



Mitsubishi Gas Chemical Company, Inc.

March 20, 2007

Recording of Extraordinary Loss and Revision of Business Forecasts

Mitsubishi Gas Chemical Company, Inc. ("MGC") announced today that it had reviewed depreciation of fixed assets for the fiscal year ended March 31, 2007, and in line with that would record extraordinary losses.

MGC also announced that, based on recent levels of business performance, it had decided to revise the business forecasts announced at the time of presentation of its interim results on November 14, 2006. The revised forecasts are outlined below.

Details

1. Recording of extraordinary loss in line with review of depreciation of fixed assets

MGC and some of its consolidated subsidiaries had been depreciating fixed assets to 5% of their acquisition cost, but from the current consolidated accounting year fixed assets will be depreciated to the memorandum price (¥1). This reflects the fact that the value of such fixed assets after completion of depreciation is effectively zero, due to removal expenses and other such costs that may arise in disposing of such assets.

As a result of this change, MGC estimates that it will record a non-consolidated extraordinary loss of approximately ¥7.1 billion and a consolidated extraordinary loss of approximately ¥9.0 billion in the current consolidated accounting period. These extraordinary losses are incorporated in the revised consolidated and non-consolidated business forecasts outlined below.

2. Revision of consolidated full-year business forecast amounts for fiscal year ending March 31, 2007 (April 1, 2006 to March 31, 2007)

(Unit: ¥ million, %)

	Net sales	Operating income	Ordinary income	Net income
Previously announced forecasts (A) (announced November 14, 2006)	480,000	39,000	56,000	41,000
Revised forecasts (B)	480,000	41,000	61,000	39,500
Change (B – A)	0	2,000	5,000	△ 1,500
Change (%)	0.0	5.1	8.9	△ 3.7
Results for previous year (ended March 31, 2006)	439,829	38,970	50,410	32,944



2. Revision of non-consolidated full-year business forecast amounts for fiscal year ending March 31, 2007 (April 1, 2006 to March 31, 2007)

(Unit: ¥ million, %)

	Net sales	Operating income	Ordinary income	Net income
Previously announced forecasts (A) (announced November 14, 2006)	358,500	20,000	28,000	21,500
Revised forecasts (B)	353,000	20,500	32,000	20,500
Change (B – A)	△ 5,500	500	4,000	△ 1,000
Change (%)	△ 1.5	2.5	14.3	△ 4.7
Results for previous year (ended March 31, 2006)	326,523	22,212	25,777	14,738

4. Reasons for the revisions

Consolidated business performance this year has been favorable, with strong showings from specialty aromatic chemical isophthalic acid, engineering plastics polycarbonate and polycarbonate sheet and film, and others. Furthermore, equity in earnings of affiliates has increased, primarily due to the buoyant methanol market, and as a result MGC has revised its forecasts for both operating income and ordinary income upwards in comparison to the previous forecasts.

For non-consolidated business performance, MGC forecasts that net sales will decrease due to sales prices for commodity aromatic chemicals and others declining below forecast levels as a result of weakening crude oil prices. However, MGC forecasts that ordinary income will increase considerably over the previous forecasts, due to higher dividend income from its methanol affiliate company and others.

As a result of the recording of the aforementioned extraordinary losses, consolidated and non-consolidated net income are both forecast to decline slightly from the previous forecasts.

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