

(TRANSLATION FOR REFERENCE ONLY)

Securities Code: 3404

June 5, 2008

**NOTICE OF
THE 83RD ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

It is our pleasure to invite you to the 83rd Ordinary General Meeting of Shareholders of Mitsubishi Rayon Co., Ltd. (hereinafter “the Company”) to be held as indicated below.

If you are unable to attend the meeting in person, after reviewing the attached reference materials (page 54 and after), please exercise your voting rights either in writing on the attached “exercise of voting rights form” or over the Internet and other method (see 4. below) by Thursday, June 26, 2008.

Sincerely,

Masanao Kambara, President
Mitsubishi Rayon Co., Ltd.
6-41, Konan 1-chome,
Minato-ku, Tokyo 108-8506

- 1. Date:** June 27, 2008 (Friday) at 10:00 a.m. (Open 9:00 a.m.)
- 2. Place:** 10-30, Takanawa 4-chome,
Minato-ku, Tokyo 108-8611
Shinagawa Prince Hotel,
32nd Floor of Main Tower, Hall “Hakodate”

(TRANSLATION FOR REFERENCE ONLY)

3. Meeting Agenda:

Items to be Reported;

The Business Report, the Consolidated Financial Statements and Non-consolidated Financial Statements for the 83rd term (from April 1, 2007 to March 31, 2008), and auditing results of these financial statements by an independent auditor and the Board of Corporate Auditors

Items to be Resolved;

Agenda 1: Appropriation of Retained Earnings

Agenda 2: Election of Seven Directors

Agenda 3: Election of Four Corporate Auditors

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4. Exercise of Voting Rights via the Internet and Other Method

- (1) When voting right is exercised both by mailing the voting form and via the Internet, the vote via the Internet will be deemed effective on a priority basis.
- (2) If the voting right is exercised via the Internet more than one (1) time, the last vote shall be deemed effective.
- (3) In the event that any shareholder should attend the general meeting of shareholders despite having exercised his or her voting right via the Internet, the vote via the Internet shall be deemed invalid.
- (4) Please read the instructions for the exercise of voting rights via the Internet in the pages 60 through 61.
- (5) “Platform for Electronic Exercise of Voting Rights by Institutional Investors” is also available.

5. Reference Materials for General Meeting of Shareholders on the Website

- (1) Reference materials for general meeting of shareholders such as notice of general meeting of shareholders (the “Notice”) will be posted on our website “General Meeting of Shareholders” under ”Investors Relations/Shareholder Information” from the day on which the Notice is dispatched.
- (2) In the event any amendment should be made by the day immediately prior to the date of the general meeting of shareholders, the revised documents will be posted on our website.
- (3) For the convenience of investors in foreign countries, we also post the English language version of the Notice on our website at:

<http://www.mrc.co.jp/>

(Shareholders attending the meeting are requested to submit the enclosed voting form at the reception desk.)

Note: This English version is a translation of the original Notice written in Japanese. When discrepancies in interpretation arise, the content of the Japanese Notice shall take precedence.

Business Report

(April 1, 2007 to March 31, 2008)

1. Overview of Operations

(1) Operating Progress and Results of Mitsubishi Rayon Group

During the fiscal year ended March 31, 2008, there was a growing sense that the U.S. economy would slow down, as the confusion in the financial market caused by the subprime mortgage problem weighed down the real economy. The Asian economy continued its high growth, in general, despite a slight deceleration of economic growth in China caused by weakened exports and investments. In Japan, the economy was on a moderate recovery track supported by favorable corporate earnings thanks mainly to robust exports, despite leveled-off consumer spending. From the latter half of the fiscal year, however, the Japanese economy showed growing signs of a rapid slowdown, hurt by rising concern about the U.S. economy, price jumps in raw materials and fuel as well as the yen's sharp appreciation.

Under such economic circumstances, Mitsubishi Rayon Group (the "Group") implemented specific measures in its efforts for realizing "a successively growing high-return enterprise" under the fifth medium-term management plan "US → 2007" which was launched in fiscal year (the "FY") 2005.

In the business area of MMA (methyl methacrylate), we strove to establish a globally dominant position in MMA chains in terms of scale of operation and profitability. Specifically, we smoothly started up an MMA monomer plant in China, and began to construct a new plant for MMA monomer and polymer in South Korea. We also decided to expand a plant for MMA monomer and built a new plant for acrylic sheets at Thai MMA Co., Ltd.

With regard to the business area of AN (acrylonitrile), we implemented various measures for drastically reorganizing the operational structure, aiming to improve profitability, in the acrylic fiber business. In the carbon fibers and composite materials business, where we focus on establishing a unique and competitive business structure, expanded facilities at the Toyohashi Production Center started operations smoothly. In addition, we decided to build a new plant at the Otake Production Center to prepare for a full-scale expansion of the market, and made efforts toward expanding into the area of high value-added products such as products for industrial applications.

We also endeavored to further enhance our competitiveness, promoting BPR (business process reengineering) such as upgrading of the technology and system of production, and management of product lineup and inventory, on a group-wide basis. However, the Group's earnings were affected severely by continued price hikes of raw materials and fuel and the abrupt appreciation of the yen toward the end of the year under review. As a result, consolidated net sales were ¥418,529 million (0.3% increase over the previous term). Meanwhile, operating income was ¥37,508 million (37.1% decrease over the previous term) and ordinary income was ¥33,968 million (41.9% decrease over the previous term). Net income was ¥14,274 million (54.3% decrease over the previous term).

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The Group changed the amortization method of the actuarial gain or loss of expenses in its retirement benefit accounting effective in the fiscal year ended March 31, 2006. The new method recognizes actuarial gain or loss as operating expenses, and uses lump-sum amortization in the year immediately following the year in which such gain or loss arose. Accordingly, operating income and ordinary income excluding amortization of net retirement benefit obligations caused by the change in accounting (actuarial gain of ¥14,209 million in FY2006 and actuarial loss of ¥2,050 million in FY2007) were ¥39,558 million (12.9% decrease over the previous term) and ¥36,019 million (18.6% decrease over the previous term), respectively.

The operation of the Company resulted in: sales of ¥240,205 million (0.9% increase over the previous term), operating income of ¥16,044 million (59.1% decrease over the previous term), ordinary income of ¥20,271 million (54.2% decrease over the previous term) and net income of ¥9,966 million (61.5% decrease over the previous term). Excluding amortization of net retirement benefit obligations due to the change in accounting (actuarial gain of ¥14,209 million in FY2006 and actuarial loss of ¥2,050 million in FY2007), operating income and ordinary income in FY2007 were ¥18,095 million (27.7% decrease over the previous term) and ¥22,322 million (25.9% decrease over the previous term), respectively.

(TRANSLATION FOR REFERENCE ONLY)

Consolidated net sales and operating income by segment

(million yen)

	FY2006 (April 1, 2006 to March 31, 2007)		FY2007 (April 1, 2007 to March 31, 2008)		Compared with the previous fiscal year	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Chemicals & Plastics	185,606	29,548	186,968	23,595	1,362	(5,953)
Acrylic Fibers & AN Monomer and Derivatives	73,751	125	73,737	980	(14)	855
Carbon Fibers & Composite Materials	39,982	10,349	46,790	11,340	6,808	991
Acetate Fibers, Membranes and Others	117,686	5,356	111,032	3,620	(6,654)	(1,736)
Eliminations or Corporate	-	75	-	21	-	(54)
Consolidated Total	417,027	45,455	418,529	39,558	1,502	(5,897)
Mitsubishi Rayon (Non-consolidated)	238,042	25,036	240,205	18,095	2,163	(6,941)

(Notes) 1. Operating income in the above table excludes amortization of net retirement benefit obligations due to the change in accounting (actuarial gain of ¥14,209 million in FY2006 and actuarial loss of ¥2,050 million in FY2007).

2. Previously, we had classified our business into three segments: “Chemicals & Plastics,” “Fibers,” and “Carbon Fibers & Composite Materials, Membranes and Others.” Beginning in the fiscal year under review, we reclassified this segmentation into the following four: “Chemicals & Plastics,” “Acrylic fibers & AN Monomers and Derivatives,” “Carbon Fibers & Composite Materials,” and “Acetate fibers, Membranes and Others.”

We made this change in line with the reorganization of April 2007 in order to clarify the business chains of the MMA business and the AN business, the core businesses of the Group; appropriately reflect the results of business management achieved by strengthening chain activities; and increase the usefulness of information on segments by business category. Given its increasing importance, we now state results of “Carbon Fibers & Composite Materials” in the AN business separately, to disclose relevant business activities in an appropriate manner.

Consolidated net sales and operating income for the previous fiscal year are stated according to the new segmentation.

1) Chemicals & Plastics

<Chemicals>

Sales of MMA monomer remained steady particularly for Asia, despite weakened demand for IT-related products and transparent resins. We worked to increase product prices in response to an increase in the prices of raw materials and fuel.

Sales of MMA monomer at Thai MMA also remained robust mainly for Asia. In the meantime, Huizhou MMA Co., Ltd. in China raised its annual production capacity by 20,000 tons to 90,000 tons, as scheduled.

<Specialty Plastics and Specialty Chemicals>

Sales of acrylic molding materials were sluggish affected by slow domestic demand for IT-related products, although demand from the automobile and home electronic appliance industries continued to be steady, particularly during the first half of the fiscal year under review.

Nantong Rayon Chemical Co., Ltd. in China saw its sales remain unchanged from the previous fiscal year because of weak sales prices amid intensifying competition, despite strong demand for automobiles and light guiding panels.

In acrylic sheet products, overall sales were sluggish. Demand for those products for use in light guiding panels was steady in general, but their sales prices weakened. Curable acrylic sheets for cell phones also faced intense competition from other materials. We began to sell surface-emitting panels and diffusing panels for signboards and sign displays which use LEDs as a light source and whose market is expanding.

Mitsubishi Rayon Polymer Nantong Co., Ltd. in China saw demand for its products for use in IT-related products remain steady, but sales prices stayed weak.

Sales of coating materials remained unchanged from the previous year, backed by robust demand for the one for automobiles, the mainstay material, in the latter half of the fiscal year under review, and by continued strong demand for those for ships and inks. We also worked on market development of “Rayqueen,” a coating material for blue-ray disks, and “Lithomax,” an ArF resist polymer for semiconductors, for which demand is expected to increase.

Sales of plastic modifier “Metablen” stayed flat from the previous year, supported by strong demand for the product for use in OA-related equipment in the non-vinyl chloride field, although demand weakened for the product for use in construction materials in the vinyl chloride field amid the soft housing demand.

Sales of acrylic films increased because of robust sales to Europe, despite sluggish domestic demand for the film for construction materials on the back of slow housing demand.

<Information Materials >

Sales of plastic optical fiber for automotive LAN in Europe continued to be steady and sales of plastic rod lenses for hybrid printers remained firm.

The business environment of “Diaart” prism sheets for LCD backlights

deteriorated rapidly, reflecting intensified competition over the mainstay sheet for notebook computers, a declined sales volume, and lowered sales prices. Furthermore, the operating rate of production facilities at the Yokohama Production Center with an annual output capacity of 15.0 million sheets slowed down in the latter half of the fiscal year under review.

2) Acrylic Fibers & AN Monomer and Derivatives

<Acrylic Fibers>

Demand for acrylic fibers substantially weakened particularly in China, the main market, owing to the contracted market in Japan and a further shift by manufacturers to other materials. We strove to thoroughly reflect increased prices of raw materials and fuel in product prices centering on specialized materials. However, facing a severe business environment amid worsening earnings, we implemented production adjustments in and after October 2007. Against this backdrop, Ningbo Rayon Acrylic Fibers Co., Ltd. in China was forced to cut production in the latter half of the fiscal year under review.

This harsh business climate is still continuing. From now on, we will endeavor to recover profitability by reforming the portfolio of products with the emphasis on a shift to specialized materials, expanding sales of specialized materials, reviewing the sales structure, and implementing structural reform of the entire business without delay.

<AN Monomer and Derivatives>

Sales at Dia-Nitrix Co., Ltd. continued to be steady, thanks to strong demand for AN, mainly in Asia, and higher prices of AN in overseas markets. Sales of acrylamide to overseas markets increased in terms of volume.

3) Carbon Fibers & Composite Materials

Demand for carbon fibers and composite materials for use in aircraft, wind energy blades, and sports and leisure products is on the rise. The increase in production capacity at manufacturers is gradually easing the tight demand-supply situation, but the scale of the market is likely to continue expanding. The Group reinforced its business development in general industry applications including sports and leisure applications, which resulted in favorable sales. We also developed a new carbon fiber “Pyrofil P330 series” for use in large structures such as automotive parts and, in anticipation of a further, and eventually full-scale, increase in general industry applications.

With regard to production, we continued a high level of operations both in Japan and the United States. Production facilities at the Toyohashi Production Center, which have an annual production capacity of 2,200 tons and started operations in May 2007, continued to operate smoothly. In preparation for a full-scale expansion of the market, we have also decided to build facilities at the Otake Production Center that will have an annual output capacity of 2,700 tons including the production of the “Pyrofil P330 series.”

4) Acetate Fibers, Membranes and Others

<Acetate Fibers and Others>

In Mitsubishi Rayon Textile Co., Ltd., sales of “Soalon” tri-acetate filament yarn were sluggish, hurt by a decline in demand from the United States, the main market, despite an expansion of sales to Europe and China.

Sales of “Lynda” di-acetate filament yarn remained at the level of the previous year helped by steady sales in Japan.

<Membranes and Others>

In the home-use water purifier section, sales of high-function products remained firm, such as multifunction products for pollutants (including lead, trihalomethane and agrochemicals). Looking at membrane products, we put particular effort into sales of hollow-fiber membrane units for wastewater treatment employing a new membrane that is highly evaluated in the markets, which resulted in increasing their sales associated with various wastewater treatment projects in China and South Korea. In June 2007, Nitto Denko Corporation and the Company jointly established a firm in the United States to develop technology for water treatment membranes, aiming to expand into the businesses of seawater desalination and wastewater recycling, which are expected to grow in the future.

In the engineering business section, we strove to take orders mainly for plant construction work, which is the Company’s strong area, amid the severe business environment as shown by decreasing public works projects.

Sales of resin products for automobiles remained strong for Ryoko Co., Ltd.

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(2) Fund Procurement

1) Fund procurement status

(i) Issue of bonds

During FY2007, the Company issued the following bonds.

Name	Issue date	Amount	Maturity date
5th Unsecured Straight Bonds	June 18, 2007	10,000 million yen	June 18, 2014
6th Unsecured Straight Bonds	December 17, 2007	10,000 million yen	December 17, 2012

(ii) Other fund procurement

During FY2007, the Company raised fund through a syndicated loan of ¥15 billion. The syndicated loan is a joint financing of 22 companies with the Bank of Tokyo-Mitsubishi UFJ, Ltd. as the lead manager.

2) Plant and Equipment Investment

(i) Plant and equipment completed during FY2007

Toyohashi Production Center (Carbon Fibers & Composite Materials business):
Expansion of carbon fiber production facilities

(ii) Ongoing new construction and enhancement of main facilities in FY2007

Thai MMA Co., Ltd. (Chemicals & Plastics business):
Expansion of MMA monomer production facilities
New construction of acrylic sheet production facilities
Otake Production Center (Carbon Fibers & Composite Materials business):
New construction of carbon fiber production facilities

3) Acquisition or disposal of shares and other equity of other companies or new share warrants

The Company had owned 65.0% of equity in Qingdao Lingtong Textile Co., Ltd., but sold all of that equity in August 2007.

(TRANSLATION FOR REFERENCE ONLY)

(3) Status of Assets and Profits/Losses

1) Status of assets and profits/losses of the Group

(million yen)

Items	80th fiscal year (year ended on March 31, 2005)	81st fiscal year (year ended on March 31, 2006)	82nd fiscal year (year ended on March 31, 2007)	83rd fiscal year (year ended on March 31, 2008)
Net sales	330,106	348,967	417,027	418,529
Ordinary income	27,806	38,858	58,471	33,968
Net income	14,438	24,425	31,273	14,274
Net income per share (yen)	23.52	40.46	52.15	23.91
Net assets	156,842	185,841	225,713	215,819
Total assets	345,989	381,557	449,578	451,540

(Note) Effective the 82nd fiscal year, we have applied “Accounting Standards for Presentation of Net Assets in the Balance Sheet” (ASBJ Statement No.5 issued on December 9, 2005) and “Implementation Guidance on the Accounting Standard for Presentation of Net Assets in the Balance Sheet” (ASBJ Guidance No.8 issued on December 9, 2005).

2) Status of assets and profits/losses of the Company

(million yen)

Items	80th fiscal year (year ended on March 31, 2005)	81st fiscal year (year ended on March 31, 2006)	82nd fiscal year (year ended on March 31, 2007)	83rd fiscal year (year ended on March 31, 2008)
Net sales	212,905	227,916	238,042	240,205
Ordinary income	20,230	27,157	44,343	20,271
Net income	11,738	18,006	25,943	9,966
Net income per share (yen)	19.14	29.86	43.26	16.70
Net assets	138,391	157,286	177,111	160,514
Total assets	264,779	280,048	327,170	331,020

(Note) Effective the 82nd fiscal year, we have applied “Accounting Standards for Presentation of Net Assets in the Balance Sheet” (ASBJ Statement No.5 issued on December 9, 2005) and “Implementation Guidance on the Accounting Standard for Presentation of Net Assets in the Balance Sheet” (ASBJ Guidance No.8 issued on December 9, 2005).

(4) Issues the Group Faces

1) Management policy

Under the management philosophy of “Best Quality for a Better Life - Contributing to the abundant future of people”, the Group’s basic management objective is to transform, by self-supporting efforts, “Mitsubishi Rayon Group into a high-earning enterprise with excellent growth potential” consisting of business sections with uniqueness and specialty and continuously contributing to the good of society.

For the realization of the objective, we have the following business attitudes.

First, we will take the lead in tackling various issues on global environment conservation and ensure compliance with laws in a management that is based on the understanding that the Group’s existence and growth are conditioned on the fulfillment of social responsibility as a corporation and the social trust so obtained. Based on the experience of the Group, in our daily business activities we will implement an internal control system covering legal compliance, risk management and information management, and strive to maintain and improve this internal control system’s effectiveness and efficiency.

Secondly, we will implement management that makes the best use of our personnel’s abilities, given the following fact. For a corporation to continue challenging demanding goals: all employees need to be enthusiastic, self-motivated and independent; close communication among employees needs to be maintained; organizational unity needs to be strong; and management needs to help individual employees demonstrate their abilities to the maximum degree.

Thirdly, we will concentrate our management resources in the businesses which we aim to enhance and expand with the skills we have, and conduct rigorous management of the business portfolio by continuously trying to create new business areas in which we have self-confidence.

2) Initiatives the Group established

Following the fifth medium-term management plan “US → 2007” through FY2007, the Group formulated the sixth medium-term management plan “Global US → 2010,” which lasts from FY2008 through FY2010, with the basic concept of “new design toward growth.” The new plan is positioned as the plan of Phase I, in which the Group aims to become a one-trillion-yen corporation in 10 years while reinforcing the management structure to overcome the current severe business environment.

In April 2007, the Group implemented structural reform aiming particularly to: (1) revitalize its organization and make business management more autonomous and speedier under an organization that is flattened by abolishing systems such as the divisional organization system; and (2) strengthen chain activities after clarifying business chains. In FY2008, we will make every effort to achieve the following principal initiatives in the sixth medium-term management plan.

Continued enhancement of operational competitiveness

The Group has obtained excellent results from its activities to raise operational competitiveness, particularly in the reforms of operations and production. Under the sixth medium-term management plan, we will also continuously promote the above activities as the “JK → 2010” activity. We aim to further improve our competitiveness through the development of applications and the cultivation of markets in addition to such conventional activities as the sophistication of production technologies and systems and the comprehensive management of product lineups and inventories, which have been continuously implemented. We will accelerate the timetable for achieving these targets as much as possible, considering that the economic circumstances and industry climate surrounding the Group have changed drastically since the latter half of the previous fiscal year.

Accelerating the growth of the acrylic business

The Group will concentrate management resources on its core acrylic operations which consist of the MMA (methyl methacrylate) and AN (acrylonitrile) businesses, aiming to establish a worldwide MMA chain that is dominant both in business scale and profitability, while enhancing the AN business as a core business second only to the MMA business.

In the MMA business, the Group has established a solid, integrated MMA business structure covering products from monomers through polymers in Japan, Thailand and China, and implemented plans to enlarge manufacturing facilities in South Korea and Thailand. The Group is also continuously considering large-scale investments for further growth and expansion, developing new products and new business materials with polymers, copolymers and optical elements, and cultivating their applications and markets. Through these efforts, the Group will continue to enhance the MMA business in the form of a business chain.

We will strive to expand the AN business as a business chain covering products from AN monomer to precursors for carbon fibers, carbon fibers and composite materials. With regard to the carbon fibers and composite materials business, we expanded the carbon fiber facilities at the Toyohashi Production Center in May 2007 and are implementing a plan to newly construct carbon fiber facilities at the Otake Production Center. From now on, we will expand this business as a unique and competitive enterprise. To this end, we will take full advantage of our strengths, placing new business materials on the market, developing high value-added materials, and considering further enhancement programs. In the acrylic fiber business, we will improve profitability by reforming business structure, including the downsizing of operations by shifting to precursors for carbon fibers.

Measures for unprofitable businesses

We will decide whether it is appropriate to continue the low-profit business that

has little synergy with other businesses and has no future growth potential, taking into account the efficient use of management resources. We will restructure unprofitable businesses of group companies overseas, among others.

Creating new businesses

The Group will tenaciously work to create our next core business areas. To this end, we will continue focused allocation of management resources to develop the water environment-related business area, the electronic and optical materials business areas, and the automobile-related business area, which we regard as our next core business areas.

Through the structural reform in April 2007, the Group strengthened cross-sectional functions in the research and development sector, in order to boost cooperation among R&D laboratories and centers. Under the new framework, we will determine cross-sectional themes over multiple R&D organizations, and further enhance the Group's ability to develop new technologies and products.

Strengthening of internal control

In the Group, whose highest priority is the fulfillment of its corporate social responsibility (CSR) goals, the "CSR Committee" supervising CSR activities in each section determines a future course of action for the CSR activities of the Group overall, and works to harmonize individual activities based on the course of action, aiming to further improve and enhance CSR activities.

We are working on the enhancement of internal control in accordance with the basic policy decided by the Board of Directors. In October 2007, we established the "Risk Management Committee" to strengthen the risk management system of the Group. We also reviewed relevant regulations and improved the risk management system, the very basis of internal control. In FY2008, the Risk Management Committee will continue to take the initiative in strengthening activities against critical risks, and pursue the establishment of an effective risk management system.

We implemented a project to improve the system for "internal control related to financial reports." In FY2008, we will ensure the execution of internal control under this system.

(TRANSLATION FOR REFERENCE ONLY)

(5) Main Businesses of the Group (As of March 31, 2008)

The Group's principal businesses are production and sale of the following products:

Chemicals & Plastics	<p>Chemicals (MMA monomer, methacrylic acid esters, organic solvents, fine chemicals)</p> <p>Molding materials (acrylic molding materials, PBT molding materials)</p> <p>Sheets (acrylic sheets)</p> <p>Coating materials, functional copolymer, UV curing paints</p> <p>Copolymer for plastic modifiers</p> <p>Acrylic films</p> <p>Prism sheet for LCD backlights</p> <p>Plastic optical fibers</p> <p>Rod lens</p>
Acrylic Fibers & AN Monomer and Derivatives	<p>Acrylic fibers (staple fibers)</p> <p>Acrylonitrile and derivatives</p>
Carbon Fibers & Composite Materials	<p>Carbon fibers (tow, cloth, prepreg, chopped fibers)</p> <p>Fabricated composite materials (for sports applications and industrial applications)</p> <p>Materials for aircraft</p>
Acetate Fibers, Membranes and Others	<p>Acetate fibers (filament yarns, tow)</p> <p>Polyester fibers (filament yarns)</p> <p>Polypropylene fibers (filament yarns)</p> <p>Suede artificial leather</p> <p>Water purifiers (home use, commercial use, portables)</p> <p>Hollow-fiber membranes filters (for wastewater treatment, water purifying, industrial use, power plant use, medical use)</p> <p>Artificial carbonated spring manufacturing equipment</p> <p>Water treatment systems</p> <p>Plant engineering</p> <p>Construction materials</p>

(TRANSLATION FOR REFERENCE ONLY)

(6) Principal offices and plants of the Group (As of March 31, 2008)

Mitsubishi Rayon Co., Ltd.	Head office	6-41, Konan 1-chome, Minato-ku, Tokyo	
	Branches	Osaka Branch (Osaka-shi, Osaka) Nagoya Branch (Nagoya-shi, Aichi)	
	Production Centers	Otake Production Center (Otake-shi, Hiroshima) Toyohashi Production Center (Toyohashi-shi, Aichi) Toyama Production Center (Toyama-shi, Toyama) Yokohama Production Center (Yokohama-shi, Kanagawa)	
	Laboratories	Corporate Research Laboratories (Otake-shi, Hiroshima) Yokohama Corporate Research Laboratories (Yokohama-shi, Kanagawa) Toyohashi Corporate Research Laboratories (Toyohashi-shi, Aichi) Production Technology Laboratories (Otake-shi, Hiroshima)	
Subsidiaries	Japan	Dia-Nitrix Co., Ltd. Head office: Minato-ku, Tokyo Branch: Osaka Branch (Osaka-shi, Osaka) Plants: Mizushima Plant (Kurashiki-shi, Okayama) Otake Plant (Otake-shi, Hiroshima) Kurosaki Plant (Kitakyushu-shi, Fukuoka) Yokohama Plant (Yokohama-shi, Kanagawa) Toyama Plant (Toyama-shi, Toyama) Laboratories: Corporate Research Laboratories (Yokohama-shi, Kanagawa)	
		Mitsubishi Rayon Engineering Co., Ltd. Head office: Minato-ku, Tokyo Production Centers: Otake Production Center (Otake-shi, Hiroshima) Toyohashi Production Center (Toyohashi-shi, Aichi) Toyama Production Center (Toyama-shi, Toyama) Yokohama Production Center (Yokohama-shi, Kanagawa)	
		Mitsubishi Rayon Textile Co., Ltd. Head office: Osaka-shi, Osaka	
		Ryoko Co., Ltd. Head office: Chuo-ku, Tokyo Branches: Osaka Branch (Osaka-shi, Osaka) Sendai Branch (Sendai-shi, Miyagi) Nagoya Branch (Nagoya-shi, Aichi) Fukuoka Branch (Fukuoka-shi, Fukuoka)	
		MRC Finance Co., Ltd. Head office: Minato-ku, Tokyo	
		Overseas	Huizhou MMA Co., Ltd. (China)
		Mitsubishi Rayon America Inc. (U.S.A.)	
		Ningbo Rayon Acrylic Fibers Co., Ltd. (China)	
		P. T. Vonex Indonesia (Indonesia)	
		Jiangsu Xinling Chemical Co., Ltd. (China)	
	Mitsubishi Rayon Polymer Nantong Co., Ltd. (China)		
	Nantong Rayon Chemical Co., Ltd. (China)		
	Thai MMA Co., Ltd. (Thailand)		

(TRANSLATION FOR REFERENCE ONLY)

(7) Status of Employees (As of March 31, 2008)

1) Number of employees of the Group

Name of segment by business category	Number of employees
Chemicals & Plastics	2,226
Acrylic Fibers & AN Monomer and Derivatives	1,478
Carbon Fibers & Composite Materials	631
Acetate Fibers, Membranes and Others	2,500
Corporate	864
Total	7,699

(Note) "Corporate" indicates the number of employees belonging to sections that cannot be classified by business category.

2) Employees of the Company

Number	increase/decrease from the end of the previous term	Average age	Average length of service (years)
2,810	+55	41.3	19.6

(TRANSLATION FOR REFERENCE ONLY)

(8) Status of Major Subsidiaries (As of March 31, 2008)

Company	Issued share capital	Investment ratio	Principal activities
Dia-Nitrix Co., Ltd.	million yen 2,000	% 65.0	Production and sale of acrylonitrile, acrylamide, and production catalytic agent and polymer flocculants thereof
Mitsubishi Rayon Engineering Co., Ltd.	1,200	100.0	Engineering business, and production and sale of hollow fiber membrane products
Mitsubishi Rayon Textile Co., Ltd.	450	100.0	Sale of synthetic fibers, fabric & textile and other fiber products
Ryoko Co., Ltd.	100	80.0	Sale of plastic products and fabricated plastic products, and designing and decorating of interior room
MRC Finance Co., Ltd.	30	100.0	Financial business
Huizhou MMA Co., Ltd.	thousand US dollars 65,000	100.0	Production and sale of MMA monomer
Mitsubishi Rayon America Inc.	54,907	100.0	Collection of information and sale
Ningbo Rayon Acrylic Fibers Co., Ltd.	50,000	55.0	Production and sale of acrylic fibers
P. T. Vonex Indonesia	43,660	97.2	Spinning and dyeing of acrylic fibers
Jiangsu Xinling Chemical Co., Ltd.	29,600	97.0	Production and sale of dimethylformamide and methylamine
Mitsubishi Rayon Polymer Nantong Co., Ltd.	27,500	100.0	Production and sale of acrylic sheets and coating materials
Nantong Rayon Chemical Co., Ltd.	20,730	80.0	Production and sale of acrylic molding materials
Thai MMA Co., Ltd.	million Thai Bahts 4,796	49.7	Production and sale of MMA monomer and functional esters

(Note) Qingdao Lingtong Textile Co., Ltd., which had been a major subsidiary up until the previous fiscal year, is not listed as a consolidated subsidiary anymore as the Company sold all equity in it.

(TRANSLATION FOR REFERENCE ONLY)

(9) Status of Major Creditors (As of March 31, 2008)

Creditor	Loans payable
Syndicate loans (Note)	million yen 20,000
Meiji Yasuda Life Insurance Company	12,000
Bank of Tokyo-Mitsubishi UFJ (China), Ltd.	8,889
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,616
Japan Bank for International Cooperation	5,573
Mizuho Corporate Bank (China), Ltd.	4,015
Mitsubishi UFJ Trust and Banking Corporation	3,900
The Norinchukin Bank	3,700
Mizuho Corporate Bank, Ltd.	3,163
The Jyo Bank, Ltd.	2,000
The Hachijuni Bank, Ltd.	2,000
Nippon Life Insurance Company	2,000

(Note) Details of the syndicate loan are as follows:

1. Joint financing of 13 companies with the Bank of Tokyo-Mitsubishi UFJ, Ltd. as the lead manager: 5,000 million yen
2. Joint financing of 22 companies with the Bank of Tokyo-Mitsubishi UFJ, Ltd. as the lead manager: 15,000 million yen

(TRANSLATION FOR REFERENCE ONLY)

2. Shareholders' Equity (As of March 31, 2008)

- (1) Total number of shares authorized to be issued 1,200,000,000
(2) Total number of outstanding shares 599,997,820
(Including 27,620,654 treasury stocks)
(3) Number of shareholders 78,861 (4,234 increase from the previous term)
(4) Major shareholders

Name of shareholder	Shareholders' stake in the Company	
	Number of shares (1,000)	Investment ratio (%)
Japan Trustee Services Bank, Ltd. (trust account)	31,443	5.4
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	21,964	3.8
The Master Trust Bank of Japan, Ltd. (trust account)	20,869	3.6
Meiji Yasuda Life Insurance Company	20,624	3.6
National Mutual Insurance Federation of Agricultural Cooperatives	20,027	3.4
Nippon Life Insurance Company	13,482	2.3
Mitsubishi UFJ Trust and Banking Corporation	10,592	1.8
BBH 493025 Black Rock Global Allocation	10,500	1.8
Mitsubishi Heavy Industries, Ltd.	10,072	1.7
The Bank of New York (Luxembourg) S.A. Non-treaty Account	7,946	1.3

(Note) Treasury stocks (27,620,654 shares) are excluded in calculating investment ratios.

3. New Share Warrants (As of March 31, 2008)

There were no noteworthy events.

(TRANSLATION FOR REFERENCE ONLY)

4. Directors and Corporate Auditors

(1) Names, etc. of Directors of the Board and Corporate Auditors (As of March 31, 2008)

Position	Name	Principal duties and representation for other corporations
Representative Director and Chairman of the Board	Yoshiyuki Sumeragi	Chairman of the Board of Directors
Representative Director, President and Presidential Executive Officer	Masanao Kambara	Chairman of CSR Committee, Risk Management Committee, Safety, Environment and Quality Assurance Committee, Corporate Ethics Committee, and JK Committee, Officer in charge of Audit Office
Director and Senior Managing Executive Officer	Naoki Yamamoto	Officer in charge of AN Business Bloc and Specialty Fibers Business Bloc Control of Osaka Branch
Director and Senior Managing Executive Officer	Takumi Ubagai	Officer in charge of MMA Business Bloc Control of Nagoya Branch Director of CO-OP Chemical Co., Ltd.
Director and Managing Executive Officer	Noriyuki Tajiri	In charge of Management Advisory Committee, Management Meeting and Officers meeting, In charge of CSR Committee, Risk Management Committee and JK Committee Officer in charge of Corporate Planning Division and Affiliated Companies Bloc Assistant Officer in charge of Audit Office General Manager of Corporate Planning Division
Director and Managing Executive Officer	Toshifumi Shinohara	Chairman of Information Security Committee In charge of Corporate Ethics Committee and Information Security Committee Officer in charge of Corporate Ethics Officer in charge of Export Control Office, Human Resources Department, General Administration Department, Accounting Department, HR & Accounting Operation Support Center and Logistics & Information Systems Planning Office
Director and Managing Executive Officer	Akio Kataoka	In charge of Safety, Environment & Quality Assurance Committee Officer in charge of Safety, Environment & Quality Assurance and Product Liability Officer in charge of Safety, Environment & Quality Assurance Department, Production Technology Administration Department, Utilities Center, Research & Development Administration Department, Intellectual Property Department, Corporate Research Laboratories, Yokohama Corporate Research Laboratories, Toyohashi Corporate Research Laboratories, Production Technology Laboratories, Tokyo Technology & Information Center and MRE Business Bloc In charge of Production Centers and Hachinohe Factory
Director and Executive Officer	Mikiyoshi Araki	General Manager of Toyohashi Production Center

(TRANSLATION FOR REFERENCE ONLY)

Position	Name	Principal duties and representation for other corporations
Director and Executive Officer	Michio Tatebayashi	Officer in charge of Public & Investors Relations Office, Mitsubishi Rayon America Inc., MRC Asia (Thailand) Ltd., MRC Hong Kong Co., Ltd. and MRC Shanghai Business Consulting Co., Ltd. Director of Public & Investors Relations Office
Corporate Auditor (Full-time)	Koichi Katayama	
Corporate Auditor (Full-time)	Isao Takeuchi	
Corporate Auditor (Full-time)	Toru Sakamaki	
Corporate Auditor	Hideki Hoshina	
Corporate Auditor	Noriyuki Hoshi	

(Notes)

1. Corporate Auditor Toru Sakamaki newly assumed the office of Corporate Auditor on June 28, 2007.
2. Corporate Auditor Yoriyuki Tanaka resigned on June 28, 2007.
3. Corporate Auditors Isao Takeuchi, Hideki Hoshina and Noriyuki Hoshi are external auditors as stipulated in Article 2, Paragraph 16 of the Corporation Law.
4. Corporate Auditor Toru Sakamaki has been in charge of accounting operations of the Company for 23 years and has considerable expertise on finance and accounting.

(TRANSLATION FOR REFERENCE ONLY)

(2) Remuneration of Directors and Corporate Auditors

Category	Number of payees	Amount (million yen)
Director	9	304
Corporate Auditor [Of which, number of External Auditor]	5 [3]	106 [56]
Total	14	410

- (Notes) 1. Yearly remuneration of directors is limited to ¥480 million and this amount does not include the amount of salary of directors concurrently working as employee (resolution at the Ordinary General Meeting of Shareholders in June 2007). Yearly remuneration of Corporate Auditors is limited to ¥130 million (resolution at the Ordinary General Meeting of Shareholders in June 2007).
2. Remuneration of directors does not include the amount of salary of directors concurrently working as employee. The amount of salary of directors concurrently working as employee paid in FY2007 is ¥25 million. The number of directors concurrently working as employee as at the end of FY2007 is two.
3. The Company decided to abolish the retirement benefit system for Directors and Corporate Auditors in June 2007, and pay nine Directors and four Corporate Auditors retirement benefits corresponding to their tenures until the close of the Ordinary General Meeting of Shareholders held in June 2007 (which was resolved at the Ordinary General Meeting of Shareholders held in June 2007).
4. The number of Directors and Corporate Auditors as at the end of FY2007 is nine and five (of whom three are external auditors), respectively.

(3) External Directors

1) Main activities of external directors

Category	Name	Main activities
Corporate Auditor (Full-time)	Isao Takeuchi	Participated in all of 24 Board of Directors' meetings held in FY2007 and gave appropriate advice on internal control and conceivable risks in various situations of business operation. Also attended all 12 Board of Corporate Auditors' meetings held in FY2007 and discussed topics such as risks of business operations and internal control with other auditors, clarified matters to be confirmed, and strove to make audit operations more appropriate.
Corporate Auditor	Hideki Hoshina	Participated in all 24 Board of Directors' meetings held in FY2007, and when necessary, he stated opinions and gave advice on business operations especially from the viewpoint of compliance. Also attended all 12 Board of Corporate Auditors' meetings held in FY2007, and mutually examined the actual audit data and discerned items that could be business risks and problems, then discussed such items, if any.
Corporate Auditor	Noriyuki Hoshi	Participated in 21 of 24 Board of Directors' meetings held in FY2007, and made remarks and gave advice, especially from a legal point of view, on conceivable situations in operating businesses. Also attended all 12 Board of Corporate Auditors' meetings held in FY2007, and heard results of visiting audits from full-time Corporate Auditors, then examined and discussed with them whether there had been any legal problems.

5. Accounting Auditor

(1) **Name of accounting auditor:** Ernst & Young Shin Nihon

(2) **Amount of Remuneration, etc.**

	Amount of remuneration, etc.
Amount of remuneration, etc. of accounting auditor concerning FY2007	50 million yen
Total amount of such as money that must be paid to accounting auditor by the Company and its subsidiaries.	66 million yen

- (Notes) 1. Of all important subsidiaries of the Company, Huizhou MMA Co., Ltd., Ningbo Rayon Acrylic Fibers Co., Ltd., P.T. VONEX INDONESIA and Mitsubishi Rayon Polymer Nantong Co., Ltd. and 3 other companies are audited (limited to audit in compliance with provisions of the Corporation Law or Financial Instruments and Exchange Law (including foreign laws and regulations that correspond to these laws)) by certified public accountants or audit firms (including those who have qualifications that correspond to these qualifications in foreign countries) that are different from the accounting auditor of the Company.
2. In the audit contract between the Company and accounting auditor, audit remuneration, etc. are not clearly divided into remuneration for audit based on the Corporation Law and that based on Financial Instruments and Exchange Law, nor can we divide them in effect. Accordingly, the total amount of these items has been listed as the amount of remuneration, etc. concerning FY2007.
3. The Company pays the accounting auditor compensation for its services, which do not come under the business set forth in Article 2, Paragraph 1 of the Certified Public Accountants Law, including advisory and guidance services for internal control evaluation and preparation service for a comfort letter in connection with bond issue.

(3) **Policy on dismissal or non-reappointment**

The Company has a policy of dismissing the accounting auditor if the Board of Corporate Auditors' decides that the case falls under any of items as specified in Article 340, Paragraph 1 of the Corporation Law.

6. Outline of Resolution for Developing Systems to Secure the Appropriateness of Business Operations

The outline of the decision on our basic policy concerning compliance by Directors of the Board with the laws, regulations and Articles of Incorporation, and development of systems to secure the appropriateness of business operations is as follows:

- (1) Systems to secure that the execution of duties by Directors and employees conforms to the laws, regulations and Articles of Incorporation
 - (i) All the Directors and employees of the Group in and outside of Japan shall comply with the “Corporate Ethics Policy” and the “Business Code of Conduct”.
 - (ii) The lawfulness of the execution of duties by the Directors shall be secured through an operations report given at the meeting of Board of Directors, information exchange and mutual monitoring.
 - (iii) To achieve transparent and fair management, the “Management Advisory Committee” composed of outside experts shall be held to seek advice and proposals for the President on the direction and other aspects of medium- to long-term management.
 - (iv) To fulfill corporate social responsibility, the CSR Committee shall be established to supervise the Risk Management Committee, Corporate Ethics Committee, Safety, Environment and Quality Assurance Committee, and Information Security Committee, while developing a cross-sectional compliance system.
 - (v) To secure the employees’ thoroughgoing compliance with laws, regulations and internal rules, “Compliance Contact (Hotline)” established in and outside of the Company shall be operated appropriately and the internal audit sector shall conduct internal audits rigorously.
- (2) Systems to retain and manage information on the execution of duties by Directors
 - (i) Information on the operations of Directors and employees shall be managed in accordance with relevant rules, under the “Information Security Policy,” a basic policy for information management.
 - (ii) Important documents related to the execution of duties by Directors shall be kept all together at the relevant administrative section for certain retention periods in accordance with the “Rules Concerning Important Documents.”
- (3) Rules and other systems concerning management of risk of loss
 - (i) The Risk Management Committee shall supervise risk management for overall business operations of the entire Group. In addition, basic rules on risk management method shall be prepared, daily preventive systems shall be enhanced by implementing standard measures against risks, which are provided in the “Rules Concerning Business Operation,” and the head of each organization shall properly manage risks at its responsibility. Furthermore, the internal audit section shall conduct internal audits over the business operation status and raise the effectiveness of risk management as a whole.
 - (ii) In emergencies, a Crisis Countermeasures Headquarters shall be established to

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- prevent the expansion of damage and restore the previous status without delay.
- (iii) To make reliable financial reports, “Operation Rules for Internal Control over Financial Reporting” shall be prescribed, and in accordance with these rules, reports on evaluation results for the effectiveness of internal control over financial reporting shall be given in the form of internal control reports.
- (4) Systems to ensure the efficient execution of duties by Directors
- (i) In determining policies for important matters related to business operations, discussions shall be fully made at the Management Meeting, which is held once a week, before the Board of Directors meetings, to make the decision-making process appropriate and prompt, and the execution of duties efficient.
 - (ii) In the decision-making process, resultant decisions shall be conveyed immediately to all Directors and relevant sections using the electronic document control system, and operations based on the said decision shall be implemented within the authority and responsibility that are stipulated in “office organization” and “division of duties.”
- (5) Systems to ensure the appropriate operations in the corporate group
- The “Rules for Management of Group Companies,” which can be applied to all the Group companies, shall be established to ensure reporting and communications by the Group companies to the Company as well as guidance by the Company to the Group companies, while appreciating the independence of each Group company, to achieve appropriate business operational control.
- (6) Systems to ensure effective audits by Corporate Auditors
- (i) Assistants to Corporate Auditors shall be appointed, and to secure the independence of such assistants, details such as their appointment, evaluation, and transfer shall be subject to the consent of the Board of Corporate Auditors.
 - (ii) Corporate Auditors shall have interviews with Directors and employees, whenever necessary, regarding important matters related to the execution of operations and the establishment of internal control system, and periodic individual interviews with each member of the Management Meeting, aiming to increase effectiveness and flexibility of auditing operations.
 - (iii) The Board of Corporate Auditors, the accounting auditor (certified public accountants) and the Audit Office shall hold meetings to exchange information on a regular basis and have close communication and coordination, in order to secure the effectiveness of auditing operations by Corporate Auditors.
- (Note) The main points different from the business report for the previous fiscal year (82nd term) are as follows:
1. Establishment of the CSR Committee: (1) (iv)
 2. Establishment of the Risk Management Committee: (3) (i)
 3. Addition of the item of basic policy for internal control over financial reporting: (3) (iii)

(TRANSLATION FOR REFERENCE ONLY)

1. Consolidated Balance Sheet

Consolidated Balance Sheet
(as of March 31, 2008)

Item	Amount	Item	Amount
	million yen		million yen
ASSETS	451,540	LIABILITIES	235,721
<u>Current Assets:</u>	<u>177,259</u>	<u>Current Liabilities:</u>	<u>137,914</u>
Cash and deposits	17,361	Notes payable and accounts payable	61,923
Notes receivable and accounts receivable	81,456	Short-term borrowings	42,953
Inventories	58,864	Accrued corporate tax, etc.	3,305
Deferred tax	2,939	Deferred tax	111
Others	16,983	Allowance for bonuses	4,164
Allowance for doubtful accounts	(345)	Allowance for bonuses to officers	13
		Others	25,442
<u>Fixed Assets:</u>	<u>274,280</u>	<u>Fixed Liabilities:</u>	<u>97,806</u>
<u>Tangible fixed assets</u>	<u>173,481</u>	Bonds	30,000
Buildings and structures	40,734	Long-term borrowings	35,711
Machinery, instruments and vehicles	84,658	Deferred tax	82
Land	25,752	Allowance for retirement benefits	27,659
Construction in progress	18,422	Allowance for retirement benefits to officers	126
Others	3,912	Allowance for repairs	957
<u>Intangible fixed assets</u>	<u>8,811</u>	Others	3,270
Goodwill	3,315		
Others	5,495	NET ASSETS	215,819
<u>Investment and other assets</u>	<u>91,987</u>	<u>Shareholders' Equity:</u>	<u>194,245</u>
Investment securities	70,996	Common stock	53,229
Long-term loan	5	Capital surplus	28,796
Deferred tax	10,173	Retained earnings	122,706
Others	10,949	Treasury stocks	(10,488)
Allowance for doubtful accounts	(137)		
		<u>Valuation and Translation Adjustments and others:</u>	<u>5,283</u>
		Unrealized gain on other securities	5,753
		Deferred gains/losses on hedges	7
		Foreign currency translation adjustment	(476)
		<u>Minority Interest:</u>	<u>16,290</u>
<u>Total Assets</u>	451,540	<u>Total Liabilities and Net Assets</u>	451,540

* Please refer to Notes to Consolidated Financial Statements on page 30.

(TRANSLATION FOR REFERENCE ONLY)

2. Consolidated Statement of Income

Consolidated Statement of Income
(April 1, 2007 to March 31, 2008)

Item	Amount	
	million yen	million yen
Net sales		418,529
Cost of sales		320,815
Gross profit		97,713
Selling, general and administrative expenses		60,205
Operating income		37,508
Non-operating income		2,812
Interest	299	
Dividend income	673	
Equity in earnings of affiliates	897	
Miscellaneous income	942	
Non-operating expenses		6,351
Interest	2,043	
Foreign exchange loss	993	
Loss on disposal of obsolete inventories	601	
Opening expenses of foreign subsidiaries	455	
Miscellaneous expenses	2,256	
Ordinary income		33,968
Extraordinary income		80
Gain on sale of fixed assets	61	
Gain on sale of investment securities	19	
Extraordinary loss		6,229
Loss on retirement and disposal of fixed assets	1,735	
Impairment loss	1,421	
Loss on disposal of investment securities	646	
Loss on valuation of investment securities	129	
Loss on disposal of shares of affiliates	17	
Loss on sale of investments in affiliates	137	
Structure improvement expenses	1,462	
Settlement of litigations	679	
Net income before income taxes and adjustments		27,820
Corporate tax, inhabitant tax and enterprise tax	9,234	
Adjustments of corporate tax, etc.	1,155	10,390
Minority interests		3,155
Net income		14,274

* Please refer to Notes to Consolidated Financial Statements on page 30.

(TRANSLATION FOR REFERENCE ONLY)

3. Consolidated Statement of Changes in Shareholders' Equity

Consolidated Statement of Changes in Shareholders' Equity

(April 1, 2007 to March 31, 2008)

(million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2007	53,229	28,793	114,700	(350)	196,372
Changes in the fiscal year under review					
Net income			14,274		14,274
Cash dividends paid			(6,294)		(6,294)
Purchases of treasury stock				(10,154)	(10,154)
Disposal of treasury stock		3		17	20
Reversal of land revaluation differences			30		30
Contribution to employee incentive and welfare fund of foreign subsidiaries			(4)		(4)
Net changes in items other than those in shareholders' equity					
Total changes in the fiscal year under review	-	3	8,005	(10,137)	(2,127)
Balance at March 31, 2008	53,229	28,796	122,706	(10,488)	194,245

	Valuation and translation adjustments and others					Minority interest	Total net assets
	Unrealized gain on other securities	Deferred gains/losses on hedges	Revaluation difference	Foreign currency translation adjustments and others	Total valuation and translation adjustments and others		
Balance at March 31, 2007	16,150	0	30	(131)	16,050	13,289	225,713
Changes in the fiscal year under review							
Net income							14,274
Cash dividends paid							(6,294)
Purchases of treasury stock							(10,154)
Disposal of treasury stock							20
Reversal of land revaluation differences							30
Contribution to employee incentive and welfare fund of foreign subsidiaries							(4)
Net changes in items other than those in shareholders' equity	(10,396)	6	(30)	(345)	(10,766)	3,000	(7,766)
Total changes in the fiscal year under review	(10,396)	6	(30)	(345)	(10,766)	3,000	(9,894)
Balance at March 31, 2008	5,753	7	-	(476)	5,283	16,290	215,819

* Please refer to Notes to Consolidated Financial Statements on page 30.

Notes to Consolidated Financial Statements

1. Basis for Presentation and Summary of Significant Accounting Policies for the Preparation of the Consolidated Financial Statements

(1) Scope of Consolidation

- 1) Number of consolidated subsidiaries, etc. is 51.

Major consolidated subsidiaries:

Dia-Nitrix Co., Ltd.	Mitsubishi Rayon Engineering Co., Ltd.
Mitsubishi Rayon Textile Co., Ltd.	Ryoko Co., Ltd.
MRC Finance Co., Ltd.	Huizhou MMA Co., Ltd.
Mitsubishi Rayon America Inc.	Ningbo Rayon Acrylic Fibers Co., Ltd.
Mitsubishi Rayon Polymer Nantong Co., Ltd.	Jiangsu Xinling Chemical Co., Ltd.
P.T. Vonex Indonesia	Nantong Rayon Chemical Co., Ltd.
Thai MMA Co., Ltd.	

- 2) Number of consolidated subsidiaries decreased by one from the previous term.

Company ceasing to be a consolidated subsidiary upon sale of investments:

Qingdao Lingtong Textile Co., Ltd.

Operating results of the above company for the period up until sale of investments are included in the consolidated financial statements.

- 3) Kyoritsu Processing Y.K. does not significantly affect the Company's consolidated financial statements in the total assets, net sales, net income (the portion corresponding to the shares held by the Company) and retained earnings (the portion corresponding to the shares held by the Company). Accordingly, this company is excluded from the consolidation.

(2) Application of the Equity Method

- 1) Number of affiliated companies accounted for by the equity method is 19.

Major affiliated companies accounted for by the equity method:

DAESAN MMA Co., Ltd.

UMG ABS, Ltd.

Du-Pont MRC Co., Ltd.

- 2) Number of affiliated companies accounted for by the equity method increased by one from the previous term.

Newly formed affiliated company accounted for by the equity method

Kathyd Technology, LLC

- 3) Number of non-consolidated affiliated company not accounted for by the equity method is one. This company does not affect the consolidated net income/loss and consolidated retained earnings and lacks importance as a whole. Accordingly, this company is excluded from the application of the equity method.

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(3) Fiscal Year, etc. of Consolidated Subsidiaries, etc.

Fiscal year of the following 21 consolidated subsidiaries ends on December 31, which differs from that of the Company, and necessary adjustments have been made for the consolidation

Thai MMA Co., Ltd.	Huizhou MMA Co., Ltd.
Suzhou Sanyouli Chemicals Co., Ltd.	Jiangsu Xinling Chemical Co., Ltd.
Diapolyacrylate Co., Ltd.	Nantong Rayon Chemical Co., Ltd.
Mitsubishi Rayon Polymer Nantong Co., Ltd.	Diatec (Shanghai) Co., Ltd.
Dianal America, Inc.	Suzhou MRC Opto - Device Co., Ltd.
Ningbo Rayon Acrylic Fibers Co., Ltd.	P.T. Vonex Indonesia
Grafil, Inc.	Newport Adhesives and Composites, Inc.
MRC Golf, Inc.	Dalian Rayon Environmental Equipment Co., Ltd.
Mitsubishi Rayon America Inc.	MRC Asia (Thailand) Ltd.
MRC Hong Kong Co., Ltd.	MRC Shanghai Business Consulting Co., Ltd.
MRC Holdings Ltd.	

(4) Accounting Standards

1) Valuation standards and methods for significant asset

(i) Securities

Securities held to maturities: Stated at amortized cost (straight-line method)

Other securities:

Marketable securities: Stated at market value based on the quoted market prices at the end of the term and other factors. Unrealized gain or loss is reported in a component of net assets, with the cost of securities sold is calculated by the moving-average method.

Non-marketable securities: Stated at cost based on the moving-average method

(ii) Derivatives: Stated at market value

(iii) Inventories: Mainly stated at the cost determined by the weighted-average method

2) Depreciation method of significant depreciable assets

(i) Tangible fixed assets

Buildings (excluding fixtures): Mainly by the straight-line method

Other tangible fixed assets: Mainly by the declining balance method

Change in accounting

In accordance with the revision of the Corporate Tax Law, from the fiscal year under review, the Company, 19 consolidated subsidiaries in Japan and 7 affiliated companies in Japan accounted for by the equity method have changed the depreciation method for tangible fixed assets acquired on or after April 1, 2007 to the method stipulated in the revised Corporate Tax Law.

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As a result, gross profit declined by ¥901 million, operating income decreased by ¥1,161 million, ordinary income dropped by ¥1,172 million, and net income before income taxes and adjustments fell by ¥1,166 million, compared with the conventional method of accounting.

Additional information

As for assets acquired on or before March 31, 2007, the Company, 22 consolidated subsidiaries in Japan and 5 affiliated companies in Japan accounted for by the equity method, in accordance with the revision of the Corporate Tax Law, evenly depreciated the difference between 5% of the acquisition price and the remainder price (¥1) over five years, from the next fiscal year of the fiscal year in which book value of those assets reached down to 5% of the acquisition price by applying the depreciation method stipulated in the Corporate Tax Law (before its revision), and such expenses are recorded as depreciation expenses.

As a result, gross profit declined by ¥1,847 million, operating income decreased by ¥2,024 million, ordinary income dropped by ¥2,098 million, and net income before income taxes and adjustments fell by ¥2,064 million, compared with the conventional method of accounting.

- (ii) Intangible fixed assets: By the straight-line method
Software for internal use is amortized by the straight-line method over the estimate of useful lives of a five-year period.
- 3) Basis for provision of allowances
- (i) Allowance for bad debts:
To prepare for losses regarding loans and accounts receivable due to defaults, allowance is estimated and provided for uncollectible receivables. These estimates are generally based on the historical ratio of actual losses or, in the case of specific receivables expected to become bad debts, on each examination of its collectibility.
 - (ii) Allowance for bonuses to employees:
To prepare for payment of bonuses to employees, allowance is provided for based on the estimated amount of bonuses payable to employees.
 - (iii) Allowance for bonuses to Directors:
To prepare for the payment of bonuses to Directors, one consolidated subsidiary provides for an estimated amount of bonuses payable to officers.
 - (iv) Allowance for retirement benefits to employees:
To prepare for the payment of retirement benefits to employees, the Company provides for an amount calculated based on projected year-end benefit obligations and plan assets at the end of the fiscal year under review. Prior service cost is generally recognized as they occur. Actuarial gain or loss is generally recognized in the consolidated fiscal year immediately following the fiscal year in which such gain or loss occurs.
 - (v) Allowance for retirement benefits to Directors:
To prepare for the payment of retirement benefits to Directors, 13 consolidated subsidiaries provide for the necessary amount as of the end of the fiscal year, calculated based on internal rules.

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- (vi) Allowance for repairs:
To prepare for periodical and Large-scale repair of plants and facilities, the Company and two consolidated subsidiaries provide for the estimated costs for such repair by allocating the amount to each of the fiscal terms up until the next periodical repair.
- 4) Leasing
The accounting method applied to operating leases is also used for financing leases, except for those in which the legal title of the underlying property is transferred from the lessor to the lessee.
- 5) Hedge accounting
 - (i) Method of hedge accounting
Principally, the deferral hedge accounting method is applied. Forward foreign exchange and interest rate swaps which meet certain criteria are excluded from the application of deferral hedge accounting.
 - (ii) Hedging instruments and hedged items

(Hedging instruments)	(Hedged items)
Forward foreign exchange contract	Forecasted transactions denominated in foreign currencies
Interest rate swaps	Loans
 - (iii) Hedge policy
The risk exposure to fluctuations in exchange rates and interest rates is hedged in accordance with the Company's "Market Risk Management Rules" and "Risk Management Policy".
 - (iv) Method of assessing effectiveness of hedge
The Company evaluates the effectiveness of hedges by reference to the cumulative cash flows for the elapsed period on hedging instruments and hedged items, respectively.
- 6) Other substantial matters concerning preparation of consolidated financial statements
 - (i) Accounting for consumption tax
The tax-exclusion (net of tax) method is applied to account for national and local consumption taxes.
- (5) Valuation method for assets and liabilities of consolidated subsidiaries, etc.
Assets and liabilities of consolidated subsidiaries, etc. are valued on a full-fair value basis.
- (6) Amortization of goodwill and negative goodwill
Goodwill and negative goodwill are mostly amortized equally over the period of five years after the date of accrual thereof.
- (7) Change in accounting
(Consolidated statement of income)
 - 1) "Gains from lease of property," which had been separately reported under

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non-operating income until the previous fiscal year, is now included in “Miscellaneous income” because it does not have a material influence on the consolidated statements of income. “Gains from lease of property” for the consolidated fiscal year under review were ¥236 million.

- 2) “Gain on insurance claim,” which had been separately reported under non-operating income until the previous fiscal year, is now included in “Miscellaneous income” because it does not have a material influence on the consolidated statements of income. “Gain on insurance claim” for the consolidated fiscal year under review was ¥204 million.

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2. Notes to Consolidated Balance Sheet

(1) Assets pledged and liabilities secured

1) Assets pledged	(million yen)
Buildings and structures	54
Land	52
<hr/> Total	106

There are no liabilities secured by pledged assets.

(2) Accumulated depreciation in tangible fixed assets 386,099 million yen

(3) Guarantee obligations

The Company provides guarantee against bank loan, etc.
for affiliated companies and others as follows:

1) Affiliates	(million yen)
P.T. Diachem Resins Indonesia and one other company	266
2) Others	(million yen)
Employees	168
<hr/> Total	435

(4) Advanced depreciation, which is directly deducted from the cost of acquisition of tangible fixed assets due to government subsidy, etc., is ¥1,410 million (¥3 million for buildings and structures and ¥1,407 million for land).

(TRANSLATION FOR REFERENCE ONLY)

3. Notes to Consolidated Statement of Changes in Shareholders' Equity

(1) Type and total number of outstanding shares as of the end of fiscal year under review

Common shares: 599,997,820 shares

(2) Cash dividends

1) Cash dividends paid

Resolution	Type of shares	Total amount of cash dividends (million yen)	Cash dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 28, 2007	Common shares	2,997	5.00	March 31, 2007	June 29, 2007
Board of Directors' Meeting held on October 31, 2007	Common shares	3,296	5.50	September 30, 2007	November 29, 2007
Total	-	6,294	-	-	-

2) Cash dividends for which the record date falls on a day in the fiscal year under review but the effective date will be in the following fiscal year

The Company has proposed the followings concerning cash dividends of common shares as an agenda of Ordinary General Meeting of Shareholders to be held on June 27, 2008:

- Total amount of cash dividends 3,148 million yen
- Cash dividends per share ¥5.50
- Record date March 31, 2008
- Effective date June 30, 2008

Retained earnings will be the source of cash dividends.

4. Notes to Per Share Information

(1) Net assets per share ¥348.59

(2) Net income per share ¥23.91

(TRANSLATION FOR REFERENCE ONLY)

(Reference)

Consolidated Statement of Cash Flows
(April 1, 2007 to March 31, 2008)

Item	Amount
	million yen
Cash flows from operating activities	31,823
Net income before income taxes and adjustments	27,820
Depreciation	24,709
Decrease in accounts receivable	14,746
Increase in inventories	(5,993)
Decrease in accounts payable	(15,476)
Others	(13,982)
Cash flows from investment activities	(50,839)
Additions to tangible fixed assets	(32,594)
Payments for purchase of investment securities	(16,090)
Others	(2,154)
Cash flows from financing activities	26,494
Proceeds from long-term borrowings	25,000
Proceeds from issue of bonds	20,000
Payments for purchase of treasury stock	(10,133)
Payments of cash dividends	(6,306)
Others	(2,065)
Translation gains/losses on cash and cash equivalents	(818)
Increase or decrease in cash and cash equivalents	6,660
Cash and cash equivalents at beginning of fiscal year	10,701
Cash and cash equivalents at end of fiscal year	17,361

(TRANSLATION FOR REFERENCE ONLY)

1. Balance Sheet

(Non-consolidated)

Balance Sheet
(as of March 31, 2008)

Item	Amount	Item	Amount
	million yen		million yen
ASSETS	331,020	LIABILITIES	170,505
<u>Current Assets:</u>	<u>87,559</u>	<u>Current Liabilities:</u>	<u>81,616</u>
Cash and deposits	2,335	Notes payable	520
Notes receivable	1,726	Accounts payable – trade	40,461
Accounts receivable	41,506	Short-term borrowings	22,400
Finished goods	16,158	Long-term borrowings due within one year	3,000
Raw materials	6,218	Accounts payable – other	8,530
Work-in-process	1,427	Accrued expenses	3,037
Stores	1,763	Accrued corporate tax, etc.	351
Prepaid expense	127	Advance received	125
Deferred tax	1,203	Deposits received	732
Short-term loans	5,723	Allowance for bonuses	2,455
Accounts due	10,421	Others	1
Others	919		
Allowance for bad debts	(1,973)		
<u>Fixed Assets:</u>	<u>243,460</u>	<u>Fixed Liabilities:</u>	<u>88,889</u>
<u>Tangible fixed assets</u>	<u>114,934</u>	Bonds	30,000
Buildings	25,623	Long-term indebtedness	31,000
Structures	6,533	Allowance for retirement benefits	25,876
Machinery instruments	44,295	Allowance for repairs	142
Vehicles	95	Others	1,871
Tools, furniture and fittings	2,436		
Land	22,857		
Construction in progress	13,092	NET ASSETS	160,514
<u>Intangible fixed assets</u>	<u>2,111</u>	<u>Shareholders' Equity</u>	<u>154,890</u>
Tenant right	853	<u>Common stock</u>	<u>53,229</u>
Software	1,216	<u>Capital surplus</u>	<u>28,717</u>
Others	42	Capital reserves	28,509
<u>Investment and other assets</u>	<u>126,413</u>	Other capital surplus	208
Investment securities	48,383	<u>Retained earnings</u>	<u>83,429</u>
Shares of affiliates	40,641	Other retained earnings	83,429
Investments	178	Reserve for reduction of fixed assets	868
Investments in affiliates	19,017	Reserves for extraordinary depreciation	493
Bankruptcy claim, rehabilitation claim, etc.	86	General reserve	49,859
Long-term prepaid expenses	165	Deferred retained earnings	32,207
Prepaid pension expense	7,909	<u>Treasury stock</u>	<u>(10,486)</u>
Deferred tax	7,829	<u>Valuation and Translation Adjustments and others</u>	<u>5,623</u>
Long-term accounts due	569	<u>Gain on revaluation of securities</u>	<u>5,623</u>
Others	1,713		
Allowance for bad debts	(82)		
Total Assets	331,020	Total Liabilities and Net Assets	331,020

* Please refer to Notes to Non-Consolidated Financial Statements on page 41.

(TRANSLATION FOR REFERENCE ONLY)

2. Statement of Income

(Non-consolidated)

Statement of Income
(from April 1, 2007 to March 31, 2008)

Item	Amount	
	million yen	million yen
Net sales		240,205
Cost of sales		190,032
Gross profit		50,173
Selling, general and administrative expenses		34,129
Operating income		16,044
Non-operating income		9,479
Interest	105	
Dividend income	7,730	
Gains from lease of property	1,419	
Miscellaneous income	224	
Non-operating expenses		5,252
Interest	775	
Foreign exchange loss	1,379	
Loss on disposal of obsolete inventories	451	
Expense for lease of property	1,118	
Miscellaneous expenses	1,527	
Ordinary income		20,271
Extraordinary income		71
Gain on sale of fixed assets	51	
Gain on sale of investment securities	19	
Gain on sale of shares of affiliates	1	
Extraordinary loss		6,541
Loss on retirement and disposal of fixed assets	1,584	
Impairment loss	1,406	
Loss on disposal of investment securities	75	
Loss on valuation of investment securities	128	
Loss on valuation of shares of affiliates	6	
Loss on sale of investments in affiliates	256	
Loss on valuation of investments in affiliates	1,651	
Transfer to allowance for bad debts	207	
Structure improvement expenses	865	
Settlement of litigations	358	
Net income before income taxes and adjustments		13,801
Corporate tax, inhabitant tax and enterprise tax	2,200	
Adjustment of corporate tax, etc.	1,635	3,835
Net income		9,966

* Please refer to Notes to Non-Consolidated Financial Statements on page 41.

(TRANSLATION FOR REFERENCE ONLY)

3. Statement of Changes in Shareholders' Equity (Non-consolidated)

Statement of Changes in Shareholders' Equity

(from April 1, 2007 to March 31, 2008)

(million yen)

	Shareholders' equity								
	Common stock	Capital surplus			Retained earnings				
		Capital reserve	Other capital surplus	Total capital surplus	Reserve for reduction of fixed asset	Reserves for extraordinary depreciation	General reserve	Deferred retained earnings	Total retained earnings
Balance at March 31, 2007	53,229	28,509	205	28,714	885	700	39,859	38,312	79,757
Changes in the fiscal year under review									
Net income								9,966	9,966
Cash dividends paid								(6,294)	(6,294)
Purchases of treasury stock									
Disposal of treasury stock			3	3					
Reversal of reserve for reduction of fixed assets					(16)			16	-
Funding of reserves for extraordinary depreciation						4		(4)	-
Reversal of reserves for extraordinary depreciation						(211)		211	-
Funding of general reserve							10,000	(10,000)	-
Net changes in items other than those in shareholders' equity									
Total changes in the fiscal year under review	-	-	3	3	(16)	(206)	10,000	(6,104)	3,671
Balance at March 31, 2008	53,229	28,509	208	28,717	868	493	49,859	32,207	83,429

	Shareholders' equity		Valuation and translation adjustments and others		Total net assets
	Treasury stock	Total shareholders' equity	Gain on revaluation of securities	Total valuation and translation adjustments and others	
Balance at March 31, 2007	(349)	161,352	15,758	15,758	177,111
Changes in the fiscal year under review					
Net income		9,966			9,966
Cash dividends paid		(6,294)			(6,294)
Purchases of treasury stock	(10,154)	(10,154)			(10,154)
Disposal of treasury stock	17	20			20
Reversal of reserve for reduction of fixed assets		-			-
Funding of reserves for extraordinary depreciation		-			-
Reversal of reserves for extraordinary depreciation		-			-
Funding of general reserve		-			-
Net changes in items other than those in shareholders' equity			(10,135)	(10,135)	(10,135)
Total changes in the fiscal year under review	(10,137)	(6,462)	(10,135)	(10,135)	(16,597)
Balance at March 31, 2008	(10,486)	154,890	5,623	5,623	160,514

* Please refer to Notes to Non-Consolidated Financial Statements on page 41.

Notes to Non-Consolidated Financial Statements

1. Summary of Significant Accounting Policies

(1) Valuation standards and methods for Securities

Securities held to maturities: Stated at amortized cost (straight-line method)

Shares of subsidiaries and affiliates: Stated at cost based on the moving-average method

Other securities:

Marketable securities: Stated at market value based on the quoted market prices at the end of the term and other factors. Unrealized gain or loss is reported in a component of net assets, with the cost of securities sold is calculated by the moving-average method.

Non-marketable securities: Stated at cost based on the moving-average method

(2) Valuation standards and methods for derivatives

Derivatives: Stated at market value

(3) Valuation standards and methods for inventories

Finished goods, raw materials and work-in-process:

Stated at the cost determined by the weighted-average method

Stores: Mainly stated at the cost determined by the weighted-average method

(4) Depreciation method of fixed assets

Buildings (excluding fixtures): Straight-line method

Other tangible fixed assets: Declining balance method

Change in accounting

In accordance with the revision of the Corporate Tax Law, from the fiscal year under review, the Company has changed the depreciation method for tangible fixed assets acquired on or after April 1, 2007 to the method stipulated in the revised Corporate Tax Law.

As a result, gross profit declined by ¥785 million, operating income decreased by ¥1,031 million, ordinary income dropped by ¥1,083 million, and net income before income taxes and adjustments fell by ¥1,078 million, compared with the conventional method of accounting.

Additional information

As for assets acquired on or before March 31, 2007, the Company, in accordance with the revision of the Corporate Tax Law, evenly depreciates the difference between 5% of the acquisition price and the remainder price (¥1) over five years, from the next fiscal year of a fiscal year in which book value of those assets reached down to 5% of the acquisition price by applying the depreciation method stipulated in the Corporate Tax Law (before its revision), and such expenses are recorded as depreciation expenses.

(TRANSLATION FOR REFERENCE ONLY)

As a result, gross profit declined by ¥1,484 million, operating income decreased by ¥1,653 million, ordinary income dropped by ¥1,709 million, and net income before income taxes and adjustments fell by ¥1,675 million, compared with the conventional method of accounting.

Intangible fixed assets: Straight-line method

Software for internal use is amortized by the straight-line method over the estimate of useful lives of a five-year period.

(5) Basis for provision of allowances

Allowance for bad debts:

To prepare for losses regarding loans and accounts receivable due to defaults, allowance is estimated and provided for uncollectible receivables. These estimates are based on the historical ratio of actual losses or, in the case of specific receivables expected to become bad debts, on each examination of its collectibility.

Allowance for bonuses to employees:

To prepare for payment of bonuses to employees, allowance is provided for based on the estimated amount of bonuses payable to employees.

Allowance for retirement benefits to employees:

To prepare for the payment of retirement benefits to employees, the Company provides for an amount calculated based on projected year-end benefit obligations and plan assets at the end of the fiscal year under review.

Prior service cost is recognized as they occur.

Actuarial gain or loss is recognized in the fiscal year immediately following the fiscal year in which such gain or loss occurs.

Allowance for repairs:

To prepare for periodical and Large-scale repair of plants and facilities, the Company accounts for the estimated costs for such repair by allocating the amount to each of the fiscal terms up until the next periodical repair.

(6) Leasing

The accounting method applied to operating leases is also used for financing leases, except for those in which the legal title of the underlying property is transferred from the lessor to the lessee.

(7) Hedge accounting

1) Method of hedge accounting

Principally, the deferral hedge accounting method is applied. Forward foreign exchange and interest rate swaps which meet certain criteria are excluded from the application of deferral hedge accounting.

2) Hedging instruments and hedged items

(Hedging instruments)

Forward foreign exchange contract

(Hedged items)

Forecasted transactions denominated in foreign currencies

(TRANSLATION FOR REFERENCE ONLY)

Interest rate swaps

Loans

3) Hedge policy

The risk exposure to fluctuations in exchange rates and interest rates is hedged in accordance with the Company's "Market Risk Management Rules" and "Risk Management Policy".

4) Method of assessing effectiveness of hedge

The Company evaluates the effectiveness of hedges by reference to the cumulative cash flows for the elapsed period on hedging instruments and hedged items, respectively.

(8) Other matter concerning the preparation of financial statements

Accounting for consumption tax

The tax-exclusion (net of tax) method is applied to account for national and local consumption taxes.

(TRANSLATION FOR REFERENCE ONLY)

2. Notes to the Balance Sheet

(1) Accumulated depreciation of tangible fixed assets 317,515 million yen

(2) Guarantee obligations

The Company has provided guarantee against bank loans for affiliated companies and others as follows:

1) Affiliates	(million yen)
Huizhou MMA Co., Ltd.	6,766
Ningbo Rayon Acrylic Fibers Co., Ltd.	6,624
Mitsubishi Rayon Polymer Nantong Co., Ltd.	834
Nantong Rayon Chemical Co., Ltd.	667
Jiangsu Xinling Chemical Co., Ltd.	626
Thai MMA Co., Ltd.	500
P.T. Diachem Resins Indonesia and four other companies	460
Subtotal	16,480

2) Others	(million yen)
Employees	168
Total	16,649

In addition, the Company provides guarantee against borrowings of affiliated companies from a consolidated subsidiary as follows:

1) Affiliates	(million yen)
Affiliates of the Company that are borrowers of MRC Finance Co., Ltd.	8,007

(3) Receivables and payables against affiliates are as follows: (million yen)

1) Short-term receivables	21,429
2) Long-term receivables	552
3) Short-term payables	16,984
4) Long-term payables	25

(4) Advanced depreciation which is directly deducted from the cost of acquisition of tangible fixed assets due to government subsidy, etc. is ¥1,410 million (¥3 million for buildings and ¥1,407 million for land).

(TRANSLATION FOR REFERENCE ONLY)

3. Notes to Statement of Income

(1) Transactions with affiliates	(million yen)
1) Sales	52,105
2) Amount of goods purchased	58,213
3) Non-operating transactions	37,646

4. Notes to Statement of Changes in Shareholders' Equity

(1) Type and total number of treasury stock as at the end of fiscal year under review	
Common shares	27,620,654 shares
(Note) During the fiscal year under review, the Company purchased 26,980,000 shares of treasury stock pursuant to a resolution of the Board of Directors.	

5. Notes to Deferred Tax Accounting

Breakdown of deferred tax assets and deferred tax liabilities by main source of accrual

(1) Deferred tax assets	(million yen)
Allowance for bonus to employees	999
Allowance for retirement benefits to employees	11,807
Loss on revaluation of investments securities	3,123
Amount exceeding the limit of provision for allowance for bad debts	699
Accrued enterprise tax	63
Others	700
<hr/> Subtotal of deferred tax assets	17,393
Valuation allowance	(4,051)
<hr/> Total deferred tax assets	13,342
(2) Deferred tax liabilities	(million yen)
Fixed asset reduction reserve	(596)
Reserves for extraordinary depreciation	(338)
Other gain or loss on revaluation of securities	(3,373)
<hr/> Total deferred tax liabilities	(4,308)
<hr/> Net deferred tax assets	9,033

(TRANSLATION FOR REFERENCE ONLY)

6. Notes to Fixed Assets used on Lease

Besides fixed assets posted on the balance sheet, the Company leases part of vehicles and tools, furniture and fittings through non-ownership transfer finance lease agreements.

- (1) Equivalent of acquisition cost, accumulated depreciation and balance at the end of period of leased property. (million yen)

	Equivalent of acquisition cost	Equivalent of accumulated depreciation	Equivalent of balance at the end of period
Vehicles	133	63	69
Tools, furniture and fittings	208	109	99
Total	342	172	169

(Note) Equivalent of acquisition cost is calculated using the inclusive-of-interest method as the ratio of balance of lease commitments at the end of period to balance of tangible fixed assets at the end of period is low.

- (2) Equivalent of balance of lease commitments at the end of period (million yen)
- | | |
|------------------------|------------|
| Due within one year | 67 |
| Due exceeding one year | 101 |
| Total | 169 |

(Note) Equivalent of balance of lease commitments at the end of period is calculated using the inclusive-of-interest method as the ratio of balance of lease commitments at the end of period to balance of tangible fixed assets at the end of period is low.

- (3) Lease payments and equivalent of depreciation expense (million yen)
- | | |
|---------------------------------------|----|
| 1) Lease payments | 75 |
| 2) Equivalent of depreciation expense | 75 |

- (4) Method of calculating equivalent of depreciation expense
Equivalent of depreciation expense is calculated based on the straight-line method over the lease period without residual value.

(TRANSLATION FOR REFERENCE ONLY)

7. Notes to Transactions with Related Parties

Subsidiaries

Attribution	Name of companies	Issued share capital or contribution to capital	Principal activities or occupation	Percentage of voting rights (%)	Details of interest		Details of transactions	Amount of transactions (million yen)	Account item	Balance at the end of period (million yen)
					Interlocking of officers, etc.	Business relationship				
Subsidiary	Mitsubishi Rayon Engineering Co., Ltd.	1,200 million yen	Engineering business, and production and sale of hollow fiber membrane products	(Direct ownership) 100	13 interlocking officers	Purchase of facilities and subcontracting of engineering and construction works and maintenance operations, etc.	Purchase of facilities, designing, engineering and construction works	26,127	Accounts payable	7,633
Subsidiary	Huizhou MMA Co., Ltd.	US\$ 65,000,000	Production and sale of MMA monomer	(Direct ownership) 100	6 interlocking officers	Sale and purchase of products, and provision of know-how	Guarantee obligations	6,766	-	-
Subsidiary	Ningbo Rayon Acrylic Fibers Co., Ltd.	US\$ 50,000,000	Production and sale of acrylic fibers	(Direct ownership) 55	5 interlocking officers	Sale and purchase of products, and provision of know-how	Guarantee obligations	6,624	-	-

- (Notes) 1. In the above table, amount of transactions does not include consumption taxes, etc., but balance at the end of period includes consumption tax, etc.
2. Terms of transactions and policy on deciding terms thereof, etc.
- (1) As for transactions with Mitsubishi Rayon Engineering Co., Ltd., purchase prices of facilities are determined by multiplying the cost by a certain wholesale rate and consideration for design and engineering work is determined after consultation by both parties with estimated cost as a basis.
- (2) Guarantee provided to Huizhou MMA Co., Ltd. and Ningbo Rayon Acrylic Fibers Co., Ltd. are for borrowings of these companies for plant and equipment fund, etc. from financial institutions.

8. Notes to Per Share Information

- (1) Net assets per share: ¥280.43
- (2) Net income per share: ¥16.70

(TRANSLATION FOR REFERENCE ONLY)

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

Independent Auditors' Report

May 1, 2008

The Board of Directors
Mitsubishi Rayon Co., Ltd.

Ernst & Young ShinNihon
Hidehiro Takayama (Seal)
Designated and Operating Partner
Certified Public Accountant

Mitsuo Cho (Seal)
Designated and Operating Partner
Certified Public Accountant

Tadahiko Kamio (Seal)
Designated and Operating Partner
Certified Public Accountant

We have audited the consolidated financial statements, that is, the Consolidated Balance Sheets, the Consolidated Statements of Income, the Consolidated Statements of Changes in Shareholders' Equity and Notes to Consolidated Financial Statements of Mitsubishi Rayon Co., Ltd. for the fiscal year from April 1, 2007 to March 31, 2008 in accordance with Article 444, Paragraph 4 of the Corporation Law. Preparation of the consolidated financial statements is of the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to obtain reasonable assurance about whether the consolidated financial statements is free of material misstatement. Our audit is performed on a test basis, and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluation of the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

We find that the consolidated financial statements mentioned above fairly present all the important matters of the state of assets and income/loss for the fiscal year under review of the corporate group, consisting of Mitsubishi Rayon Co., Ltd. and its consolidated subsidiaries, in conformity with auditing standards generally accepted in Japan.

Our firm and operating partners have no conflict of interests in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

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

Independent Auditors' Report

May 1, 2008

The Board of Directors
Mitsubishi Rayon Co., Ltd.

Ernst & Young ShinNihon
Hidehiro Takayama (Seal)
Designated and Operating Partner
Certified Public Accountant

Mitsuo Cho (Seal)
Designated and Operating Partner
Certified Public Accountant

Tadahiko Kamio (Seal)
Designated and Operating Partner
Certified Public Accountant

We have audited the financial statements, that is, the Non-Consolidated Balance Sheets, the Non-consolidated Statements of Income, the Non-Consolidated Statements of Changes in Shareholdres' Equity, Notes to Non-Consolidated Financial Statements and supporting schedules of Mitsubishi Rayon Co., Ltd. for the 83rd term from April 1, 2007 to March 31, 2008 in accordance with Article 436, Paragraph 2, Item 1 of the Corporation Law. Preparation of the non-consolidated financial statements and supporting schedules is of the responsibility of the Company's management. Our responsibility is to express an opinion on the non-consolidated financial statements and supporting schedules based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to obtain reasonable assurance about whether the non-consolidated financial statements and supporting schedules is free of material misstatement. Our audit is performed on a test basis, and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluation of the overall presentation of the non-consolidated financial statements and supporting schedules. We believe that our audit provides a reasonable basis for our opinion.

We find that the non-consolidated financial statements and supporting schedules mentioned above fairly present all the important matters of the state of assets and income/loss for the fiscal year under review of Mitsubishi Rayon Co., Ltd. in conformity with auditing standards generally accepted in Japan.

Our firm and operating partners have no conflict of interests in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

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

Corporate Auditor's Report

The Board of Corporate Auditors has prepared this Audit Report upon deliberation based on the audit reports prepared by each Corporate Auditor concerning the execution of duties by Directors for the 83rd term from April 1, 2007 to March 31, 2008, and hereby reports as follows:

1. Auditing methods employed by Corporate Auditors and the Board of Corporate Auditors and their contents

The Board of Corporate Auditors prescribed an audit policy, plan and other relevant matters, received reports from each Corporate Auditor on their implementation of audits and results thereof, as well as reports from Directors, etc. and the Account Auditor on the performance of their duties, and sought explanations from them whenever necessary.

Each Corporate Auditor complied with the auditing standards of Corporate Auditors established by the Board of Corporate Auditors, followed the audit policy, plan, etc., communicated with Directors, staff of the internal audit sector, other employees, etc., strove to collect information and establish an environment for auditing, attended Board of Directors meetings and other important meetings, received reports from Directors, employees, etc. on the execution of their duties, sought explanations from them whenever necessary, inspected important approval documents, etc., and examined the status of operations and assets at the head office and principal production centers. We also audited: the resolution of the Board of Directors concerning the establishment of the system for ensuring that the execution of duties by Directors complies with the related laws and regulations and the Articles of Incorporation and other systems stipulated in Article 100, Paragraph 1 and Paragraph 3 of the Enforcement Regulations of the Corporation Law aiming to secure the appropriateness of companies' operations; and the status of an internal control system established in accordance with said resolution. Meanwhile, we communicated and exchanged information with Directors, Corporate Auditors, etc. of subsidiaries, and received reports from subsidiaries on their operations whenever necessary. Based on the above methods, we examined the business report and the supporting schedules for the fiscal year under review.

In addition, we checked that the Account Auditor implemented appropriate audits while maintaining independence, received reports from the Account Auditor on the execution of their duties, and sought explanations whenever necessary. Furthermore, we received notice from the Account Auditor that "The system for ensuring that duties are performed properly" (matters set forth in each item of Article 159 of the Company Calculation Regulations) is organized in accordance with the "Quality Management Standards Regarding Audits" (Business Accounting Council; October 28, 2005), etc., and sought explanations whenever necessary. Based on the above methods, we examined non-consolidated financial statements (balance sheets, statements of income, statements of changes in shareholders' equity, and notes to financial statements) and the supporting schedules for the fiscal year under review, as well as consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statements of changes in shareholders' equity, and notes to consolidated financial statements).

2. Audit results

- (1) Results of audit of Business Report, etc.
 - i. We regard that the business report and the supporting schedules fairly present the state of the Company in accordance with the related laws and regulations and the Articles of Incorporation.
 - ii. As for the performance of duties by Directors, we find no significant evidence of wrongful act or violation of related laws and regulations, nor the Articles of Incorporation.
 - iii. We regard the content of the resolution by the Board of Directors concerning the internal control system to be proper.
- (2) Results of the audit of non-consolidated financial statements and the supporting schedules
We regard that the auditing methods and results by Ernst & Young ShinNihon are appropriate.
- (3) Results of audit of consolidated financial statements
We regard that the audit methods and results by Ernst & Young ShinNihon are appropriate.

May 2, 2008

The Board of Corporate Auditors, Mitsubishi Rayon Co., Ltd.
Full-time Corporate Auditor: Koichi Katayama (Seal)
Full-time Corporate Auditor: Isao Takeuchi (Seal)
Full-time Corporate Auditor: Toru Sakamaki (Seal)
Corporate Auditor: Hideki Hoshina (Seal)
Corporate Auditor: Noriyuki Hoshi (Seal)

Note: Full-time Corporate Auditor Isao Takeuchi and Corporate Auditors Hideki Hoshina and Noriyuki Hoshi are external auditors provided for in Article 2, Item 16 and Article 335, Paragraph 3 of the Corporation Law.

Notice

The Board of Directors of the Company has adopted the following resolution of a “Basic view of persons or entities that control decisions on our financial and business policies,”

**Basic view of persons or parties that make decisions
on our financial and business policies**

1. Basic view

“Persons or entities that control decisions on our financial and business policies” ultimately means our shareholders. Meanwhile, a corporation has various relationships with society as a member of that society, and has social responsibility to stakeholders other than shareholders, including employees who are aiming to secure their own living while helping to raise corporate value, companies who continuously and stably supply us with raw materials, customers, and consumers.

Hence, our basic view is that those who have the right to decide on corporate management, that is, shareholders, are also requested to consider the positions and interests of these stakeholders.

In managing the Mitsubishi Rayon Group, the Company has established a “Management Philosophy” and “Corporate Ethics Policy.” Under these fundamental values, the Company controls itself and formulates business policies such as medium-term plans to enhance its corporate value, while operating its business and implementing management appropriately with the aim of serving the interest of shareholders.

We think it sound and preferable that shareholders think differently from the said fundamental values in association with the above management policies, offer opinions to top executives for better management, or exercise the right to bring proposals before a general meeting to ask for all the shareholder’s views.

Therefore, even if a particular shareholders buy additional shares to gain control of the Company, we would not oppose it. However, we think that even in this case, the said shareholders should adopt the “method of holding in-depth discussions open to shareholders,” that is, shareholders should thoroughly and publicly discuss topics such as managerial strategies and business policies, and eventually leave judgments to a general meeting of shareholders. We believe that such method will end up raising the corporate value of the Company, resulting in serving the common interests of shareholders.

The “discussions open to shareholders” guarantee the shareholders an opportunity to judge the issues being discussed. Hence, when holding such discussions, shareholders need to be provided with necessary and sufficient materials about management (including opinions of employees, business partners and other stakeholders) and given enough time to contemplate.

(TRANSLATION FOR REFERENCE ONLY)

2. Efforts to prevent the Company from being controlled by persons deemed by basic view to be inappropriate

Looking at the environment surrounding the Company, we do not believe that at present there are any shareholders holding a large portion of shares that would establish the potential for the Company being controlled by persons deemed by basic view to be inappropriate. Accordingly, we have not formulated such measures. However, if such a situation should arise, and threaten to impair the corporate value of the Company, the common interests of our shareholders and other stakeholders, we will work out appropriate measures and seek the opinions of shareholders about those measures in accordance with the aforementioned view.

Reference Materials concerning Exercise of Voting Rights

Agenda 1. Appropriation of Retained Earnings

We propose the appropriation of retained earnings be as follows:

We would like to pay a year-end cash dividend of ¥5.50 per share of the Company's common stock on June 30, 2008. This is despite weak earnings and is according to our basic policy of maintaining continuous and stable payment of dividends, and the total amount of such dividends will be ¥3,148,074,413. With an interim cash dividend of ¥5.50 per share, shareholders will earn a total of ¥11.00 per share in cash dividends for the fiscal year under review.

Agenda 2. Election of Seven Directors

The term of office of all of the nine Directors expires at the close of this general meeting, and we propose the election of seven Directors.

The candidates for Directors are as follows:

No.	Name (date of birth)	Brief history, position and principal duties at the Company, and executive positions at other companies	Number of shares owned
1	Yoshiyuki Sumeragi (December 12, 1939)	<p>Brief History</p> <p>April 1962 Joined the Company</p> <p>June 1993 Director of the Board</p> <p>June 1997 Managing Director of the Board</p> <p>June 1999 Senior Managing Director of the Board</p> <p>June 2000 Representative Director and President of the Company</p> <p>June 2005 Representative Director; President and Presidential Executive Officer of the Company</p> <p>June 2006 Representative Director and Chairman of the Board of the Company</p> <p>Position and principal duties</p> <p>Representative Director and Chairman of the Board</p> <p>Chairman of the Board of Directors</p>	143,040

(TRANSLATION FOR REFERENCE ONLY)

No.	Name (date of birth)	Brief history, position and principal duties at the Company, and executive positions at other companies	Number of shares owned
2	Masanao Kambara (March 26, 1943)	<p>Brief History</p> <p>April 1965 Joined the Company</p> <p>June 1997 Director of the Board</p> <p>June 2000 Managing Director of the Board</p> <p>June 2001 Managing Director and Senior Executive Officer of the Company</p> <p>June 2002 Senior Managing Director and Senior Executive Officer of the Company</p> <p>June 2004 Representative Director; Senior Managing Director and Senior Executive Officer of the Company</p> <p>June 2006 Representative Director; President and Presidential Executive Officer of the Company</p> <p>Position and principal duties</p> <p>Representative Director, President and Presidential Executive Officer</p> <p>Chairman of CSR Committee, Risk Management Committee, Safety, Environment & Quality Assurance Committee, Corporate Ethics Committee and JK Committee</p> <p>Officer in charge of Audit Office</p>	102,000
3	Takumi Ubagai (August 7, 1948)	<p>Brief History</p> <p>April 1971 Joined the Company</p> <p>June 2001 Director of the Board and Executive Officer of the Company</p> <p>June 2004 Managing Director and Senior Executive Officer of the Company</p> <p>June 2007 Director and Senior Managing Executive Officer of the Company</p> <p>Position and principal duties</p> <p>Director of the Board</p> <p>Senior Managing Executive Officer</p> <p>Officer in charge of Corporate Ethics</p> <p>Officer in charge of Export Control Office, Mitsubishi Rayon America Inc., MRC Asia (Thailand) Ltd., MRC Hong Kong Co., Ltd., MRC Shanghai Business Consulting Co., Ltd., Human Resources Department, General Administration Department, Accounting Department, HR & Accounting Operation Support Center, Logistics & Information Systems Planning Office, MMA Business Bloc and Affiliated Companies Bloc</p> <p>Control of Nagoya Branch</p>	68,000

(TRANSLATION FOR REFERENCE ONLY)

No.	Name (date of birth)	Brief history, position and principal duties at the Company, and executive positions at other companies	Number of shares owned
4	Noriyuki Tajiri (February 13, 1950)	<p>Brief History</p> <p>April 1974 Joined the Company</p> <p>June 2003 Director of the Board</p> <p>June 2005 Director and Executive Officer of the Company</p> <p>June 2006 Managing Director and Senior Executive Officer of the Company</p> <p>June 2007 Director and Managing Executive Officer of the Company</p> <p>Position and principal duties</p> <p>Director of the Board</p> <p>Managing Executive Officer</p> <p>In charge of Management Advisory Committee, Management Committee and Officers meeting</p> <p>In charge of CSR Committee, Risk Management Committee and JK Committee</p> <p>Officer in charge of Corporate Planning Division and AN Business Bloc and Specialty Fibers Business Bloc</p> <p>Assistant Officer in charge of Audit Office</p> <p>Control of Osaka Branch</p> <p>General Manager of Corporate Planning Division</p>	27,000
5	Akio Kataoka (April 13, 1949)	<p>Brief History</p> <p>April 1972 Joined the Company</p> <p>June 2004 Director and Executive Officer of the Company</p> <p>June 2007 Director and Managing Executive Officer of the Company</p> <p>Position and principal duties</p> <p>Director of the Board</p> <p>Managing Executive Officer</p> <p>In charge of Safety, Environment & Quality Assurance Committee</p> <p>Officer in charge of Safety, Environment & Quality Assurance and Product Liability</p> <p>Officer in charge of Safety, Environment & Quality Assurance Department, Production Technology Administration Department, Utilities Center, Research & Development Administration Department, Intellectual Property Department, Corporate Research Laboratories, Yokohama Corporate Research Laboratories, Toyohashi Corporate Research Laboratories, Production Technology Laboratories, Tokyo Technology & Information Center and MRE Business Bloc</p> <p>Control of Production Centers and Hachinohe Factory</p>	24,000
6	Michio Tatebayashi (July 7, 1951)	<p>Brief History</p> <p>April 1975 Joined the Company</p> <p>June 2006 Director and Executive Officer of the Company</p> <p>Position and principal duties</p> <p>Director of the Board</p> <p>Executive Officer</p> <p>Officer in charge of Public & Investors Relations Office</p> <p>Assistant Officer in charge of AN Business Bloc</p>	17,000

(TRANSLATION FOR REFERENCE ONLY)

No.	Name (date of birth)	Brief history, position and principal duties at the Company, and executive positions at other companies	Number of shares owned
7	Akira Nakata (June 16, 1954)	<p>Brief History</p> <p>April 1981 Joined the Company</p> <p>June 2001 Director of Resins & Plastics Development Center, Otake Production Center of the Company</p> <p>December 2002 Director of Resins & Plastics Plant, Otake Production Center of the Company</p> <p>June 2005 Director of Chemicals & Plastics Technology Administration Office of the Company</p> <p>July 2006 Senior manager of the Company</p> <p> Director of Chemicals & Plastics Technology Administration Office of the Company</p> <p>April 2007 Director of MMA Technology Administration office of the Company</p> <p>April 2008 Director of Research & Development Administration Department of the Company</p>	15,783

(Note) None of the candidates has conflict of interests with the Company.

(TRANSLATION FOR REFERENCE ONLY)

Agenda 3. Election of Four Corporate Auditors

The term of office of all five Corporate Auditors expires at the close of this general meeting. We propose the election of four Corporate Auditors.

The candidates for Corporate Auditors are as follows:

Submission of this agenda to this general meeting has been consented to by the Board of Corporate Auditors.

No.	Name (date of birth)	Brief history, position and principal duties at the Company, and executive positions at other companies	Number of shares owned
1	Toshifumi Shinohara (November 3, 1946)	<p>Brief History</p> <p>April 1971 Joined the Company</p> <p>June 2004 Director of the Board</p> <p>June 2005 Director and Executive Officer of the Company</p> <p>June 2006 Managing Director and Senior Executive Officer of the Company</p> <p>June 2007 Director and Managing Executive Officer of the Company</p>	48,000
2	Toru Sakamaki (July 7, 1947)	<p>Brief History</p> <p>April 1971 Joined the Company</p> <p>June 1999 Director of Audit Office of the Company</p> <p>March 2003 President of Nantong Rayon Chemical Co., Ltd.</p> <p>June 2005 Director of Accounting Department of the Company and President of MRC Finance Co., Ltd.</p> <p>June 2007 Full-time Corporate Auditor of the Company</p>	18,060
3	Hisatoshi Adachi (August 7, 1951)	<p>Brief History</p> <p>April 1974 Joined The Mitsubishi Bank, Ltd.</p> <p>January 1993 Manager of Tamachi Higashiguchi Branch of the Mitsubishi Bank, Ltd.</p> <p>July 2000 General Manager of Corporate Sales Division of the Bank of Tokyo-Mitsubishi, Ltd.</p> <p>May 2001 Manager of General Administration Office of the Bank of Tokyo-Mitsubishi, Ltd.</p> <p>June 2002 Executive Officer and Manager of General Administration Office of the Bank of Tokyo-Mitsubishi, Ltd.</p> <p>June 2004 Resigned as Executive Officer of the Bank of Tokyo-Mitsubishi, Ltd. President and Representative Director of Chitose Kosan Co., Ltd.</p> <p>Executive Positions at other companies President and Representative Director of Chitose Kosan Co., Ltd. (scheduled to resign on June 26, 2008)</p>	3,000

(TRANSLATION FOR REFERENCE ONLY)

No.	Name (date of birth)	Brief history, position and principal duties at the Company, and executive positions at other companies	Number of shares owned
4	Noriyuki Hoshi (September 1, 1942)	<p>Brief History</p> <p>April 1973 Registered as Attorney of the Dai-Ichi Tokyo Bar Association</p> <p>June 1995 Deputy Secretary General of the Japan Federation of Bar Associations</p> <p>April 2000 Secretary General of the Japan Federation of Bar Associations</p> <p>June 2004 Corporate Auditor of the Company</p> <p>April 2005 President of the Dai-Ichi Tokyo Bar Association, Vice President of the Japan Federation of Bar Associations</p> <p>June 2006 Senior Managing Director of the Japan Law Foundation (present post)</p>	14,000

- (Notes) 1. None of the candidates has conflict of interests with the Company.
2. Hisatoshi Adachi and Noriyuki Hoshi are candidates for the External Corporate Auditors stipulated in Article 2, Item 16 of the Corporation Law.
3. The reason for nominating Hisatoshi Adachi as a candidate for External Corporate Auditor is that he is expected to contribute to the Company by overseeing and checking management, considering his extensive experience in financial institutions, vast knowledge about financial affairs, and various experiences and excellent insight that he has cultivated through his involvement in the management of Chitose Kosan Co., Ltd.
- The reason for nominating Noriyuki Hoshi as a candidate for External Corporate Auditor is that he is expected to execute his roles as External Corporate Auditor appropriately, considering that he, as External Corporate Auditor of the Company, has implemented proper activities and offered suitable opinions based on his expertise and experience as a lawyer since he was appointed at the 79th Ordinary General Meeting of Shareholders held in June 2004.
4. Hisatoshi Adachi had served as managing director of (then) The Bank of Tokyo-Mitsubishi, Ltd., a main bank of the Company, until June 2004.
5. Noriyuki Hoshi has been External Corporate Auditor of the Company since he was appointed at the 79th Ordinary General Meeting of Shareholders held in June 2004. His term of office will be four years at the close of this general meeting.

Instructions for the Exercise of Voting Rights via the Internet

When exercising the voting rights via the Internet, please read the following instructions.

1. Please access the following website from a personal computer or a cell-phone (i-mode, EZWeb and Yahoo!Keitai) and go to the dedicated voting site. Note, however, that the service will not be available from 2 a.m. to 5 a.m. daily.

<http://www.evotep.jp/>

(Note) The “Login ID” and “Tentative Password” on the “exercise of voting rights form” are necessary for logging in to the dedicated voting site.

2. Exercise of voting rights via the Internet can be accepted **until the close of business (5:45 p.m.) of the Company on June 26, 2008.**
3. When voting right is exercised both by mailing the voting form and via the Internet, the **vote via the Internet shall be deemed effective on a priority basis.**
4. If the voting right is exercised via the Internet more than one (1) time, the **last vote shall be deemed effective.**
5. In the event that any shareholder should attend the general meeting of shareholders despite having exercised his or her voting right via the Internet, **the vote via the Internet will be deemed invalid.**
6. Any access charges assessed by the Internet providers and communications charges assessed by communications companies in exercising voting rights shall be borne by the shareholders. In exercising voting rights via cell-phone website, any access charges such as packet communication charges and cell-phone charges assessed by cell-phone service providers shall be borne by the shareholders.

System Environment, etc.

For the exercise of voting rights via the Internet, the following system environment is required:

1. Access to the Internet
2. Availability of the following equipment:
 - (1) OS environment and Internet browser software
 - For Windows users (Japanese language version of 95, 98, 2000, Me, NT4.0, XP or Vista)
Microsoft Internet Explorer 4.01SP1 (Japanese language version) or later
Netscape Communicator 4.5 (Japanese language version) or later
* Please note that Netscape 6 and later versions are not supported
 - For Macintosh users (Japanese language version of MacOS9.2 or later, or Xv10.2)
Microsoft Internet Explorer 5.0 (Japanese language version) or later
Netscape Communicator 4.7 (Japanese language version) or later
* Please note that Netscape 6 and later versions are not supported
 - (2) Computer screen with a screen resolution of 800 x 600 or higher
 - * **Please note that PDA and game equipment are not usable for the exercise of voting rights via the Internet.**
 - * Windows[®] is registered trademark of a U.S. corporation Microsoft Corporation in the United States and/or other countries.
 - * Macintosh[®] is registered trademark of a U.S. corporation Apple Computer, Inc. in the United States and/or other countries.
 - * Internet Explorer is trademark of Microsoft Corporation.
 - * Netscape Communicator is trademark of Netscape Communications Corporation.
 - * Other names of articles are trademark or registered trademarks of each respective company.

<Contact for Inquiries regarding Exercise of Voting Rights via the Internet>

1. For any inquiries regarding the operation of personal computers, etc., please contact the following:

Mitsubishi UFJ Trust and Banking Corporation, Stock Transfer Agency Division	
Tel:	0120-173-027 (toll free)
Service hours:	9:00 a.m. to 9:00 p.m. (daily)

2. For any other inquiries, please contact the following:

Mitsubishi UFJ Trust and Banking Corporation, Stock Transfer Agency Division	
Tel:	0120-232-711 (toll free)
Service hours:	9:00 a.m. to 5:00 p.m. (Monday through Friday)