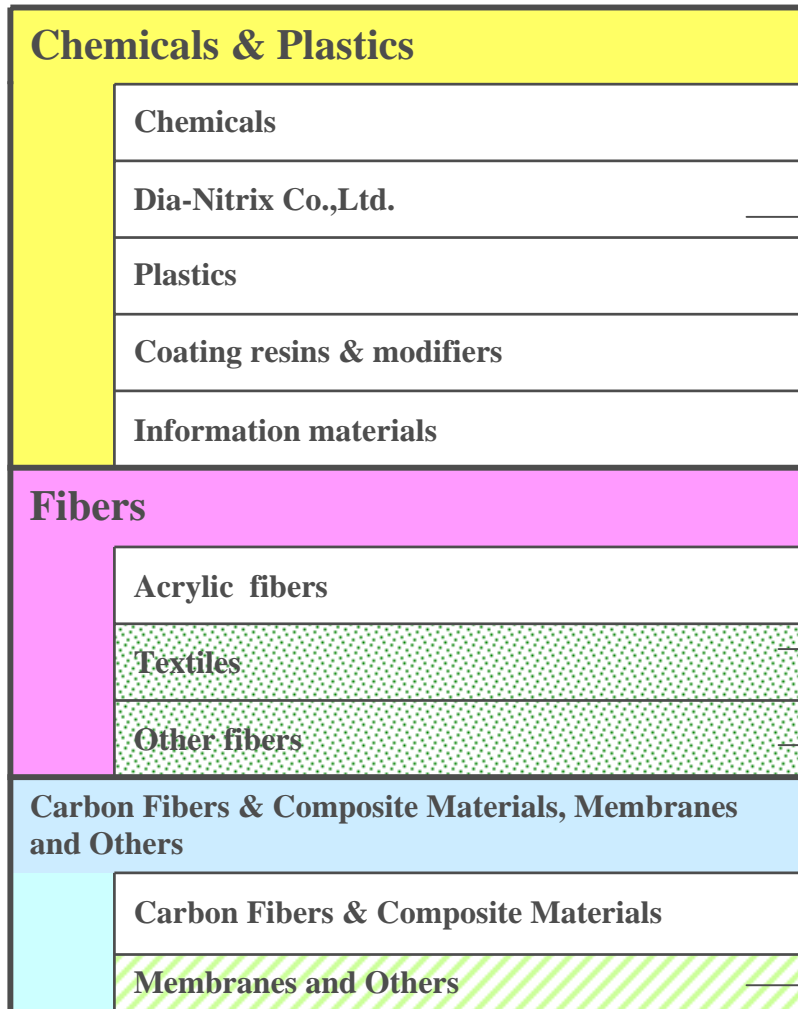
- 1. Business Structure**
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(Amounts are rounded to the nearest first decimal place.)

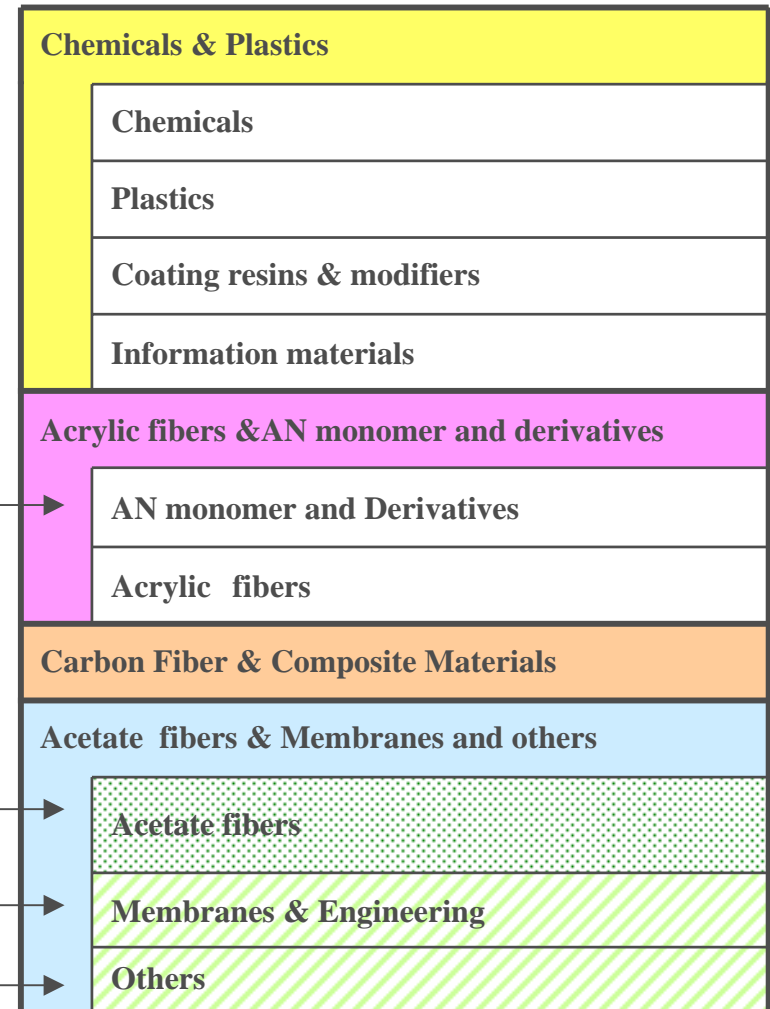
# Reclassification of Segments

We had changed our segmentation in line with the reorganization of April 2007.

**Before**



**After**



In accordance with changes in regulations affecting pension plans, the Company changed the amortization period for difference in actuarial value and reclassified related expenses as of March 31, 2005.

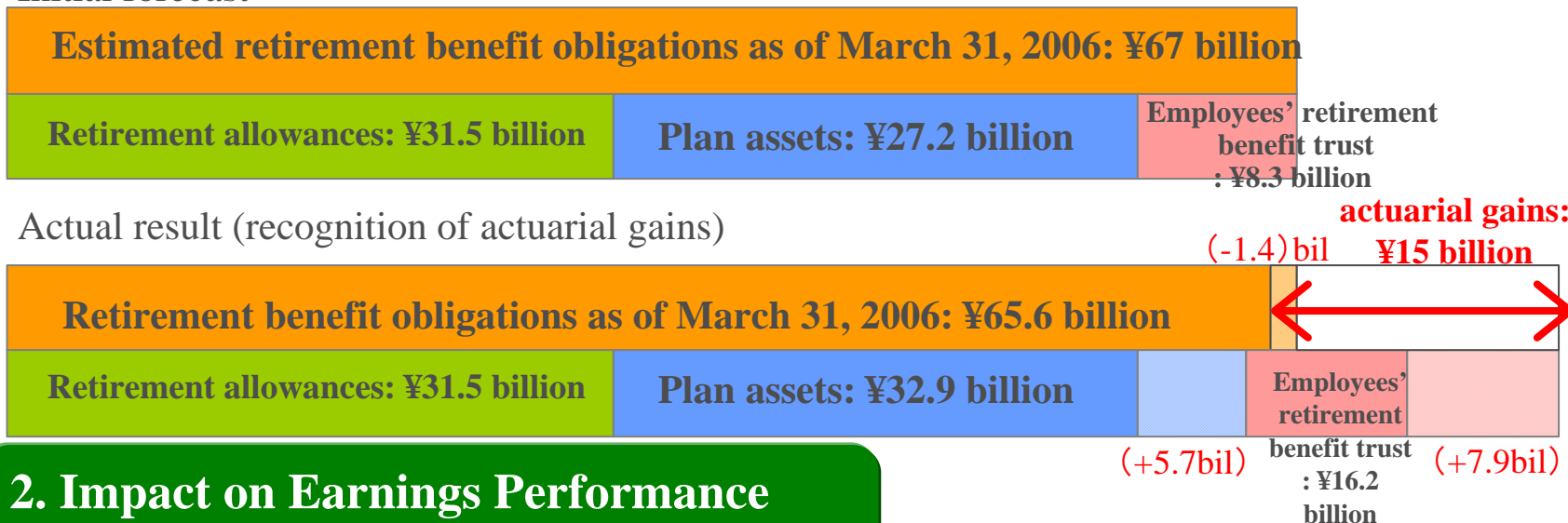
		FY2004	FY2005
<b>Type of pension plan</b>		Qualified retirement pension plan	Cash balance pension plan
<b>Difference in actuarial value</b>	<b>Amortization period</b>	5 years	1 year
	<b>Amortization method</b>	Charged to income in an accumulated amount assuming that the Company would amortize difference in actuarial value recognized in fiscal 2000 through fiscal 2003 over the five years from the year following that in which the difference is recognized.	Lump-sum amortization of difference in actuarial value in an amount recognized in fiscal 2004
	<b>Classification</b>	Non-operating expenses	Cost of sales Selling, general and administrative expenses



## 1. Recognition and Amortization of Actuarial Gain

For the term ended March 2006, the Company has recognized actuarial gains on its pension plan resulting from changes in actuarial assumptions in a total amount of ¥15 billion (a ¥1.4 billion decrease in retirement benefit obligations, a ¥5.7 billion increase in plan assets at fair value, and a ¥7.9 billion increase in employees' retirement trust), which the Company amortized in lump-sum in the current term ending March 2007.

Initial forecast




## 2. Impact on Earnings Performance of the Company for Fiscal 2006

In line with the recognition of actuarial gains described above, operating income and recurring profit increased by ¥14.2 billion and net income by approximately ¥8.5 billion.

## 1. Recognition and Amortization of Actuarial Losses

For the term ended March 2007, the Company has recognized actuarial losses on its pension plan resulting from changes in actuarial assumptions in a total amount of ¥2.8 billion (a ¥0.7 billion decrease in retirement benefit obligations, a ¥1.0 billion decrease in plan assets at fair value, and a ¥2.5 billion decrease in employees' retirement trust fund), which the Company amortized in lump-sum for the term ending March 2008.

<b>Estimated retirement benefit obligations as of March 31, 2007 : ¥64.5 billion</b>		Pripaid pension cost : ¥11.9 billion
Retirement allowances: ¥28.7 billion	Plan assets: ¥36.5 billion	Employees' retirement benefit Trust fund: ¥11.2 billion

<b>Retirement benefit obligations as of March 31, 2007: ¥ 63.8 billion</b>		Pripaid pension cost : ¥11.9 billion
Retirement allowances: ¥28.7 billion	Plan assets: ¥35.5 billion	Employees' retirement benefit trust fund: ¥8.7 billion 

**Actuarial losses: ¥-2.8 billion**

## 2. Impact on Earnings Performance of the Company for Fiscal 2007

Thanks to the posting of unrecognized actuarial gains, in line with the recognition of actuarial losses described ¥-2.8 billion above, operating income decreased by ¥2.0 billion and net income by approximately ¥1.2 billion for this year.

Item		Unit	FY2006	FY2007	YoY change	
					Amount	%
Net sales		¥ billion	417.0	418.5	+1.5	+0.4
Operating income	After amortization of difference in actuarial value	¥ billion	59.7	37.5	-22.2	-37.1
	Prior to amortization of difference in actuarial value		45.5	39.6	-5.9	-13.0
Net income	After amortization of difference in actuarial value	¥ billion	31.3	14.3	-17.0	-54.4
	Prior to amortization of difference in actuarial value		22.8	15.5	-7.3	-32.0
Dividend		¥ per share	10.0	11.0	+1.0	

### Basic operating conditions

Exchange rate	¥/US\$	116	113		
Price of domestically refined naphtha	¥/kl	50,000	61,400		

Note: With effect from the reporting term, differences arising from changes in actuarial assumptions employed in pension accounting have been charged to operating expenses, and therefore, for purposes of comparison, operating income (loss) prior to amortization is also shown on the line above the actual figures.

## Comparison with FY2006

(¥ billion)

Item	Group	Remarks
Cost of raw materials and fuel	-9.8	
Sales cost (*)	+7.2	Foreign exchange translation(-2.5bil)
Sales volume	+1.2	
Other	-4.5	Changing the way of amortization of pension plan(-¥3.2bil)
<b>Total</b>	<b>-5.9</b>	
<b>Operating income(Excluding effect of amortization in question)</b>	<b>45.5 → 39.6</b>	

\* Amounts posted under operating income here represent amounts prior to amortization of difference in actuarial value

# Sales/Operating Income by Business Segment

(FY2007 results)

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(¥ billion)

Segment \ Item	Net sales			Operating income		
	FY2006	FY2007	YoY change	FY2006	FY2007	YoY change
Chemicals & Plastics	185.6	187.0	+1.4	38.7	22.3	-16.4
				29.5	23.6	-5.9
Acrylic fibers & AN monomer	73.8	73.7	-0.1	2.2	0.7	-1.5
				0.1	1.0	+0.9
Carbon Fiber & Composite Materials	40.0	46.8	+6.8	12.1	11.0	-1.1
				10.4	11.3	+0.9
Acetate fibers & Membranes and others	117.7	111.0	-6.7	6.7	3.4	-3.3
				5.4	3.6	-1.8
Total	417.0	418.5	+1.5	59.7	37.5	-22.2
				45.5	39.6	-5.9

Note: With effect from FY 2005, differences arising from changes in actuarial assumptions employed in pension accounting have been charged to operating expenses, and therefore, for purposes of comparison, operating income (loss) prior to amortization is also shown on the line below the actual figures.

## Chemicals &amp; Plastics

(¥ billion)

	FY2006	FY2007	YoY change	Remarks
<b>Net Sales</b>	<b>185.6</b>	<b>187.0</b>	<b>+1.4</b>	
<b>Chemicals</b>	<b>76.3</b>	<b>82.4</b>	<b>+6.1</b>	<b>Sold well MMA monomer, Huizhou MMA Co.,ltd makes first full-term contribution</b>
<b>Plastics</b>	<b>52.2</b>	<b>49.2</b>	<b>-3.0</b>	
<b>Coating resins &amp; Modifiers</b>	<b>40.1</b>	<b>40.7</b>	<b>+0.6</b>	
<b>Information materials</b>	<b>17.0</b>	<b>14.7</b>	<b>-2.3</b>	<b>Decreasing sales of prism sheets</b>
<b>Operating income (Excluding effect of amortization in question)</b>	<b>29.5</b>	<b>23.6</b>	<b>-5.9</b>	<b>The remarkable rise of the raw materials price</b>

\* Amounts posted under operating income here represent amounts prior to amortization of difference in actuarial value

## Acrylic fibers &amp; AN monomer and derivatives

(¥ billion)

	FY2006	FY2007	YoY change	Remarks
<b>Net Sales</b>	<b>73.8</b>	<b>73.7</b>	<b>-0.1</b>	
AN monomer and derivatives	<b>31.8</b>	<b>36.3</b>	<b>+4.5</b>	The AN monomer sales were good
Acrylic fibers	<b>41.9</b>	<b>37.5</b>	<b>-4.4</b>	The demand of the China market declines
<b>Operating income (Excluding effect of amortization in question)</b>	<b>0.1</b>	<b>1.0</b>	<b>+0.9</b>	

## Carbon Fiber &amp; Composite Materials

(¥ billion)

	FY2006	FY2007	YoY change	Remarks
<b>Net Sales</b>	<b>40.0</b>	<b>46.8</b>	<b>+6.8</b>	Starting up operation of new plant in Toyohashi
<b>Operating income (Excluding effect of amortization in question)</b>	<b>10.4</b>	<b>11.3</b>	<b>+0.9</b>	

\* Amounts posted under operating income here represent amounts prior to amortization of difference in actuarial value

## Acetate fibers &amp; Membranes and others

(¥ billion)

	FY2006	FY2007	YoY change	Remarks
<b>Net Sales</b>	<b>117.7</b>	<b>111.0</b>	<b>-6.7</b>	
Acetate fibers and Textiles,etc	<b>44.0</b>	<b>44.5</b>	<b>+0.5</b>	
Membranes & Engineering	<b>28.1</b>	<b>20.0</b>	<b>-8.1</b>	<b>The decrease of of the plant construction in the public enterprise project</b>
Others	<b>45.7</b>	<b>46.5</b>	<b>+0.8</b>	
<b>Operating income (Excluding effect of amortization in question)</b>	<b>5.4</b>	<b>3.6</b>	<b>-1.8</b>	

\* Amounts posted under operating income here represent amounts prior to amortization of difference in actuarial value

(¥ billion)

Item Location	Net sales			Operating income		
	FY2006	FY2007	YoY change	FY2006	FY2007	YoY change
Japan	338.4	325.2	-13.2	49.7	26.4	-23.3
				35.5	28.5	-7.0
Asia	47.9	62.3	+14.4	5.6	7.0	+1.4
U.S.A.	30.7	31.1	+0.4	4.6	4.8	+0.2
Consolidation adjustments				-0.2	-0.7	-0.5
Total	417.0	418.5	+1.5	59.7	37.5	-22.2
				45.5	39.6	-5.9

Note: With effect from FY 2005, differences arising from changes in actuarial assumptions employed in pension accounting have been charged to operating expenses, and therefore, for purposes of comparison, operating income (loss) prior to amortization is also shown on the line below the actual figures.

(¥ billion)

Item		Net sales		
		FY2006	FY2007	YoY change
Net sales (consolidated)		417.0	418.5	+1.5
Overseas sales		187.3	198.0	+10.7
Overseas sales ratio (%)		44.9	47.3	+2.4
SEGMENT	Chemicals & Plastics	83.9	88.9	+5.0
	Acrylic fibers & AN monomer	39.8	38.5	-1.3
	Carbon Fiber & Composite Materials	27.3	31.5	+4.2
	Acetate fibers & Membranes and others	36.3	39.0	+2.7
LOCATION	Asia	128.1	140.0	+11.9
	North America	29.8	24.1	-5.7
	Europe	16.3	19.9	+3.6
	Other	13.1	13.9	+0.8

(¥ billion)

Item	FY2006	FY2007	Change	Remarks
<b>Non-operating income</b>	<b>3.0</b>	<b>2.8</b>	<b>-0.2</b>	
Interest & dividend received	0.8	1.0	+0.2	
Return on investment in equity-method affiliates	0.5	0.9	+0.4	
Other	1.7	0.9	-0.8	Foreign exchange gain -0.6
<b>Non-operating expenses</b>	<b>4.2</b>	<b>6.4</b>	<b>-2.2</b>	
Interest paid	1.4	2.0	-0.6	
Other	2.8	4.3	-1.5	Foreign exchange loss -1.0
<b>Non-operating loss</b>	<b>-1.2</b>	<b>-3.5</b>	<b>-2.3</b>	
<b>(Financial account balance)</b>	<b>-0.6</b>	<b>-1.1</b>	<b>-0.5</b>	

(¥ billion)

Item	FY2006	FY2007	Change	Remarks
<b>Extraordinary gains</b>	<b>1.9</b>	<b>0.1</b>	<b>-1.8</b>	
Gain on sale of fixed assets	1.2	0.1	-1.1	
Other	0.7	0.0	-0.7	
<b>Extraordinary losses</b>	<b>4.0</b>	<b>6.2</b>	<b>-2.2</b>	
Loss on sale and disposal of fixed assets	2.6	1.7	+0.9	
Impairment loss	0.1	1.4	-1.3	
Loss on valuation of investment securities	0.2	0.1	+0.1	
Other	1.2	2.9	-1.7	Out-of-court settlements. -0.7 Loss on sales of investment securities -0.6
<b>Net extraordinary gain (loss)</b>	<b>-2.1</b>	<b>-6.1</b>	<b>-4.0</b>	

(¥ billion)

Item	FY2006	FY2007	Change	Remarks
<b>Total assets</b>	<b>449.6</b>	<b>451.5</b>	<b>+1.9</b>	
<b>Current assets</b>	<b>175.7</b>	<b>177.3</b>	<b>+1.6</b>	
<b>Tangible fixed assets</b>	<b>170.1</b>	<b>173.5</b>	<b>+3.4</b>	<b>Capital investment:+29.2</b> <b>Depreciation:-24.7</b>
<b>Investment securities</b>	<b>74.5</b>	<b>71.0</b>	<b>-3.5</b>	
<b>Other noncurrent assets</b>	<b>29.3</b>	<b>29.8</b>	<b>+0.5</b>	
<b>Total liabilities</b>	<b>223.9</b>	<b>235.7</b>	<b>+11.8</b>	
<b>(Interest-bearing liabilities)</b>	<b>(65.3)</b>	<b>(108.7)</b>	<b>(+43.4)</b>	<b>(The issuance of debentures: +20.0)</b>
<b>Total net assets</b>	<b>225.7</b>	<b>215.8</b>	<b>-9.9</b>	
<b>Shareholders' equity</b>	<b>196.4</b>	<b>194.2</b>	<b>-2.2</b>	
<b>Gains/losses on valuation &amp; exchange translation</b>	<b>16.1</b>	<b>5.3</b>	<b>-10.8</b>	
<b>Minority interests</b>	<b>13.3</b>	<b>16.3</b>	<b>+3.0</b>	
<b>Total liabilities and net assets</b>	<b>449.6</b>	<b>451.5</b>	<b>+1.9</b>	

(¥ billion)

Item	FY2006	FY2007	Remarks
<b>Cash flows from operating activities</b>	<b>52.2</b>	<b>31.8</b>	Income before income taxes 27.8 Depreciation amortization 25.3 Income taxes paid -17.9
<b>Cash flows from investing activities</b>	<b>-41.2</b>	<b>-50.8</b>	Purchases of property, plant and equipment -32.6 Purchases of investment securities -16.1
<b>Free cash flows</b>	<b>11.0</b>	<b>-19.0</b>	
<b>Cash flows from financing activities</b>	<b>-10.2</b>	<b>26.5</b>	Cash dividends paid -6.3 Purchasing of Treasury stock -10.1 Proceeds from the issuance of debentures +20.0 long-term loan payable +25.0
<b>Increase (decrease) of cash and cash equivalents</b>	<b>+0.6</b>	<b>+6.7</b>	
<b>Cash and cash equivalents , End of Q1</b>	<b>10.7</b>	<b>17.4</b>	

Item	Unit	FY2006	FY2007	YoY change	Remarks
Capital expenditures	(¥ billion)	37.1	29.2	-7.9	
Chemicals & Plastics		16.6	17.0	+0.4	
Acrylic fiber & AN monomer		5.2	2.8	-2.4	
Carbon fiber & Composite Materials		11.7	6.7	-5.0	
Acetate fibers & Membranes and others		3.6	2.7	-0.9	
Depreciation	(¥ billion)	17.0	24.7	+7.7	
Chemicals & Plastics		9.2	12.8	+3.6	
Acrylic fiber & AN monomer		3.3	4.0	+0.7	
Carbon fiber & Composite Materials		2.3	4.8	+2.5	
Acetate fibers & Membranes and others		2.2	3.1	+0.9	
R&D expenses	(¥ billion)	11.1	11.9	+0.8	
Employees		7,809	7,699	△110	
Chemicals & Plastics		2,258	2,226	△32	
Acrylic fiber & AN monomer		1,660	1,478	△182	Decreasing of an overseas spinning company
Carbon fiber & Composite Materials		601	631	+30	
Acetate fibers & Membranes and others		3,290	3,364	+74	

Item		Unit	FY2006	FY2007
ROA	Operating income*/average total assets	%	10.9	8.8
ROE	Net income/average shareholders' equity	%	11.5	7.5
Operating income ratio	Operating income*/sales	%	10.9	9.5
D/E ratio	Term-end interest-bearing liabilities/term-end shareholders' equity		0.31	0.54
Equity ratio	Term-end shareholders' equity/Term-end total assets	%	47.2	44.2
EPS(=Earnings Per Share )		Yen	38.1	26.0
BPS(=Book Value Per Share)		Yen	354.3	348.6
Shares issued at the end of the allowance period (including Treasury stock)		Million shares	600.0	600.0
Term-end Treasury stock		Million shares	0.5	27.6

\* Amounts posted under operating income here represent amounts prior to amortization of difference in actuarial value

## 1. Recognition and Amortization of Actuarial Losses

For the reporting term ended March 2008, the Company has recognized actuarial losses on its pension plan resulting from changes in actuarial assumptions in a total amount of ¥6.5 billion (a ¥0.0 billion decrease in retirement benefit obligations, a ¥6.5 billion decrease in plan assets at fair value), which the Company will amortize in lump-sum for the term ending March 2009.

Initial forecast



Forecast of Actual result (recognition of actuarial losses)



## 2. Impact on Earnings Performance of the Company for Fiscal 2008

In line with the recognition of actuarial gains described above, operating income and recurring profit decrease by ¥6.0 billion and net income by approximately ¥3.6 billion.

Item		Unit	FY2007 results	FY2008 estimates		
				First half estimates	Second half estimates	Full term estimates
Net sales		¥ billion	418.5	213.0	217.0	430.0
Operating income	After amortization of difference in actuarial value	¥ billion	37.5	11.0	13.0	24.0
	amortization of difference in actuarial value		39.6	14.0	16.0	30.0
Net income	After amortization of difference in actuarial value	¥ billion	14.3	3.5	6.0	9.5
	amortization of difference in actuarial value		15.5	5.3	7.8	13.1
Dividend		¥ per share	11.0	5.5	5.5	11.0
Capital expenditures		¥ billion	29.2	15.0	25.0	40.0
Depreciation		¥ billion	24.7	13.0	14.0	27.0
Amortization of goodwill		¥ billion	0.8	0.4	0.4	0.8
R&D expenses (amortization of difference in actuarial value )		¥ billion	11.9	6.5	7.0	13.5
Amortization of Actuarial Losses in Pension Accounting		¥ billion	2.1	3.0	3.0	6.0
Condi- tions	Exchange rate	¥/US\$	113	100	100	100
	Price of domestically refined naphtha	¥/kl	61,400	67,000	67,000	67,000

## Comparison with first half of FY2007 result and first half of FY2008 estimate

(¥ billion)

Item	Group	Remarks
Cost of raw materials and fuel	-5.0	
Sales cost (*)	-4.5	Foreign exchange translation(-8.0bil)
Sales volume	+2.0	
Other	-2.0	
<b>Total</b>	<b>-9.5</b>	
<b>Operating income(Excluding effect of amortization in question)</b>	<b>23.5 →14.0</b>	

\* Amounts posted under operating income here represent amounts prior to amortization of difference in actuarial value

(¥ billion)

Item Segment	Net sales				Operating income			
	FY2007 results	FY2008 estimates			FY2007 results	FY2008 estimates		
		First half	Second half	Full term		First half	Second half	Full Term
Chemicals & Plastics	187.0	96.0	99.0	195.0	22.3	8.1	9.1	17.2
					23.6	10.0	11.0	21.0
Acrylic fiber & AN monomer	73.7	36.0	35.0	71.0	0.7	-0.9	-0.9	-1.8
					1.0	-0.5	-0.5	-1.0
Carbon Fiber & Composite Materials	46.8	23.0	24.0	47.0	11.0	2.1	3.1	5.2
					11.3	2.5	3.5	6.0
Acetate fibers & Membranes and others	111.0	58.0	59.0	117.0	3.4	1.7	1.7	3.4
					3.6	2.0	2.0	4.0
Total	418.5	213.0	217.0	430.0	37.5	11.0	13.0	24.0
					39.6	14.0	16.0	30.0

Note: With effect from FY 2005, differences arising from changes in actuarial assumptions employed in pension accounting have been charged to operating expenses, and therefore, for purposes of comparison, operating income (loss) prior to amortization is also shown on the line below the actual figures.

Segment		Acrylic Business Group		Non-Acrylic Business Group
		MMA Business Complex	AN(Acrylonitrile) Business Complex	
Chemicals & Plastics	Chemicals	MMA monomers, Functional monomers		Dimethylformamide
	Plastics	Acrylic sheets, acrylic resin pellets		PBT resins
	Coating resins & modifiers	Coating resins, plastic modifiers		
	Information materials	Prism sheets, plastic optical fibers, plastic rod lenses		
Acrylic fibers & AN monomer and Derivatives	AN monomer		AN (Acrylonitrile) monomer, Flocculants,etc	
	Acrylic fibers		Acrylic fibers	
Carbon Fiber & Composite Materials			Carbon Fiber, Prepreg, Processed products	
Acetate fibers & Membranes and others	Acetate fibers			Textiles
	Membranes & Engineering			Water purifiers, Water treatment equipment and systems, Plant Engineering
	Others			Ryoko Co.,Ltd. Others

Situation	Startup	Products	Capacity	Company	Location	Investment (US\$ million)
Operation started	Jun 2005	Coating resin	3,500 tons/year	Mitsubishi Rayon Polymer Nantong	Nandong, China	30
	Jul 2005	Acrylic sheets	20,000 tons/year			
	Dec 2005	Acrylic fibers	50,000 tons/year	Ningbo Rayon Acrylic Fibers	Ningbo, China	100
	Jan 2006	Carbon fibers	1,500 → 2,000 tons/year	Grafil	U.S.A.	
	Jun 2006	Prism sheets	30 million sheets→45 million sheets/year	Mitsubishi Rayon	Japan	
	Dec 2006	MMA monomers	90,000 tons/year	Huizhou MMA	Huizhou, China	100
	Jan 2007	Carbon fibers	500 to 750 tons/year	SGL Technic	U.K.	Production outsourced
	May 2007	Carbon fibers	3,200 → 5,400 tons/year	Mitsubishi Rayon	Japan	¥ 7billion
	Sep 2007	Prism sheets	45 million sheets→60 million sheets/year	Mitsubishi Rayon	Japan	¥ 2billion
Under construction	2Q 2008	Acrylic resin pellets	40,000 tons/year	Daesan MMA (joint venture Honan Petrochem.)	Korea	50:50 equity stakes
	4Q 2008	MMA monomers	90,000 tons/year			
	【2008	MMA monomers	(production sharing with Mitsubishi) 120,000 tons/year	Lucite	Singapore	】
	4Q 2009	Carbon fibers	5,400 →8,100 tons/year	Mitsubishi Rayon	Japan	¥ 12billion
Investment Planned For next term	4Q 2009	Acrylic sheets	20,000 tons/year	Thai MMA	Thailand	270
	2Q 2010	MMA monomers	90,000→180,000 tons/year			
	2010~2011	MMA monomers	(production sharing with Lucite) 140,000 tons/year	Mitsubishi Rayon	U.S.A.	

Impact	Startup	Products	Location	Company	Capacity
Full-term Contribution in FY2008	May 2007	Carbon fibers	Japan	Mitsubishi Rayon	3,200 → 5,400 tons/year
	Sep 2007	Prism sheets	Japan	Mitsubishi Rayon	45 million sheets → 60 million sheets/year
Start of operations in FY2008	2Q 2008	Acrylic resin pellets	Korea	Daesan MMA (joint venture Honan Petro-chem.)	40,000 tons/year
	4Q 2008	MMA monomers			90,000 tons/year
	【2008	MMA monomers	Singapore	Lucite	(production sharing with Mitsubishi) 120,000 tons/year ]

Note: Q = calendar year quarters

The business performance forecasts and targets included in business plans contained in this presentation are based on information known to the Company's management as of the day of presentation. Please be aware that the content of such forward-looking statements may differ significantly from actual results, owing to a number of unforeseeable factors.