

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

This is a translation of the original Japanese-language document and is provided for convenience only. In all cases, the Japanese-language original shall take precedence.

May 13, 2010

**Consolidated Financial Flash Report for the
Year Ended March 31, 2010**

Name of Listed Company	ZEON CORPORATION	Listed Stock	Tokyo Stock Exchange
Ticker Code	4205	Exchanges	
(URL http://www.zeon.co.jp)		Name	Naozumi Furukawa
Representative	President & CEO	Name	Tadayuki Minami
Contact	Managing Director and Corporate Officer	TEL	+81-3-3216-1412
Scheduled Date of the General Shareholders Meeting	June 29, 2010	Scheduled Date of Dividend Payments	From June 30, 2010
Scheduled Date of the Submission of the Securities Report	June 29, 2010		

Note: All amounts less than one million yen in the tables are rounded off.

1. Consolidated Performance for the Year Ended March 31, 2010 (From April 1, 2009 to March 31, 2010)

(1) Consolidated operating results

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2010	225,878	(16.0)	9,319	217.4	9,448	145.5	5,020	102.6
Year ended March 31, 2009	268,857	(11.2)	2,936	(88.4)	3,848	(81.4)	2,478	(72.7)

Note: The percentage figures respectively indicate year-over-year changes from the previous fiscal year.

	Net income per share	Fully diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to sales
	Yen	Yen	%	%	%
Year ended March 31, 2010	21.26	21.24	5.0	3.3	4.1
Year ended March 31, 2009	10.50	10.49	2.4	1.2	1.1

Reference: Equity in earnings (losses) of unconsolidated subsidiaries and affiliates, net:
Year ended March 31, 2010: ¥13 million Year ended March 31, 2009: ¥31 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2010	281,053	108,072	37.2	443.19
As of March 31, 2009	292,027	99,261	32.8	405.89

Reference: Equity*:
As of March 31, 2010: ¥104,648 million As of March 31, 2009: ¥95,816 million

*Equity used for calculation of the indices consists of "shareholders' equity" and "valuation and translation adjustments."

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

This is a translation of the original Japanese-language document and is provided for convenience only. In all cases, the Japanese-language original shall take precedence.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2010	42,956	(12,346)	(28,884)	6,912
Year ended March 31, 2009	10,373	(35,155)	24,521	5,008

2. Cash Dividends

Record date	Cash dividend per share					Total annual cash dividends	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1Q end	Interim	3Q end	Year-end	Full year			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2009	—	6.00	—	3.00	9.00	2,125	85.7	0.7
Year ended March 31, 2010	—	0.00	—	6.00	6.00	1,417	28.2	1.4
Year ending March 31, 2011 (Forecast)	—	3.00	—	3.00	6.00		15.7	

Note: Full year cash dividend of 6.00 yen for the year ended March 31, 2010 includes a 1.00 yen commemorative dividend for the 60th anniversary.

3. Projected Consolidated Performance for the Year Ending March 31, 2011 (From April 1, 2010 to March 31, 2011)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim period ending September 30, 2010	125,000	21.7	8,000	—	8,000	—	4,000	—	16.94
Year ending March 31, 2010 (Full year)	250,000	10.7	16,000	71.7	16,000	69.3	9,000	79.3	38.12

Note: The percentage figures respectively indicate changes from the previous period or year.

4. Other Matters

(1) Significant changes of specified subsidiaries (Changes of Specified Subsidiaries Accompanied by Change in Scope of Consolidation): Applicable

Addition: — (Name of company:) Exclusion: — (Name of company:)

(2) Changes in accounting principle, procedures and presentation on preparation of consolidated financial statements (stated in Changes of Important Matters on Basis of Presenting the Consolidated Financial Statements)

(i) Changes due to amendment in accounting standards: None

(ii) Changes except above (i): None

(3) Number of shares outstanding (Common stock)

(i) Number of shares outstanding at the end of the year (Including treasury stock)

As of March 31, 2010: 242,075,556 shares As of March 31, 2009: 242,075,556 shares

(ii) Number of treasury stock outstanding

As of March 31, 2010: 5,952,919 shares As of March 31, 2009: 6,014,418 shares

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

This is a translation of the original Japanese-language document and is provided for convenience only. In all cases, the Japanese-language original shall take precedence.

Reference: Summary of Non-consolidated Performance
**1. Non-consolidated Performance for the Year ended March 31, 2010
(From April 1, 2009 to March 31, 2010)**

(1) Non-consolidated operating results

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2010	160,629	(5.8)	8,177	98.1	9,303	32.7	5,728	94.7
Year ended March 31, 2009	170,457	(8.7)	4,127	(75.7)	7,011	(59.9)	2,942	(71.8)

Note: The percentage figures respectively indicate year-over-year changes from the previous fiscal year.

	Net income per share		Fully diluted net income per share	
	Yen		Yen	
Year ended March 31, 2010	24.26		24.24	
Year ended March 31, 2009	12.46		12.45	

(2) Non-consolidated financial position

	Total assets	Net Assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2010	249,230	95,797	38.4	404.93
Year ended March 31, 2009	248,862	87,389	35.0	369.35

Reference: Equity

As of March 31, 2010: ¥95,613 million As of March 31, 2009: ¥87,188 million

Note:

The projected performance figures in this report are based on information available to ZEON's management at the time this report was prepared and are subject to potential risks and uncertainty. Accordingly, users should be aware that actual results may differ materially from any expressed future performance herein due to various factors.

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

This is a translation of the original Japanese-language document and is provided for convenience only. In all cases, the Japanese-language original shall take precedence.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (As of March 31, 2009)	Current fiscal year (As of March 31, 2010)
(Assets)		
Current assets		
Cash and bank deposits	5,263	7,378
Notes and accounts receivable—trade	46,135	61,540
Merchandise and products	43,828	28,762
Work in process	3,288	2,322
Raw materials and supplies	8,508	7,253
Accounts receivable—other	15,947	19,319
Deferred tax assets	3,446	3,499
Other current assets	4,607	1,631
Allowance for doubtful accounts	(77)	(71)
Total current assets	130,945	131,632
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	31,831	34,028
Machinery, equipment and vehicles, net	40,320	49,098
Land	13,913	13,932
Construction in progress	29,502	8,863
Other property, plant and equipment, net	3,226	2,452
Total property, plant and equipment	118,792	108,373
Intangible assets		
Goodwill	1,416	839
Other intangible assets	3,458	3,288
Total intangible assets	4,874	4,127
Investments and other assets		
Investment securities	25,849	31,135
Deferred tax assets	5,714	1,486
Other investments and assets	6,387	4,716
Allowance for doubtful accounts	(533)	(416)
Total investments and other assets	37,416	36,920
Total fixed assets	161,082	149,421
Deferred charges	0	—
Total Assets	292,027	281,053

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

This is a translation of the original Japanese-language document and is provided for convenience only. In all cases, the Japanese-language original shall take precedence.

	(Millions of yen)	
	Previous fiscal year (As of March 31, 2009)	Current fiscal year (As of March 31, 2010)
(Liabilities)		
Current liabilities		
Notes and accounts payable—trade	35,968	48,349
Short-term loans payable	39,199	23,128
Commercial paper	29,988	5,999
Current portion of bonds	—	10,000
Income taxes payable	426	726
Reserve for bonuses	1,257	1,029
Other reserves	1,200	1,126
Other current liabilities	15,577	11,773
Total current liabilities	123,614	102,131
Long-term liabilities		
Bonds payable	20,000	10,000
Long-term loans payable	34,160	46,571
Deferred tax liabilities	358	629
Allowance for employees' retirement benefits	11,859	10,682
Allowance for environmental remediation	517	844
Other reserves	635	626
Negative goodwill	87	—
Other long-term liabilities	1,536	1,498
Total long-term liabilities	69,151	70,850
Total Liabilities	192,766	172,981
(Net Assets)		
Shareholders' equity		
Common stock	24,211	24,211
Capital surplus	18,374	18,374
Retained earnings	66,624	70,963
Treasury stock, at cost	(5,430)	(5,371)
Total shareholders' equity	103,781	108,177
Valuation and translation adjustments		
Net unrealized holding gain on available-for-sale securities	(8)	3,482
Deferred gains (losses) on hedges	(2)	(0)
Foreign currency translation adjustments	(6,089)	(5,632)
Pension liabilities adjustments	(1,867)	(1,378)
Total valuation and translation adjustments	(7,965)	(3,529)
Stock acquisition rights	201	185
Minority interests	3,244	3,239
Total net assets	99,261	108,072
Total liabilities and net assets	292,027	281,053

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

This is a translation of the original Japanese-language document and is provided for convenience only. In all cases, the Japanese-language original shall take precedence.

(2) Consolidated Statements of Income

	(Millions of yen)	
	Previous fiscal year (From April 1, 2008 to March 31, 2009)	Current fiscal year (From April 1, 2009 to March 31, 2010)
Net sales	268,857	225,878
Cost of sales	220,579	175,825
Gross profit	48,279	50,053
Selling, general and administrative expenses	45,343	40,734
Operating income	2,936	9,319
Nonoperating income		
Interest income	199	101
Dividend income	895	656
Amortization of negative goodwill	131	88
Earnings from unconsolidated subsidiaries and affiliates accounted for by equity methods	31	13
Foreign exchange gain	—	49
Rental income	77	78
Gain on sale of goods	280	177
Subsidy	2,540	487
Other nonoperating income	481	353
Total nonoperating income	4,634	2,000
Nonoperating expenses		
Interest expense	1,640	1,285
Foreign exchange loss	1,725	—
Depreciation from idle assets	—	278
Other nonoperating expenses	356	307
Total nonoperating expenses	3,722	1,871
Ordinary income	3,848	9,448
Extraordinary gains		
Gain on sale of fixed assets	75	—
Gain on sale of investment securities	—	221
Other	16	36
Total extraordinary gains	91	257
Extraordinary losses		
Loss on disposal of fixed assets	770	259
Impairment loss	1,546	487
Valuation loss on investment securities	288	249
Loss on allowance for environmental remediation	—	327
Environmental remediation expenses	—	201
Loss on plant closure	—	180
Other	88	51
Total extraordinary losses	2,691	1,755
Income before income taxes and minority interests	1,249	7,951
Income taxes—current	1,380	867
Refund of income taxes	—	(175)
Income taxes—prior years	122	—
Income taxes—deferred	(2,847)	2,040
Total taxes	(1,345)	2,731
Minority interests in net income of consolidated subsidiaries	116	200
Net income	2,478	5,020

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

This is a translation of the original Japanese-language document and is provided for convenience only. In all cases, the Japanese-language original shall take precedence.

Segment Information

a. Business segments

Previous fiscal year (From April 1, 2008 to March 31, 2009)

(Millions of yen)

	Elastomer	Specialty Materials	Other	Total	Eliminations/ Corporate	Consolidated
I. Net sales and operating income/expenses						
Net sales						
(1) Sales to third parties	178,459	37,569	52,829	268,857	—	268,857
(2) Intersegment sales and transfers	1,498	—	2,322	3,820	(3,820)	—
Total	179,957	37,569	55,151	272,678	(3,820)	268,857
Operating expenses	172,316	42,333	54,974	269,623	(3,702)	265,922
Operating income (Loss)	7,642	(4,764)	177	3,055	(119)	2,936
II. Assets, depreciation and amortization, and capital expenditures						
Assets	129,927	85,245	22,441	237,613	54,414	292,027
Depreciation and amortization	9,484	10,942	534	20,960	1,638	22,597
Impairment loss	104	1,442	—	1,546	—	1,546
Capital expenditures	9,432	18,332	280	28,044	1,452	29,496

Current fiscal year (From April 1, 2009 to March 31, 2010)

(Millions of yen)

	Elastomer	Specialty Materials	Other	Total	Eliminations/ Corporate	Consolidated
I. Net sales and operating income/expenses						
Net sales						
(1) Sales to third parties	137,396	47,305	41,177	225,878	—	225,878
(2) Intersegment sales and transfers	891	—	478	1,369	(1,369)	—
Total	138,287	47,305	41,655	227,247	(1,369)	225,878
Operating expenses	128,940	47,052	41,959	217,951	(1,392)	216,559
Operating income (Loss)	9,347	253	(304)	9,296	24	9,319
II. Assets, depreciation and amortization, impairment loss, and capital expenditures						
Assets	129,002	78,696	22,674	230,371	50,681	281,053
Depreciation and amortization	9,465	10,847	443	20,755	1,501	22,256
Impairment loss	223	251	13	487	—	487
Capital expenditures	6,251	3,714	232	10,196	1,130	11,326

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

This is a translation of the original Japanese-language document and is provided for convenience only. In all cases, the Japanese-language original shall take precedence.

b. Geographical segments

Previous fiscal year (From April 1, 2008 to March 31, 2009)

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Eliminations /Corporate	Consolidated
I. Net sales and operating income/expenses							
Net sales							
(1) Sales to third parties	206,435	21,755	19,737	20,931	268,857	—	268,857
(2) Intersegment sales and transfers	28,629	8,573	675	1,777	39,654	(39,654)	—
Total	235,064	30,327	20,412	22,708	308,511	(39,654)	268,857
Operating expenses	235,055	27,807	20,462	22,622	305,946	(40,025)	265,922
Operating income (Loss)	9	2,520	(50)	86	2,565	371	2,936
II. Assets	220,234	22,833	7,422	7,256	257,744	34,283	292,027

Current fiscal year (From April 1, 2009 to March 31, 2010)

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Eliminations /Corporate	Consolidated
I. Net sales and operating income/expenses							
Net sales							
(1) Sales to third parties	181,673	13,886	12,780	17,539	225,878	—	225,878
(2) Intersegment sales and transfers	27,628	5,449	630	2,122	35,829	(35,829)	—
Total	209,301	19,335	13,411	19,660	261,707	(35,829)	225,878
Operating expenses	199,670	20,400	13,462	19,067	252,600	(36,041)	216,559
Operating income (Loss)	9,631	(1,065)	(52)	593	9,107	212	9,319
II. Assets	221,692	19,882	8,524	8,111	258,209	22,844	281,053

c. Overseas Sales

Previous fiscal year (From April 1, 2008 to March 31, 2009)

	North America	Europe	Asia	Other	Total
I. Overseas sales (Millions of yen)	27,646	29,331	60,018	2,469	119,463
II. Consolidated sales (Millions of yen)					268,857
III. Ratio of overseas sales to consolidated sales (%)	10.3	10.9	22.3	0.9	44.4

Current fiscal year (From April 1, 2009 to March 31, 2010)

	North America	Europe	Asia	Other	Total
I. Overseas sales (Millions of yen)	18,846	19,680	61,016	2,185	101,727
II. Consolidated sales (Millions of yen)					225,878
III. Ratio of overseas sales to consolidated sales (%)	8.3	8.7	27.0	1.0	45.0