

mitsubishi RAYON

GROUP

Supplementary Financial Information
for the Third Quarter and the 1st to 3rd Quarters
(9-month period) of Fiscal 2006

February 6, 2007

Mitsubishi Rayon Co., Ltd.

Index

- I. Outline of Business Performance for the Third quarter of Fiscal 2006 (consolidated basis)**
 - Impact on the Company's Earnings**
 - 1. Performance of Changes in Pension Accounting Procedures**
 - 2. Outline of Business Performance**
 - 3. Sales/Operating Income by Business Segment**
 - 4. Extraordinary Gains/Losses**
 - 5. Major Balance Sheet Items**
 - 6. Summary of Cash Flows**
- II. Business Performance Estimates for Fiscal 2006 (consolidated basis)**
- III. Appendix**
 - 1. Business Structure**
 - 2. Investment Projects in FY2006**
 - 3. New Equipment Projected to Contribute to FY2007 Business Performance**

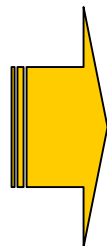
(Amounts are rounded to the nearest first decimal place.)

Impact on the Company's Earnings Performance of Changes in Pension Accounting Procedures

1. Changes in Accounting Procedures

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
Type of pension plan		Qualified retirement pension plan	Cash balance pension plan
Difference in actuarial value	Amortization period	5 years	1 year
	Amortization method	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
	Classification	Non-operating expenses	Operating expenses



Impact on the Company's Earnings Performance of Changes in Pension Accounting Procedures

2. 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 will amortize in lump-sum in the current term ending March 2007.

Initial forecast

Estimated retirement benefit obligations as of March 31, 2006: ¥67 billion		
Retirement allowances: ¥31.5 billion	Plan assets: ¥27.2 billion	Employees' retirement benefit trust: ¥8.3 billion

Actual result (recognition of actuarial gains)

Retirement benefit obligations as of March 31, 2006: ¥65.6 billion		actuarial gains: ¥15 billion
Retirement allowances: ¥31.5 billion	Plan assets: ¥32.9 billion	Employees' retirement benefit trust: ¥16.2 billion

3. Impact on Earnings Performance of the Company for the Current Term

In line with the recognition of actuarial gains described above, operating income and recurring profit will increase by ¥14.2 billion and net income by approximately ¥9 billion.

Outline of Business Performance

(Third-Quarter of Fiscal 2006)

Item		Unit	Previous Q3(FY2005)	Reporting Q3(FY2006)	YoY change	
					Amount	%
Net sales		¥ billion	85.5	101.9	+16.4	+19.2
Operating income	After amortization of difference in actuarial value	¥ billion	10.4	14.9	+4.5	+43.3
	Prior to amortization of difference in actuarial value		10.7	11.4	+0.7	+6.5
Net income	After amortization of difference in actuarial value	¥ billion	7.8	8.9	+1.1	+14.1
	Prior to amortization of difference in actuarial value		7.9	6.8	(1.1)	(13.9)
Basic operating conditions						
Exchange rate		¥/US\$	116	117		
Price of domestically refined naphtha		¥/kl	47,300	48,100		

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.

Outline of Business Performance

(For the nine months ended December 31, 2006)

Item		Unit	Previous Q1-3 (Apr. 1-Dec. 31, 2005)	Reporting Q1-3 (Apr. 1-Dec. 31, 2006)	YoY change	
					Amount	%
Net sales		¥ billion	252.2	300.4	+48.2	+19.1
Operating income	After amortization of difference in actuarial value	¥ billion	29.1	41.7	+12.6	+43.3
	Prior to amortization of difference in actuarial value		29.8	31.0	+1.2	+4.0
Net income	After amortization of difference in actuarial value	¥ billion	19.1	23.9	+4.8	+25.2
	Prior to amortization of difference in actuarial value		19.5	17.6	(1.9)	(9.7)
Basic operating conditions						
Exchange rate		¥/US\$	111	115		
Price of domestically refined naphtha		¥/kl	—	—		

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.

Sales/Operating Income by Business Segment

(Third-Quarter of Fiscal 2006)

Overview

(¥ billion)

Item Segment	Net sales			Operating income (Upper Line:After amortization) (Lower Line:Prior to amortization)		
	Previous Q3 (FY2005)	Reporting Q3 (FY2006)	YoY change	Previous Q3 (FY2005)	Reporting Q3 (FY2006)	YoY change
Chemicals & Plastics	44.2	55.1	+10.9	7.2	10.0	+2.8
				7.4	7.7	+0.3
Fibers	19.1	20.5	+1.4	0.3	0.8	+0.5
				0.3	(0.0)	(0.3)
Carbon Fibers & Composite Materials, Membranes and Others	22.2	26.4	+4.2	2.9	4.2	+1.3
				2.9	3.7	+0.8
Total	85.5	101.9	+16.4	10.4	14.9	+4.5
				10.7	11.4	+0.7

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.

Sales/Operating Income by Business Segment

(For the nine months ended December 31, 2006)

Overview

(¥ billion)

Item Segment	Net sales			Operating income (Upper Line:After amortization) (Lower Line:Prior to amortization)		
	Previous Q1-3 (Apr. 1-Dec. 31, 2005)	Reporting Q1-3 (Apr. 1-Dec. 31, 2006)	YoY change	Previous Q1-3 (Apr. 1-Dec. 31, 2005)	Reporting Q1-3 (Apr. 1-Dec. 31, 2006)	YoY change
Chemicals & Plastics	125.4	160.5	+35.1	20.9	28.9	+8.0
				21.3	21.9	+0.6
Fibers	61.8	62.5	+0.7	1.4	1.3	(0.1)
				1.6	(1.0)	(2.6)
Carbon Fibers & Composite Materials, Membranes and Others	64.9	77.4	+12.5	6.8	11.3	+4.5
				6.9	10.0	+3.1
Total	252.2	300.4	+48.2	29.1	41.7	+12.6
				29.8	31.0	+1.2

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.

Sales/Operating Income by Business Segment

(Third-Quarter of Fiscal 2006)+(For the nine months ended December 31, 2006)

Chemicals & Plastics

(¥ billion)

Q3	Previous Q3 (FY2005)	Reporting Q3 (FY2006)	YoY change	Remarks
Net Sales	44.2	55.1	+10.9	
Chemicals	18.0	18.8	+0.8	
Dia-Nitrix Co.,Ltd	—	8.1	+8.1	
Plastics	13.1	14.6	+1.5	
Coating resins & modifiers	8.7	9.2	+0.5	
Information materials	4.4	4.3	(0.1)	
Operating income (Excluding effect of amortization in question)	7.4	7.7	+0.3	

Q1-3	Previous Q1-3 (Apr. 1-Dec. 31, 2005)	Reporting Q1-3 (Apr. 1-Dec. 31, 2006)	YoY change	Remarks
Net Sales	125.4	160.5	+35.1	
Chemicals	51.3	54.1	+2.8	
Dia-Nitrix Co.,Ltd	—	23.7	+23.7	
Plastics	36.9	42.3	+5.4	
Coating resins & modifiers	25.3	27.2	+1.9	
Information materials	11.9	13.2	+1.3	
Operating income (Excluding effect of amortization in question)	21.3	21.9	+0.6	

Sales/Operating Income by Business Segment

(Third-Quarter of Fiscal 2006)+(For the nine months ended December 31, 2006)

Fibers

(¥ billion)

Q3	Previous Q3 (FY2005)	Reporting Q3 (FY2006)	YoY change	Remarks
Net Sales	19.1	20.5	+1.4	
Acrylic fibers	7.7	9.6	+1.9	
Textiles	5.1	5.5	+0.4	
Others	6.3	5.4	(0.9)	
Operating income (Excluding effect of amortization in question)	0.3	(0.0)	(0.3)	

Q1-3	Previous Q1-3 (Apr. 1-Dec. 31, 2005)	Reporting Q1-3 (Apr. 1-Dec. 31, 2006)	YoY change	Remarks
Net Sales	61.8	62.5	+0.7	
Acrylic fibers	27.1	29.7	+2.6	
Textiles	15.8	16.2	+0.4	
Others	18.9	16.6	(2.3)	
Operating income (Excluding effect of amortization in question)	1.6	(1.0)	(2.6)	

Sales/Operating Income by Business Segment

(Third-Quarter of Fiscal 2006)+(For the nine months ended December 31, 2006)

Carbon Fiber & Composite Materials, Membranes and Others

(¥ billion)

Q3	Previous Q3 (FY2005)	Reporting Q3 (FY2006)	YoY change	Remarks
Net Sales	22.2	26.4	+4.2	
Carbon fibers & composite materials	8.2	9.9	+1.7	
Hollow fiber membranes & others	14.0	16.5	+2.5	
Operating income (Excluding effect of amortization in question)	2.9	3.7	+0.8	

Q1-3	Previous Q1-3 (Apr. 1-Dec. 31, 2005)	Reporting Q1-3 (Apr. 1-Dec. 31, 2006)	YoY change	Remarks
Net Sales	64.9	77.4	+12.5	
Carbon fibers & composite materials	22.0	26.9	+4.9	
Hollow fiber membranes & others	42.9	50.5	+7.6	
Operating income (Excluding effect of amortization in question)	6.9	10.0	+3.1	

Extraordinary Gains/Losses

(For the nine months ended December 31, 2006)

(¥ billion)

Item	Previous Q3 (Apr. 1-Dec. 31, 2005)	Reporting Q3 (Apr. 1-Dec. 31, 2006)	YoY change	Remarks
Extraordinary gains	9.7	1.7	(8.0)	
Gain on sale of fixed assets	1.7	1.2	(0.5)	
Gain on reversal of reserve for retirement benefits	7.6	—	(7.6)	
Other	0.4	0.5	+0.1	
Extraordinary losses	8.6	2.4	+6.2	
Loss on sale and disposal of fixed assets	0.7	1.4	(0.7)	
Impairment loss	1.0	0	+1.0	
Out-of-court settlements	1.9	—	+1.9	
Lump-sum amortization of unrecognized actuarial loss for the prior term	4.3	—	+4.3	
Other	0.7	1.0	(0.3)	
Net extraordinary gain (loss)	+1.1	(0.7)	(1.8)	

Major Balance Sheet Items

(As of the End of December 31, 2006)

(¥ billion)

Item	FY2005 (As of March 31, 2005)	FY2006 (As of December 31, 2005)	YoY change	Remarks
Total assets	381.6	440.3	+58.7	
Current assets	143.8	171.0	+27.2	
Tangible fixed assets	147.9	167.4	+19.5	
Investment securities	71.6	71.0	(0.6)	
Other noncurrent assets	18.2	30.9	+12.7	
Total liabilities	184.2	225.2	+41.0	
(Interest-bearing liabilities)	65.2	75.4	+10.2	
Minority interests	11.5	—	(11.5)	
Total shareholders' equity	185.8	—	(185.8)	
Total liabilities, minority interests and shareholders' equity	381.6	—	(381.6)	
Total net assets	—	215.2	+215.2	
Shareholders' equity	—	189.0	+189.0	
Gains/losses on valuation & exchange translation	—	13.9	+13.9	
Minority interests	—	12.3	+12.3	
Total liabilities and net assets	—	440.3	+440.3	

Summary of Cash Flows

(Third-Quarter of Fiscal 2006)+(For the nine months ended December 31, 2006)

(¥ billion)

Q3	Previous Q3 (FY2005)	Reporting Q3 (FY2006)	Remarks
Cash flows from operating activities	9.6	4.6	
Cash flows from investing activities	(6.5)	(7.8)	
Free cash flows	3.1	(3.2)	
Cash flows from financing activities	(0.6)	2.0	
Increase (decrease) in cash and cash equivalents	2.7	(1.2)	

Q1-3	Previous Q1-3 (Apr. 1-Dec. 31, 2005)	Reporting Q1-3 (Apr. 1-Dec. 31, 2006)	Remarks
Cash flows from operating activities	28.0	26.7	
Cash flows from investing activities	(17.5)	(29.0)	
Free cash flows	10.4	(2.4)	
Cash flows from financing activities	(9.4)	2.2	
Increase (decrease) in cash and cash equivalents	1.3	(0.3)	

Management Indicators

(As the End of FY2006 estimates)

Item		Unit	FY2005 results	FY2006 estimates				Full term
				First half (results)			Second half	
					Q3 (results)	Q1		
Net sales		¥ billion	349.0	198.5	101.9	109.6	211.5	410.0
Operating income	After amortization of difference in actuarial value	¥ billion	38.8	26.8	14.9	15.3	30.2	57.0
	Prior to amortization of difference in actuarial value	¥ billion	39.7	19.7	11.4	10.9	22.3	42.0
Net income	After amortization of difference in actuarial value	¥ billion	24.4	15.0	8.9	9.1	18.0	33.0
	Prior to amortization of difference in actuarial value	¥ billion	25.0	10.8	6.8	6.4	13.2	24.0
Dividend		¥/share	9.0	5.0	—	—	5.0	10.0
Capital expenditures		¥ billion	28.9	18.9	—	—	16.1	35.0
Depreciation		¥ billion	15.3	7.9	—	—	9.1	17.0
R&D expenses		Prior to amortization of difference in actuarial value ¥ billion	10.7	5.5	—	—	5.5	11.0
Conditions								
Exchange rate		¥ /US\$	112	114	117	—	—	—
Price of domestically refined naphtha		¥/kl	42,500	51,400	48,100	—	—	—

Business Structure

(Appendix)

Segment		MMA Business Complex	AN Business Complex	Non-Acrylic Business Group
Chemicals & Plastics	Chemicals	MMA monomers, higher esters	Hydrogen cyanide derivatives (chelate compounds, others), AN monomers, flocculants, etc.	Dimethylformamide
	Plastics	Acrylic sheets, acrylic resin pellets		Polyester resins
	Coating resins & modifiers	Coating resins, plastic modifiers		
	Information materials	Prism sheets, plastic optical fibers, plastic rod lenses		
Fibers			Acrylic fibers	Textiles, etc.
Carbon Fibers & Composite Materials, Membranes and Others			Carbon fibers and composite materials	Water purifiers, water treatment equipment and systems, plant engineering, etc.

Investment Projects in FY2006

The Fifth Plan (Fiscal 2005-2007) Progress report

(Appendix)

Situation	Startup	Products	Production capacity	Company	Location	Investment (US\$ million)
Operation started	June 2005	Coating resin	3,500 tons/year	Mitsubishi Rayon Polymer Nantong	Nantong, China	30
	July 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.	
	June 2006	Prism sheets	30 million sheets → 45 million sheets/year		Japan	
	Dec. 2006	MMA monomers	90,000 tons/year	Huizhou MMA	Huizhou, China	100
Under construction	1Q 2007	Carbon fibers	500~750 tons/year	SGL Technic	U.K.	Production outsourced
	2Q 2007	Carbon fibers	3,200 → 5,400 tons/year	Mitsubishi Rayon	Japan	7 billion yen
Investment planned for next term	2Q 2008	Acrylic resin pellets	40,000 tons/year	Daesan MMA (Joint venture Honam Petro-chem)	Korea	50:50 equity stakes
	4Q 2008	MMA monomers	90,000 tons/year			
	【2008	MMA monomers	(production sharing with Mitsubishi) 20,000 tons/year	Lucite	Singapore】	
	4Q 2009	Acrylic sheets	20,000 tons/year	Thai MMA	Thailand	250
	2Q 2010	MMA monomers	90,000 → 180,000 tons/year			
	2010-11	MMA monomers	(production sharing with Lucite) 140,000 tons/year	Mitsubishi Rayon	U.S.A.	200

New Equipment Projected to Contribute to FY2007 Business Performance

(Appendix)

Impact	Startup	Products	Location	Company	Capacity
Full-term contribution in FY2007	Dec. 2005	Acrylic fibers	Ningbo, China	Ningbo Rayon Acrylic Fibers	50,000 tons/year (raising capacity utilization ratio)
	June 2006	Prism sheets	Japan		30 million sheets→ 45 million sheets/year
	Dec. 2006	MMA monomers	Huizhou, China	Huizhou MMA	90,000 tons/year (at first, 70,000 tons/year)
Start of operations in FY2007	1Q 2007	Carbon fibers	U.K.	SGL Technic	(Production outsourced) 500~750 tons/year
	2Q 2007	Carbon fibers	Japan	Mitsubishi Rayon	3,200→5,400 tons/year

Note:Q=calendar year quarters

Please Note

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.