

March 19, 2003

To: All parties concerned

Company: Mitsubishi Gas Chemical Company, Inc.  
Representative: Hideki Odaka, Director and President  
(Code #4182, First Section of Tokyo and  
Nagoya Stock Exchanges and Osaka Securities Exchange)  
Contact: Jin Hata, General Manager, Corporate Communications Division  
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**Re: Notification on Revising Performance Projection**

This is to inform that, in view of the recent trend of business performance, the performance projection announced on November 22, 2001 will be revised as described below.

1. Revision in the numerical value of the full term performance projection for March 2002 term (April 1, 2001 – March 31, 2002)

(in million yen, %)

	Sales	Ordinary profit	Net income for current term
Projection previously announced (A) (announced on November 22, 2001)	200,000	0	500
Projection revised this time (B)	193,000	3,200	3,400
Change in value (B-A)	7,000	3,200	3,900
Rate of change	3.5	-	-
Record of previous term (March 2001 term)	228,817	4,593	2,355

2. Revision in the numerical value of the consolidated full-term performance projection for March 2002 term (April 1, 2001 – March 31, 2002)

(in million yen, %)

	Sales	Ordinary profit	Net income for current term
Projection previously announced (A) (announced on November 22, 2001)	280,000	1,500	700
Projection revised this time (B)	275,000	4,500	4,700
Change in value (B-A)	5,000	3,000	4,000
Rate of change	1.8	-	-
Record of previous term (March 2001 term)	323,075	13,633	7,285

### 3. Reason

Business demand has generally been held in check under the continuous economic slump. Furthermore, the market for methanol-based products, xylene products, and engineering plastics has been weakened, and the actuarial gap arising from retirement benefit accounting has increased. As a result, business performance has been worsened in sections such as each product line of chemicals, EL chemicals among functional products, and engineering plastics. Other divisions are also affected by unfavorable performance of their consolidated subsidiaries on the sales of instruments for semiconductors. All of these combine to send the ordinary income unlikely to match the previous projection, as shown in the above table. The electronic material business has been kept in line with expectation, partly thanks to emergency measures taken for consolidated subsidiaries.

In addition, appraisal losses on investment securities (approximately ¥3.5 billion) as a result of impairment recognition, and liquidation losses on fixed assets, etc. (approximately ¥700 million) have been posted as the extraordinary losses, thereby revising the estimated net income downward, as shown in the above table.

Since the year before last, under the slogan named “MGC Evolution 21,” the Company has been implementing measures for strengthening management base, which include the improvement of ROA, cutting fixed costs, and reducing interest-bearing debts. Furthermore, in order to cope with a sharp slide in performance in the current term, the Company is strongly stepping up multiple measures for reducing various expenses, with no area off-limits, including urgent measures for the IT-related operations (downsizing personnel and reducing personnel expenses, postponing investment); measures against unprofitable products (cutting by half in one and a half years); reduction of distribution cost (Distribution 21 Project); escalating the cut of executive’s compensations and employee’s salaries. By further efforts of strengthening and expanding, and accelerating these measures, all members of the Company are united to regain favorable performance and profitability.

(Reference)

Operation income

	Previous projection	Current projection
Parent-only for full-term	1,200 million	4,500 million
Consolidation for full-term	4,000 million	7,400 million

[Note]

The performance projection as given above is based on certain assumptions that are, in our judgment, reasonable at this moment. Therefore actual performance could differ from the prospect.

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