

June 10, 2002

Mitsubishi Chemical Corporation
Mitsubishi Pharma Corporation

Concerning Integration of Active Pharmaceutical Ingredients and Fine Chemicals Businesses by Means of Businesses Separation and Integration to Yoshitomi Fine Chemicals

Mitsubishi Chemical Corporation, Mitsubishi Pharma Corporation, and Yoshitomi Fine Chemicals, Ltd., a wholly-owned subsidiary of Mitsubishi Pharma, have agreed to separate active pharmaceutical ingredients (API) business and a part of fine chemicals business that Mitsubishi Chemical's Specialty Chemicals Company operates and integrate them to Yoshitomi Fine Chemicals as from October 1, 2002. Mitsubishi Chemical and Yoshitomi Fine Chemicals signed the agreement today. As from October 1, 2002, Yoshitomi Fine Chemicals will change its name to API Corporation.

Outline of The Separation and Integration of The Businesses

1. Objectives

The API business of Mitsubishi Chemical has a superior research and development capability with which it can respond to the needs of the process development for pharmaceutical intermediates, manufacturing of active pharmaceutical ingredients, and proposal of basic technologies and competitive production methods. Also, its fine chemicals business sells its various intermediate chemicals to a wide range of markets based on its long-cultivated organic synthesis technology.

Meanwhile, Yoshitomi Fine Chemicals was created in October 1996 by spinning off the businesses of fine chemical and active pharmaceutical ingredients from Yoshitomi Pharmaceutical Co., Ltd. (now Mitsubishi Pharma). It has expertise in "specialty chemicals" such as plastic additives and chemicals for information papers, sterilizers, and active pharmaceutical ingredients. The company has recently constructed a most up-to-date plant for producing active pharmaceutical ingredients and facility to manufacture API for clinical trials, and has a high level capability to cope with GMP and superior technology for industrialization.

Mitsubishi Chemical, Mitsubishi Pharma and Yoshitomi Fine Chemicals have agreed to carry out the business integration based on their judgment that it is necessary to integrate the API businesses and the same type of fine chemicals businesses of the both companies. Both the increasingly severe business environment of the pharmaceutical industry and the planned amendment of the Pharmaceutical Affairs Law, which will become the sales approval system from that of manufacturing approval system, have pushed the three companies to undergo the integration of the businesses. The new company, API Corporation, will positively react to the change in business environments.

After the integration, API Corporation will aim at becoming the world's top-class company with API and niche fine chemicals businesses as core targets based on the world-class technology development capability and market access capability that the two companies have cultivated. As for the business results, API Corporation will aim at achieving total sales of Yen 50 billion and 10% of operating profits on sales in the fiscal 2005 or three years after the integration. The new API business after the reorganization will cover contract R&D and manufacturing of API for clinical trials, intermediate chemicals for pharmaceuticals. The targeted customers are the worldwide pharmaceutical companies and API Corporation shall respond to their needs based on the world's top-class technology development capability of Mitsubishi Chemical Group such as biotechnology, organic synthesis, and process technology. Also, as to the fine chemicals business, the company will try to maximize the profits by utilizing its management resources effectively.

2. Outline of Mitsubishi Chemical and Yoshitomi Fine Chemicals is as follows:

	Business separating company	Succeeding company
(1) Company name	Mitsubishi Chemical Corporation	Yoshitomi Fine Chemicals, Ltd. (Plans to change the name to API Corporation from October 1, 2002)
(2) Line of business	Production and sales of various chemical products	Production and sales of fine chemicals and active pharmaceutical ingredients
(3) Date of establishment	June 1, 1950	April 27, 1982
(4) Head office	2-5-2 Marunouchi, Chiyoda-ku, Tokyo	2-4-9 Hiranomachi, Chuo-ku, Osaka
(5) Representative	President: Kanji Shono	President: Masaharu Kuriyama
(6) Paid-in capital	Yen 145,086 million (as of March 31, 2002)	Yen 4,000 million (as of March 31, 2002)
(7) Outstanding shares	2,177,675,032 shares (as of March 31, 2002)	5,520 shares (as of March 31, 2002)
(8) Shareholders' equity	Yen 281,961 million (as of March 31, 2002)	Yen 6,566 million (as of March 31, 2002)

(9) Total asset	Yen 1,067,091 million (as of March 31, 2002)	Yen 22,939 million (as of March 31, 2002)
(10) Date of business settlement	March 31	March 31
(11) Employee force	7,853 (non-consolidated) (as of March 31, 2002)	397 (as of March 31, 2002)
(12) Major customers	Mitsubishi Corporation, Nisshin Steel Co., Ltd., Meiwa Corporation, Nippon Mitsubishi Oil Corporation	Mitsubishi Pharma Corporation, Takeda Chemical Industries, Ltd., Itochu Fine Chemical Corp., Nippon Soda Co., Ltd.
(13) Major shareholders and their ratio	Meiji Life Insurance Company: 5.8%, Nippon Life Insurance Company: 4.2%, Bank of Tokyo-Mitsubishi, Ltd.: 4.2% (as of March 31, 2002)	Mitsubishi Pharma Corporation: 100.0%
(14) Main banks	Bank of Tokyo-Mitsubishi, Ltd., Mitsubishi Trust and Banking Corporation	Bank of Tokyo-Mitsubishi, Ltd., Sumitomo Mitsui Banking Corporation
(15) Relationship of the companies concerned	Capital relationship	Yoshitomi Fine Chemical is a 100%-owned subsidiary of Mitsubishi Pharma. Mitsubishi Pharma is a consolidated subsidiary of Mitsubishi Chemical which owns 42.2% of the total shares. With the business integration, Mitsubishi Chemical will hold 47.4% of the total shares of API Corp.
	Human resources relationship	To integrate the businesses, those employees concerned at Mitsubishi Chemical are scheduled to be 'on loaned' to API Corp.
	Transaction relationship	API Corp. will manufacture pharmaceutical bulk for Mitsubishi Pharma. Mitsubishi Chemical will supply raw materials and others to API Corp.

(16) Business results for the recent three fiscal years (unit: Yen 1 million)

	Mitsubishi Chemical (non-consolidated)			Yoshitomi Fine Chemical (business succeeding company)		
Fiscal year	Ending in March 2000	Ending in March 2001	Ending in March 2002	Ending in March 2000	Ending in March 2001	Ending in March 2002
Total sales	841,494	781,501	669,255	26,598	27,097	24,466
Operating profits (loss)	22,985	20,618	(7,798)	1,313	1,640	1,247
Current profits (loss)	8,915	18,187	(12,982)	1,053	1,466	1,030
Net profits for the term (loss)	(46,767)	4,081	(88,838)	575	823	576
Net profits per share for the term (in Yen) (loss)	(21.91)	1.87	(40.79)	104,282	149,207	104,465
Dividend per share (in Yen)	2.00	2.00	0.00	12,240	0	0
Shareholders' equity per share (in Yen)	171.63	171.71	129.48	949,892	1,085,954	1,189,512

3. Contents of the business segment to be separated

(1) API business and a part of fine chemicals business:

Production and sales of active pharmaceutical ingredients and fine chemicals.

(2) Business results of the API business and a part of fine chemicals business for the fiscal year ending in March 2002:

Sales	API and fine chemical business segments (a)	Business results for the fiscal year ending in March 2002 (b)	Ratio (a/b)
Mitsubishi Chemical	Yen10. 5 billion	Yen 669.3 billion	1.6%

(3) Assets to be transferred, items of liabilities and amount (as of September 30, 2002; estimate):

Assets		Liabilities	
Items	Book value	Items	Book value
Assets in inventory Tangible fixed assets Other assets	Yen 5.8 billion	Loan and other debts	Yen 2.1 billion

Effect on the business results of Mitsubishi Chemical to be given by the business separation is minimal. Also, the effect on the consolidated business results of Mitsubishi Pharma, the parent company of the business succeeding company, is minimal.

4. The situation of the succeeding company after the business separation

- (1) Company name: API Corporation (after the change of the name)
- (2) Business lines: Production and sales of fine chemicals and active pharmaceutical ingredients
- (3) Head office: 2-4-9 Hirano-machi, Chuo-ku, Osaka
- (4) Representative: Yoshihiro Narita, President
Masaharu Kuriyama, Senior Managing Director
- (5) Paid-in capital: Yen 4,000 million
- (6) Total assets: about Yen 28.7 billion
- (7) Date of business settlement: March 31

#

For further information, please contact:

Public Relations and Investor Relations Dept., Mitsubishi Chemical Corporation

Tel: +81-3-3283-6274

Public Relations and Investor Relations Dept., Mitsubishi Pharma Corporation

Tel: +81-6-6201-1696