



April 26, 2005

## **Establishment of Holding Company**

Mitsubishi Chemical Corporation  
Mitsubishi Pharma Corporation

Mitsubishi Chemical Corporation ("MCC") (Head office: Minato-ku, Tokyo; President: Ryuichi Tomizawa), and Mitsubishi Pharma Corporation ("MPC") (Head office: Chuo-ku, Osaka; President: Takeshi Komine) resolved at respective meetings of the Board of Directors held today to jointly establish a holding company ("HC"), by means of a stock-for-stock exchange effective on October 1, 2005.

### **1. Objective**

MCC has made the decision to further develop and enhance its Group portfolio management through establishing the HC, to increase the corporate value and accelerate strengthening of the pharmaceutical business, as well as expedite business restructuring and alliances. The HC will manage portfolios of the Group, with both MCC and MPC respectively managing their business operations under the HC.

MPC has also concluded that establishing the HC will accelerate its management plan to become a global research-driven pharmaceutical company, to manage domestic business environment with more stringent government control of medical costs and severer competition with overseas pharmaceutical companies. The new scheme will expand strategic options to strengthen R&D and develop overseas infrastructure through alliances, and to maximize synergies with MCC Group's health care businesses to meet changing needs in medical care.

MCC and MPC believe that the establishment of the HC will enhance our shareholders' value. The HC will also seek to increase corporate value by further executing a phased restructuring of business portfolios for other Group companies.

### **2. Process and Schedule**

#### 1) Process

MCC and MPC have agreed to proceed with the establishment of the HC as follows:

Following approval at both of the companies' general meetings of shareholders

and execution of formal procedures with relevant authorities, the HC will be established in the form of a 100% parent company through the stock-for-stock exchange by MCC and MPC. MCC and MPC will both become wholly owned subsidiaries of this new entity.

At an appropriate time following the establishment, listed Group companies' shares owned by MCC will be transferred in principle to the HC, maintaining their listed status.

## 2) Schedule

April 26, 2005	Approval by Board of Directors at MCC and MPC on establishing the HC
April 26, 2005	Signing of the agreement on establishing the HC
Late June, 2005	General meetings of shareholders MCC: Scheduled for June 28, 2005 MPC: Scheduled for June 29, 2005
October 1, 2005	Effective date of the stock-for-stock exchange Listing of the HC's stock
October 3, 2005	Incorporation of the HC

## 3. Profile of the HC

1) Company name:	Mitsubishi Chemical Holdings Corporation (plan)
2) Incorporation date:	October 3, 2005
3) Head office:	33-8 Shiba 5-chome, Minato-ku, Tokyo 108-0014
4) Capital:	50 billion yen
5) Listings:	Tokyo Stock Exchange Osaka Securities Exchange
6) Fiscal year end:	March 31
7) Main scope of business:	Management of Group companies (Development of the Group strategies and allocation of financial resource)
8) Directors (proposed):	<i>Representative Director, Member of the Board, President:</i> Ryuichi Tomizawa <i>Representative Director, Member of the Board:</i> Yosuke Yamada, Takeshi Komine <i>Member of the Board:</i> Masaoki Funada, Yoshiyuki Maekawa, Ryuichi Sato,

Hisashi Ishikawa, Kunihiko Shimojuku

*Corporate Auditor (full-time):*

Hideaki Yoshida, Yoshikazu Takagaki\*

*Corporate Auditor:*

Takayasu Kishi, Hiroyasu Sugihara\*,

Somitsu Takehara\*

*\*Outside Corporate Auditor*

- 9) Functions:
- 1) Portfolio management of the Group
  - 2) Public relations and investor relations
  - 3) Health care planning

- 10) Shares to be issued:
- 1) Type of shares: Common share
  - 2) Number of shares: 1,806,288,107
  - 3) Unit shares: 500

Common shares of the HC to be held by MCC via the stock-for-stock exchange will be applied toward enhancing corporate value.

#### **4. Stock-for-Stock Exchange**

##### 1) Stock exchange ratio

- For each share of MCC common stock, 0.5 share of the HC's common stock
- For each share of MPC common stock, 1.565 share of the HC's common stock

The HC will exchange its common stock with the shareholders of MCC and MPC at the ratios shown below:

	MCC	MPC
Stock exchange ratio	1	3.13

##### 2) Calculation of stock-for-stock exchange ratio

The stock exchange ratio was decided through discussions by both companies based on the result of evaluation by Mitsubishi Securities Co., Ltd. in view of fairness and adequacy. MCC received fairness opinion by Nikko Citigroup Limited, and MPC received fairness opinion by Nomura Securities Co., Ltd. as their respective financial advisors.

3) Scheduled effective date of stock-for-stock exchange

October 1, 2005

(Incorporation: October 3, 2005)

4) Cash payment upon the stock-for-stock exchange

No cash payment will be made upon the stock-for-stock exchange.

(MCC and MPC will pay interim dividends.)

## 5. Profiles of MCC and MPC

### Company profiles

As of September 30, 2004

Company name	Mitsubishi Chemical Corporation	Mitsubishi Pharma Corporation
Main scope of business (Consolidated)	Petrochemicals, performance and functional products, and health care	Pharmaceuticals
Establishment	August, 1934	August, 1940
Head office	33-8 Shiba 5-chome, Minato-ku, Tokyo	6-9 Hirano-machi 2-chome, Chuo-ku, Osaka
President	Ryuichi Tomizawa	Takeshi Komine
Paid-in capital	145,086 million yen	30,560 million yen
Outstanding shares	2,177,675,032	458,434,883
Shareholders' equity (Consolidated)	410,694 million yen	199,210 million yen
Total assets (Consolidated)	1,949,679 million yen	282,651 million yen
Fiscal year end	March 31	March 31
Employees (Consolidated)	33,603	6,085
Major customers	Numerous domestic and overseas customers	MEDICEO Holdings Co., Ltd. SUZUKEN CO., LTD.
Major shareholders and shareholding ratios	Japan Trustee Services Bank, Ltd. (Trust account) – 7.68% The Master Trust Bank of Japan Ltd. (Trust account) – 6.40% Meiji Yasuda Life Insurance Co. - 5.24% Nippon Life Insurance Co. - 4.06% The Bank of Tokyo-Mitsubishi, Ltd. - 3.38% The Tokio Marine & Nichido Fire Insurance Co., Ltd. – 3.05%	Mitsubishi Chemical Corporation – 58.94% Takeda Pharmaceutical Company Limited – 7.18% NIPRO CORPORATION – 1.84% The Bank of Tokyo-Mitsubishi, Ltd. -1.67% The Master Trust Bank of Japan Ltd. (Trust account) – 1.49% Japan Trustee Services Bank, Ltd. (Trust account) – 1.48%
Main financing banks	The Bank of Tokyo-Mitsubishi, Ltd. THE MITSUBISHI TRUST AND BANKING CORPORATION Mizuho Corporate Bank, Ltd.	The Bank of Tokyo-Mitsubishi, Ltd. Sumitomo Mitsui Banking Corporation Mizuho Corporate Bank, Ltd. THE MITSUBISHI TRUST AND BANKING CORPORATION
Relationship between MCC and MPC	Capital	MCC holds 270,208,000 shares of MPC (58.94% of issued shares)
	Personnel	The President of MCC also serves concurrently as Chairman of MPC.
	Business	Ordinary commercial trading

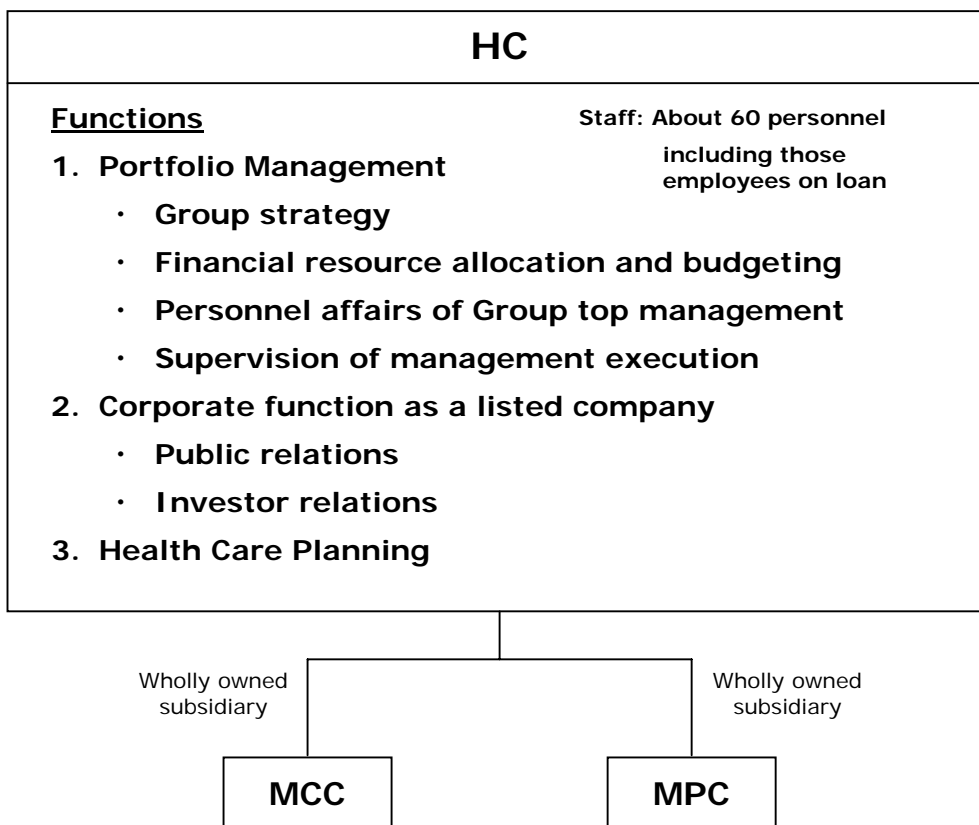
### Current three-year business results and forecasts (consolidated)

Unit: Millions of Yen

Company name	Mitsubishi Chemical Corporation				Mitsubishi Pharma Corporation			
	Actual Results (Mar. 31, 2002)	Actual Results (Mar. 31, 2003)	Actual Results (Mar. 31, 2004)	Forecasts (Mar. 31, 2005)	Actual Results (Mar. 31, 2002)	Actual Results (Mar. 31, 2003)	Actual Results (Mar. 31, 2004)	Forecasts (Mar. 31, 2005)
Fiscal year end								
Net sales	1,780,346	1,887,493	1,925,331	2,190,000	228,983	280,780	235,431	233,000
Operating income	34,841	91,962	98,163	146,000	19,965	29,448	28,727	29,000
Recurring profit	7,089	75,621	82,613	145,000	16,642	27,385	27,118	28,000
Net income	-45,253	21,386	34,547	54,000	8,987	8,255	10,818	12,000
Net income (loss) per share (Yen)	-20.78	9.75	15.82	24.84	24.54	18.05	23.81	26.50
Cash dividends per share (Yen)	-	3	4	6	11	10	10	10
Shareholders' equity per share (Yen)	157.86	161.06	182.59	-	420.06	416.90	435.90	-

## 7. Structure of the HC

As of October 2005



For further information, please contact:

**Public Relations and Investor Relations Department**  
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### Forward-Looking Statements:

The forward-looking statements are based largely on company expectations and information available as of the date hereof, and are subject to risks and uncertainties, which may be beyond company control. Actual results could differ materially due to numerous factors, including without limitation, market conditions and the effects of industry competition. The company expectations for the forward-looking statements are described in Page [1] through [6] hereof.