

Corporate Profile

ZEON Corporation was established in 1950 as a producer of polyvinyl chloride resins. Its corporate philosophy is to contribute to the preservation of the Earth and the prosperity of the human race. In 1959, ZEON became the first Japanese company to produce synthetic rubbers, and in 1965 it developed an original process for extracting butadiene, a main raw material for synthetic rubbers, from C4 fractions (the GPB process). With this technology applied to C5 fractions (the GPI process), ZEON is now the world's top producer of products using C5 fractions, as well as specialty synthetic rubber products.

In 2000, ZEON withdrew from polyvinyl chloride operations, the original field of the company. This withdrawal reflects ZEON's commitment to focusing its resources on new ventures. At present, sales and operating income are steadily growing in the company's new Specialty Materials Operations, which include specialty chemicals, information materials, and specialty plastics. Thus, the ZEON Group, which includes 50 subsidiaries and nine affiliated companies, continues to transform itself.

In 2005, ZEON announced a new medium-term management plan covering the period between 2005 and 2007, Proud ZEON (PZ)-3, with the aim of making great advances and improving corporate value.

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Cautionary Statement

Statements contained in this annual report with respect to ZEON Corporation's earnings plans, strategies, principles and earnings forecasts that are not historic facts are forward-looking statements about the future performance of the Company. They are based on ZEON's expectations, estimates, forecasts and plans that are currently available, and on management's judgment. These expectations, estimates, forecasts and plans involve various potential risks, uncertainties and assumptions. Possible fluctuations in these important factors could cause ZEON's actual performance to differ materially from any future results expressed or implied by the forward-looking statements. Therefore, undue reliance should not be placed on these forward-looking statements. Also, please note that ZEON assumes no responsibility for updating its cautionary statement about the forward-looking statements with respect to new information, future events or any other developments.

Risks, uncertainties and assumptions that may affect ZEON's actual performance include but are not limited to: commodity prices and currency exchange rates, the global economic environment in which ZEON operates, the outcome of ongoing and future litigation, and ZEON's continued ability to procure funds and use financial products and resources.

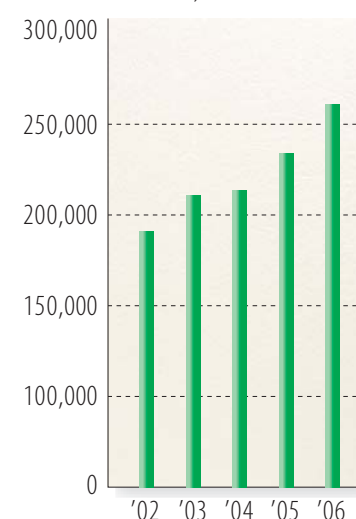
FINANCIAL HIGHLIGHTS

ZEON Corporation and Consolidated Subsidiaries
For the years ended March 31

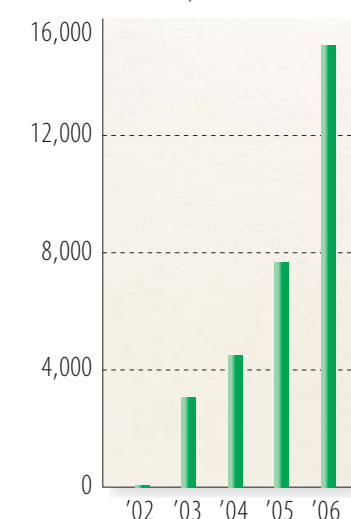
	Millions of yen					Thousands of U.S. dollars
	2002	2003	2004	2005	2006	2006
Net sales	¥ 191,168	¥ 210,889	¥ 213,297	¥ 231,364	¥ 263,074	\$ 2,239,499
Operating income	10,323	12,945	17,897	19,303	26,835	228,441
Net income	28	3,050	4,588	7,773	15,249	129,812
Total assets	232,728	216,000	222,254	236,861	272,674	2,321,222
Shareholders' equity	65,487	65,170	71,575	76,357	96,528	821,725
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Number of employees	2,782	2,868	2,840	2,784	2,893	

Note: The U.S. dollar amounts above and elsewhere in this annual report are translated from yen, for convenience only, at the rate of ¥117.47=\$1.00 (As of March 31, 2006)

Net sales
(Millions of yen)



Net income
(Millions of yen)



Total assets
(Millions of yen)

