

New Year's Message by President & CEO Ryuichi Tomizawa

Happy New Year! I'm very pleased to see you all looking so refreshed at the beginning of this new year. This morning, I'd like to make a few brief comments.

In Tokyo, the year 2003 began with very cold weather, and we even had some snow on several days. In Japan, due to the combination of national holidays and weekends, we had a longer winter break than usual. I hope you all enjoyed your holidays and that you are now full of energy.

I would also like to take this opportunity to thank all those who had to work during the holidays in order to deal with maintenance and continuous plant operation and so on. We appreciate your efforts very much.

As you probably know, this year the Yokkaichi Plant in Japan is celebrating its bicentennial. Just 50 years ago, in 1953, the Mitsubishi Chemical Group acquired a new base in the central part of Japan. And then three years later, in 1956, Mitsubishi Petrochemical Co. Ltd. was established. As a result, we embarked on a new large-scale business in the field of petrochemicals. At that time, half a century ago, with the aim of taking large strides toward the future, the company took on the challenge of developing a new business in addition to its previous coal chemistry-based operations.

When I think back on our history, it seems very clear to me that the two prime movers of the Mitsubishi Chemical Group have always been the ability to grasp the trends of the time and the instigation of entrepreneurship to prepare aggressively for the future.

After my inauguration at the end of June last year, I visited and observed many of our work sites and exchanged opinions about

our Group with many employees face-to-face. In addition, I had many discussions with both board members and employees, which helped me to clarify and reorganize management issues that face us.

As a result, I was able to formulate the concept of our management reformation plan for the next five years, the KAKUSHIN Plan, last November. The plan included my desire to incubate new businesses, even though for the time being we will have to concentrate on rebuilding our business foundation.

I would like to believe that the courage, wisdom, and ability to see into the future that were demonstrated by our predecessors during the rise of the Mitsubishi Chemical Group 50 years ago have been handed down to us in our organizational behavior.

I should like to designate 2003 as a year for action. I shall now talk about three things I want to ask you all to bear in mind and put into practice.

First, I'd like to clarify the action plan for our KAKUSHIN Plan Phase-1 which will run from April 2003 through March 2005.

The next two fiscal years will be a period for rebuilding the foundation of our business. We can all expect a difficult time meeting the milestones set out in the plan. I believe very strongly, however, that during Phase-1 we also have to incubate and nurture new business seeds for our future.

In the next two years, I will put every effort into carrying out my intention to rebuild our foundation by strengthening the Group's financial condition, reforming our Group's business portfolio, and securing profits.

As you can imagine, these three actions will cause conflicts, but we must find ways to achieve them. For this, I will need the support of you all. We should all keep in mind that it is much easier to make plans than to put them into action,

and it is incomparably harder still to pursue and realize those plans. Let us all face the challenge with a positive frame of mind, with imaginative and original ideas, and with enthusiasm. We all must display greater energy and wisdom from now on.

Although our financial condition improved slightly in the first half of this fiscal year, please remember that the KAKUSHIN Plan begins in April 2003. We are still in the preparation stage. Let us tighten our belts and get ready for action.

My own actions will be devoted to achieving the financial goals set for Phase-1: specifically, reduction of our interesting-bearing debt by ¥180 billion by March 2005; achieving an annual operating income of not less than ¥100 billion for fiscal year 2004; and making a return on assets of not less than 4% for fiscal year 2004.

The second point concerns communication with our customers.

When we look at the current situation of our industry and the economic situation of our Group companies, it is difficult to foresee the situation 5 or 10 years ahead, let alone 50 years. But I am confident in saying that the starting point for successfully passing through these difficult times lies in delivering value to our customers by solving their visible and/or their invisible problems.

Solution of customers' problems is also the key to development of new products and businesses by applying advanced science and technology, such as biotechnology and nanotechnology. I would like to urge every one of you to pursue customer satisfaction with enthusiasm. Your efforts will certainly bring about change.

Last year in November, after the announcement of the KAKUSHIN Plan Phase-1, I consulted with many of our customers

at meetings held all over Japan. On those occasions, the Mitsubishi Chemical Group promised to deliver value to them.

This year, we must show our customers that we do indeed deliver value. And we must increase and improve the quantity and quality of our communication with them.

Act much faster and more dynamically, communicate much wider and deeper, and innovate much more creatively and passionately, both with our customers and for our customers. Please obtain all the possible information and wisdom from the Group companies and integrate that information and wisdom in order to support the delivery of value to our customers.

Last year, we created the Mitsubishi Chemical Group Information Center, which can be accessed by phone or e-mail, and also a number of websites, such as the Mitsubishi Chemical Group Plastic Film & Sheet website and the Mitsubishi Chemical Group Plastics website. I strongly encourage any kind of new action that will help to maximize our Group strength. We all want to hear our customers say that we are their preferred partners!

Thirdly, I would like to remind you to maintain safe operations, to observe corporate responsibilities, and to follow ethical guidelines. Safe operation and corporate citizenship are the basis of trust from customers and society. And as time goes on, I will repeat this again and again.

Many business scandals were reported last year, and some companies even disappeared. Just one accident or scandal can cost a company its life.

When it comes to plant troubles, we must be careful not carelessly destroy our strenuously-constructed corporate brand and the trust we have gained from society. We must aggressively develop new and completely ethical ways to proceed with our

business activities.

I began by talking about our situation 50 years ago. Just one hundred years ago, in 1903, the Wright Brothers took off on the first-ever powered flight. It lasted less than one minute, but we can easily imagine how much tenacity of purpose and passion must have gone into that achievement. I think we must also display firm resolution and passion for our future so that 2003 will be a year in which we all can experience take-off.

The action plan for the KAKUSHIN Plan Phase-1 will be worked out by April, and it will be a declaration of a positive future for the Mitsubishi Chemical Group. We *will* make a comeback as the leader of our industry.

That's the end of my brief New Year message. My best wishes to all of you and to your families in 2003.

Thank you.