
Presentation for ***Analyst Meeting***

January 18, 2006

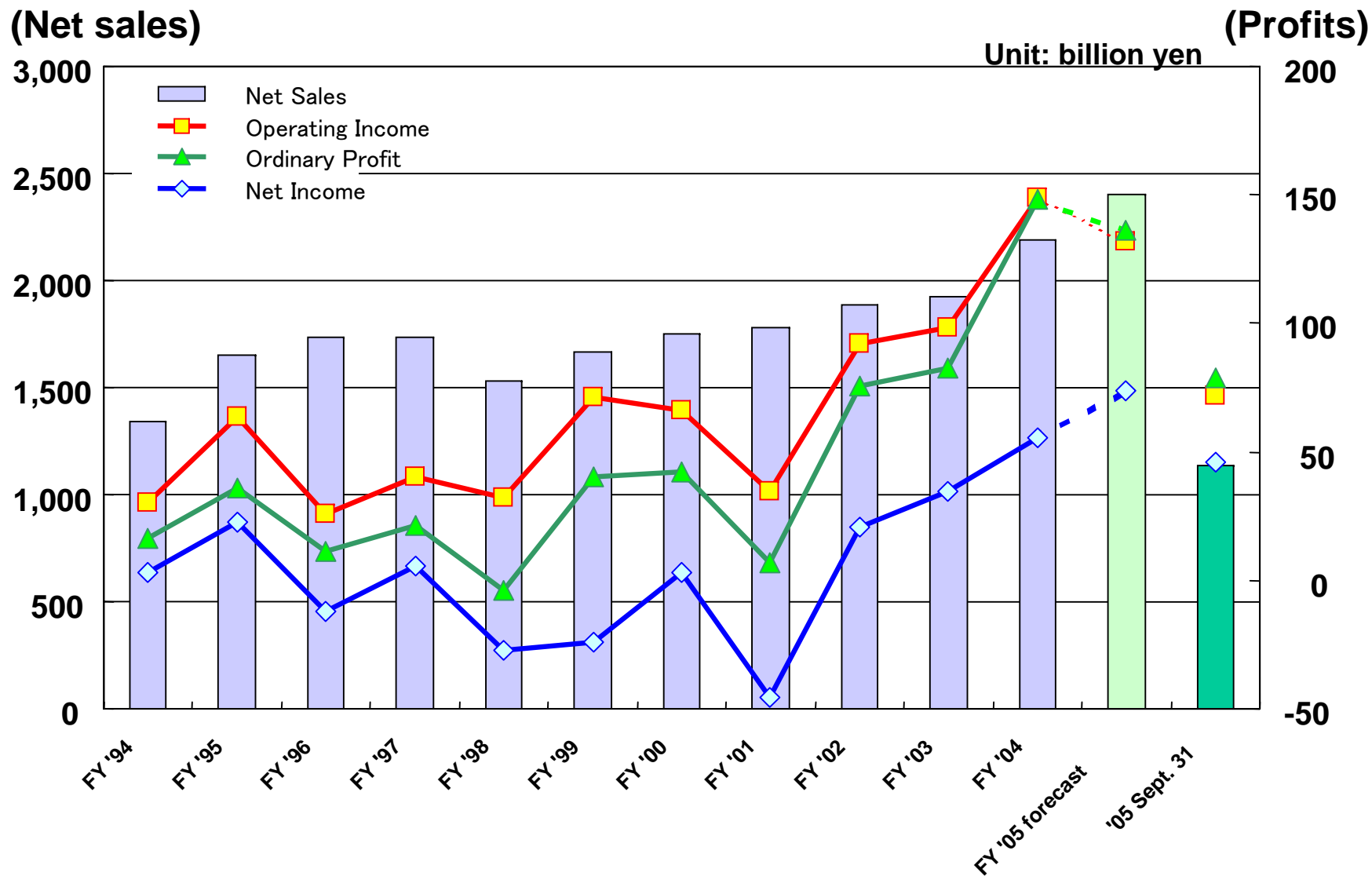
Ryuichi Tomizawa
President & CEO

 Mitsubishi Chemical Holdings Corporation

Today's Agenda

- **Interim Results of FY2005 Ending March 2006**
- **Progress of 'KAKUSHIN Plan: Phase 2'**
- **Vision of Health Care Business**

Historical Summary



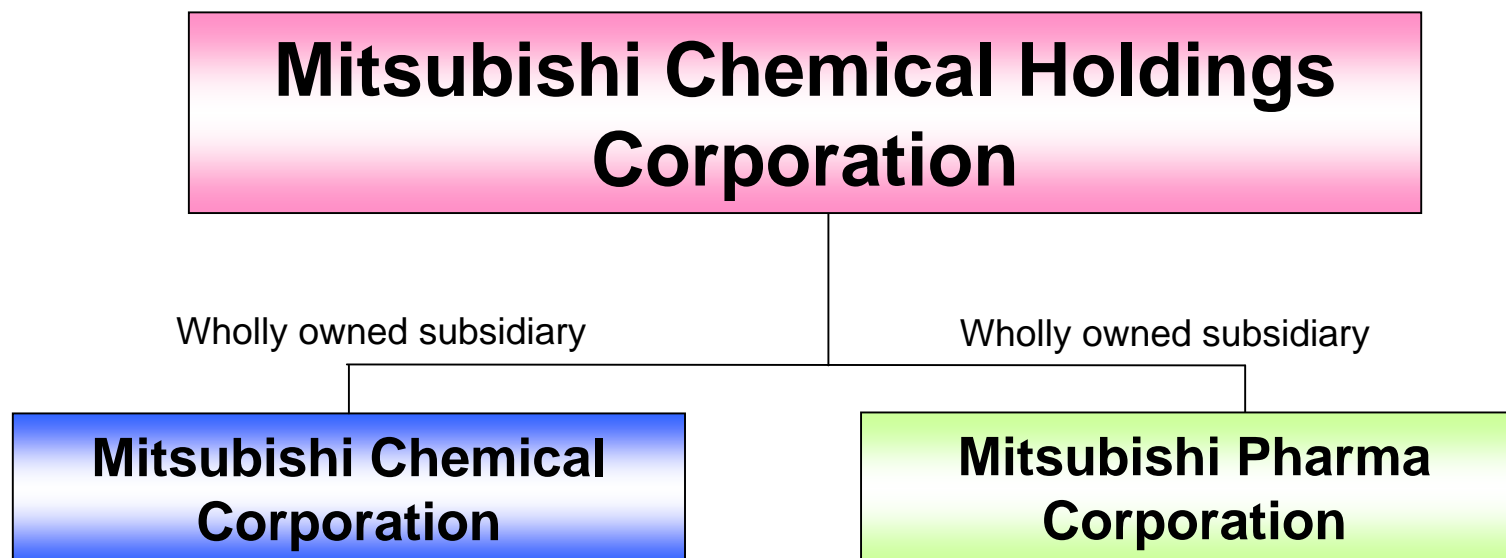
Basic Policies of 'KAKUSHIN Plan: Phase 2'

Portfolio Management with Emphasis on Sustainable Growth

- » Selection of Business and Focused Resource Allocation for Execution of Growth Strategy
- » R&D Investment focused on creating new values and proprietary technologies

Integration of Group Strengths

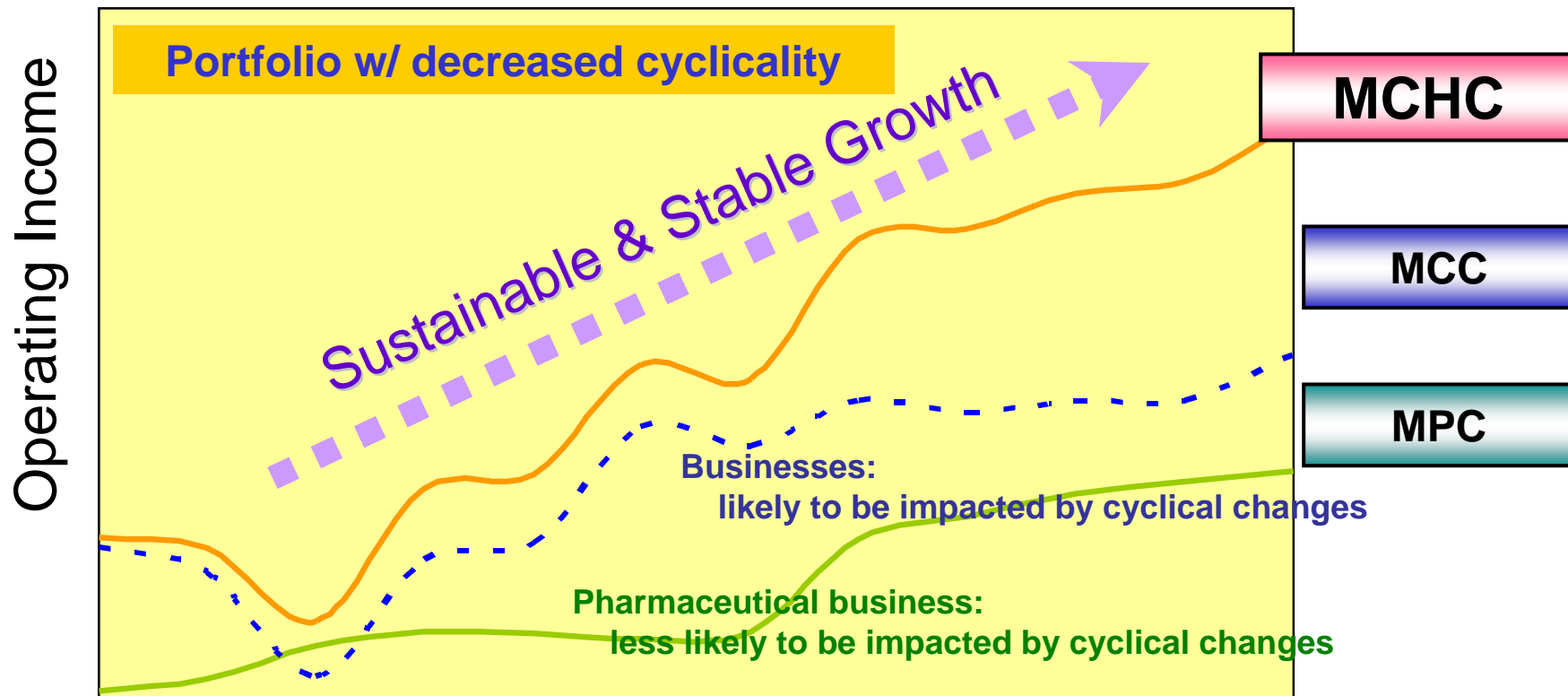
Management by Holding Company



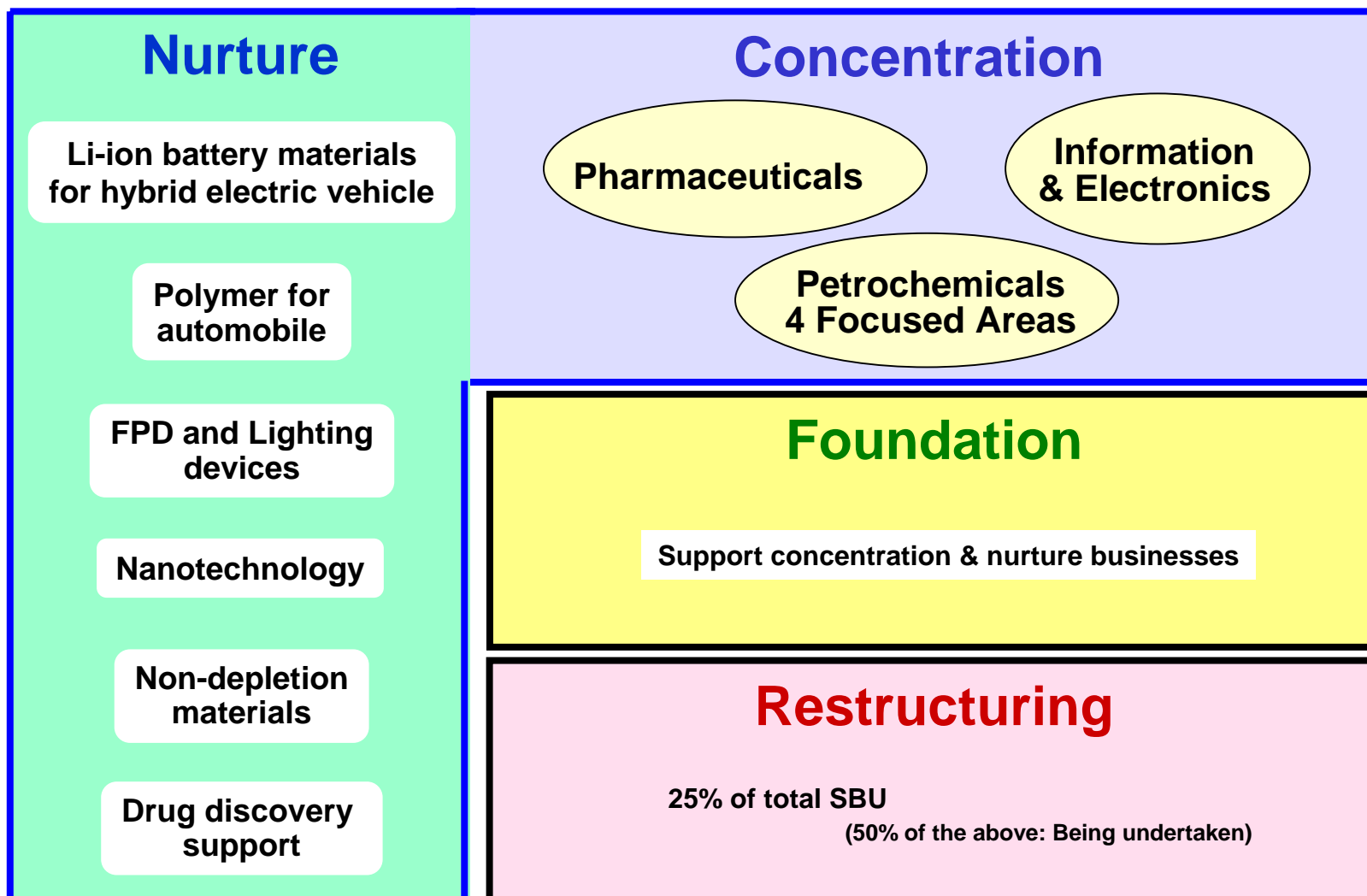
- » Common shares of the holding company held by Mitsubishi Chemical shall be transferred to the holding company after the resolution at the general meeting of shareholders (June 2006)
- » The treasury stocks will be applied to enhance the corporate value and manner of utilization is currently under consideration

Portfolio Management with Emphasis on Sustainable Growth

- » Robust portfolio against cyclical and less cyclical businesses
- » Selection of business and focused resource allocation in Petrochemicals, Performance Products/Materials, and Health Care



Portfolio Restructuring in Progress



Execution for Growth **Petrochemicals**

- ❏ **Global development of 'Concentration' businesses**
- ❏ **Maintain & strengthen domestic 'Foundation' businesses**

❏ **'Concentration' business:**

Taking full advantage of our strength in rapidly growing Asian market

- **Increase production capacity of terephthalic acid**
 - » Purified terephthalic acid in China 600 KT/year (completion planned in 4Q, 2006)
 - » 2nd line in India 800KT/year (completion planned in June 2008)
- **Capacity increase of polypropylene**
 - » Kashima 300KT//year (completion planned in Dec. 2007)

❏ **Development of Kashima & Mizushima Plants as leading petrochemical complex in Asia**

- **Collaboration with neighboring companies**
 - » Joint investment with Japan Energy Corp. for production increase of light naphtha and aromatics
- **Diversification of raw materials for olefins and aromatics at Kashima**
 - » Construction of additional cracking furnace

❏ **Restructuring business:**

- **Withdraw from linear alkyl benzene business**

Execution for Growth Performance Products

- ▣ Information & electronics and automobile business will act as an engine to yield profits
- ▣ Improvement of new product ratio (creation of new value)
- ▣ Encouragement of new business development

Automobile



- Li-ion battery materials for HEVs
- Alumina fiber (MAF)
- Carbon fibers and carbon composites
- Materials for realizing energy saving/comfortable space

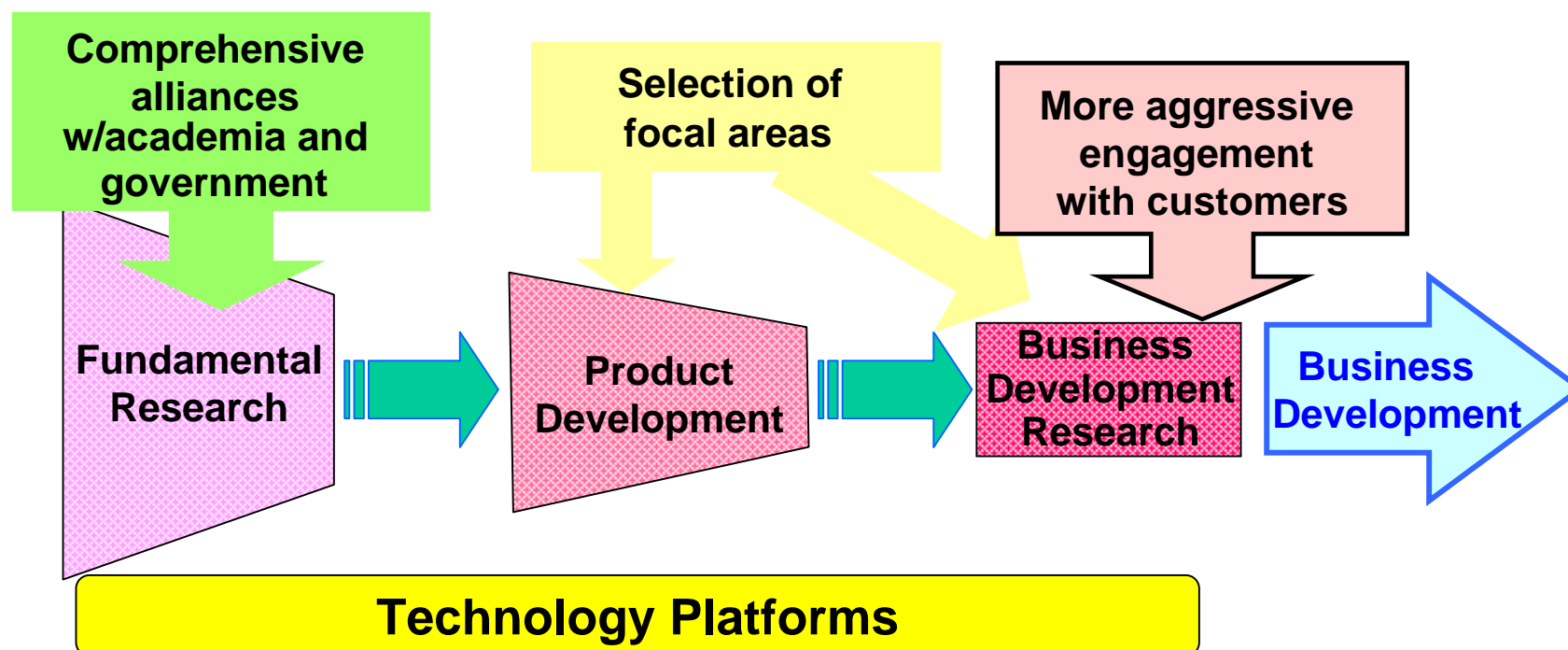
Information & Electronics



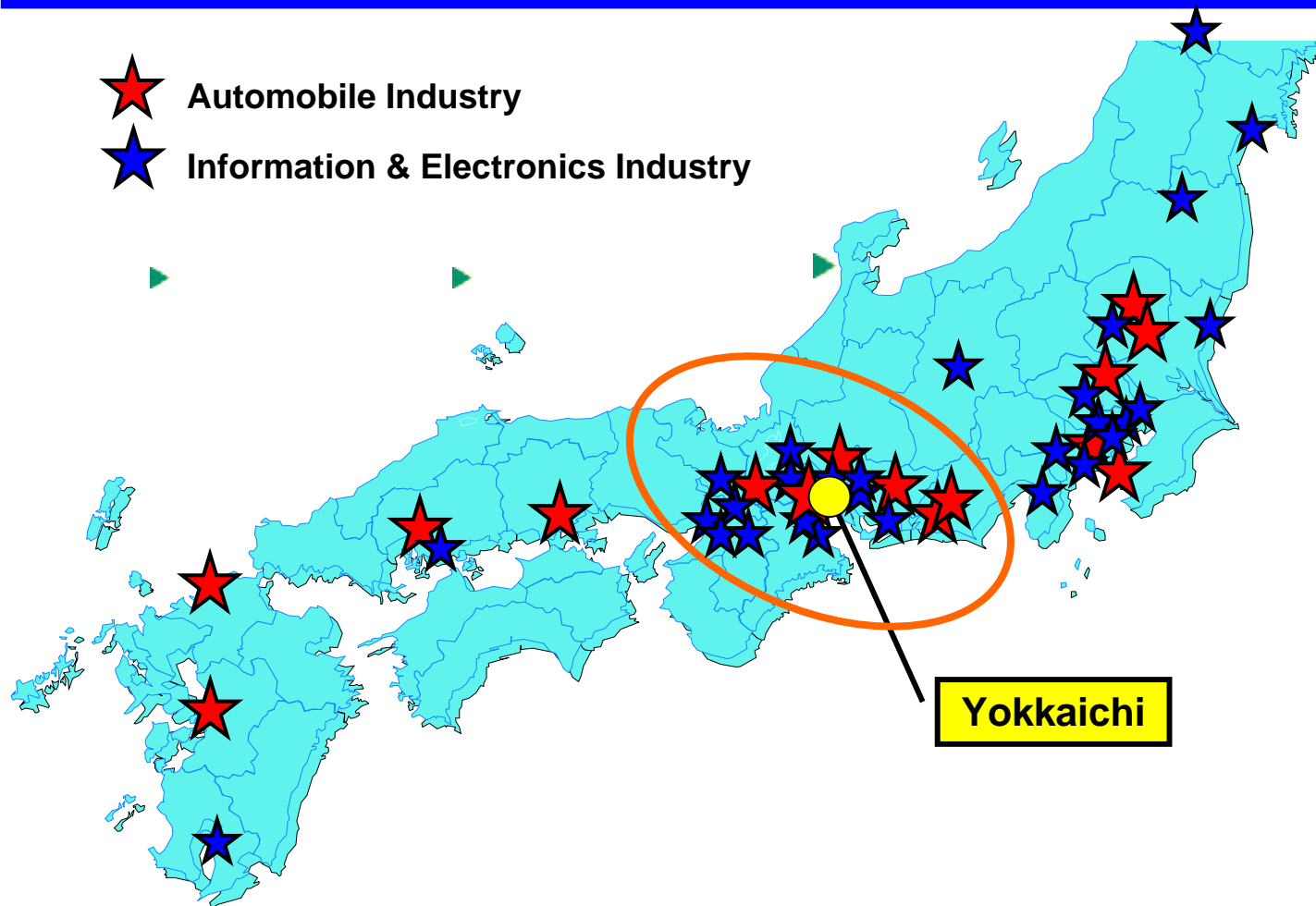
- HDDVD/Blu-ray discs
- FPD materials (dyes, phosphors, and films, etc.)
- OPC, color toner, dye stuff for imaging devices
- White LED materials (phosphors, GaN substrates)

Execution for Growth R&D

- ✦ Align and synchronize R&D strategy with business strategy
- ✦ Integrate comprehensive strengths to deliver product innovation
- ✦ Strengthen technology platforms



Establishment of Customer Laboratory



» Establish Customer Laboratory in Yokkaichi where automobile and information electronics related companies are densely located in the neighboring area

Execution for Growth **Health Care**

- ⌘ Accelerate globalization of Mitsubishi Pharma Corporation to become a world-class pharmaceutical company
- ⌘ Meet changing medical needs

Preparation for creating new value in personalized medicine and preventive medicine



*Good **Chemistry** for Tomorrow*

Creating better relationships among people, society, and our planet.

**Challenge innovations
with top-notch expertise in
Chemistry**

Health Care Segment

- Personalized Medicine
for Tomorrow -

January 18, 2006

Mitsubishi Chemical Holdings Corporation
Managing Executive Officer Kiyoshi Nakayama

Way to Personalized Medicine

Foresee the trend in industry

**Personalized Medicine
Disease Prevention**

2015 -

**Targeted Medicine
Segmentation of Market**

MCHC Group will....

- Realize Targeted Medicine by combining pharmaceuticals & diagnostics to create new values.
- Strategic investment to accelerate US business.

2010

**Mass Medicine
Curve of Growth in
Medical Expenses**

MCHC Group will....

- Integrate 3 companies (diagnostics, clinical testing, and drug development support) as the first step for Targeted Medicine.
- Accelerate global pharmaceutical business through tactic alliance.

2005

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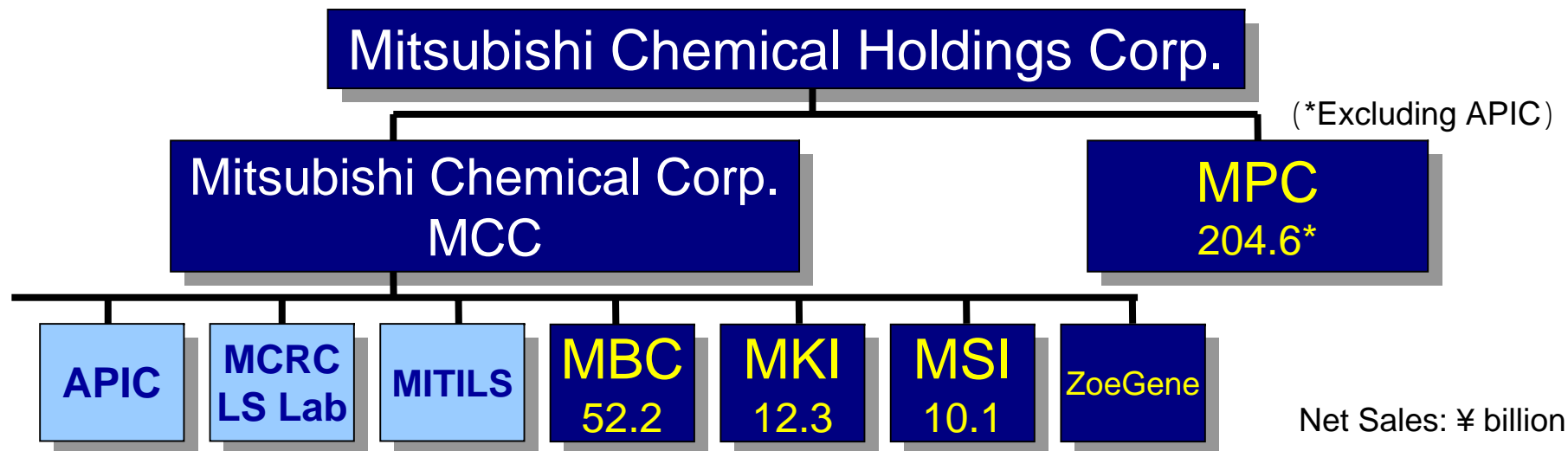
Health Care Industry in Future

Strategy for
Diagnostics & Drug Development Support

Strategy for Pharmaceutical Business

Conclusion

Health Care Segment (As of 2005.3)



- MPC** :Mitsubishi Pharma Corporation :Pharmaceuticals
- MBC** :Mitsubishi Kagaku Bio-Clinical Laboratories, Inc. :Clinical testing, clinical study services
- MKI** :Mitsubishi Kagaku Iatron, Inc. :Diagnostic reagents/instruments
- MSI** :Mitsubishi Chemical Safety Institute Ltd. :Safety assessment of pharmaceuticals and chemicals
- ZoeGene** :ZOEGENE Corporation :Drug discovery & Drug discovery support
- MITILS** :Mitsubishi Kagaku Institute of Life Sciences : Fundamental science research
- MCRC** :Mitsubishi Chemical Group Science and Technology Research Center, Inc. : Corporate Research for MCHC Group
- LS Lab** :Life Science Lab. : Bio-related research laboratory (in MCRC)
- APIC** :API Corporation : Pharmaceutical bulk supply (performance products segment)

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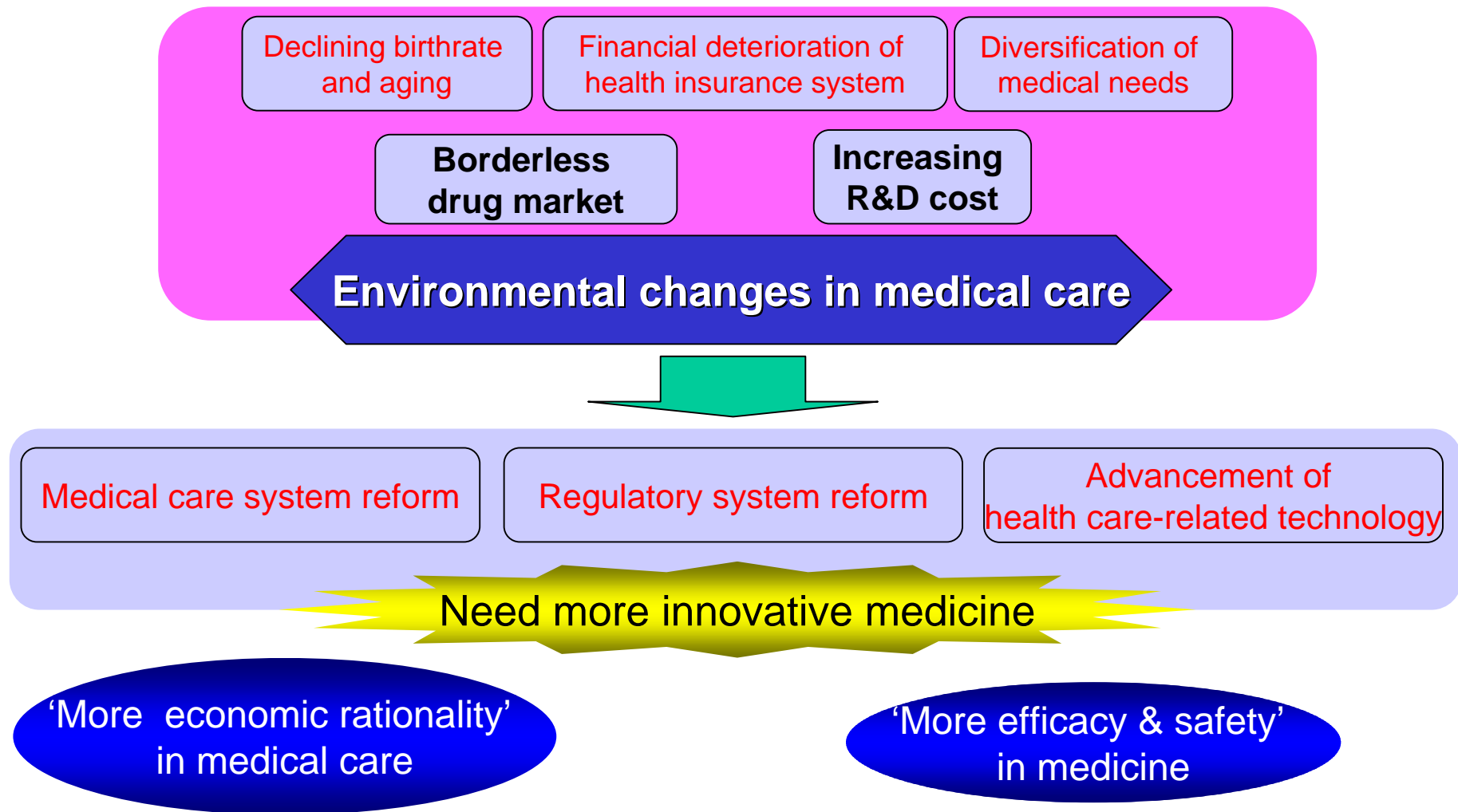
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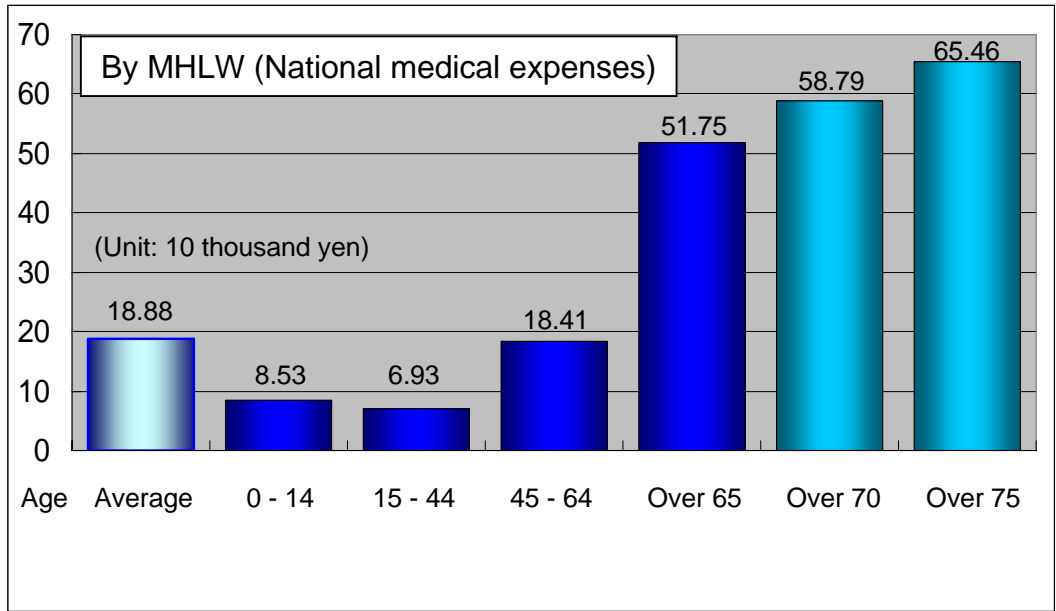
Strategy for Pharmaceutical Business

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Changes in Health Care Environment



Growing Needs for Disease Prevention & Diagnosis

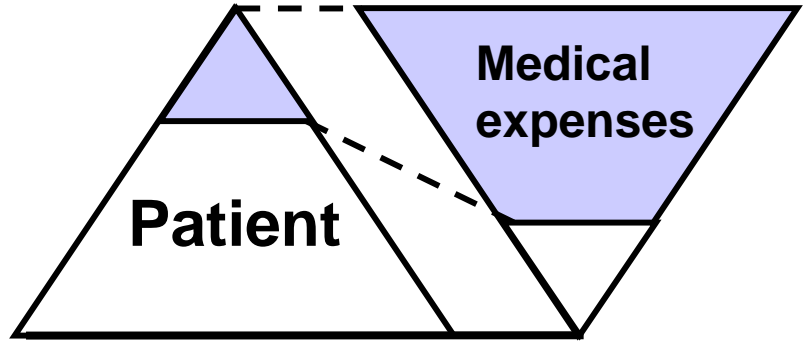


Declining birthrate and aging society lead increases in;
 Metabolic Syndrome, etc.
 Total medical expense



Early diagnosis & early detection prevent disease aggravation

5-fold medical expense for the elderly (65 years) than the young



- Well-being of individuals
- Reduce medical expenses

Increasing importance of diagnostics & disease prevention

Diversification of Medical Needs

Diagnosis

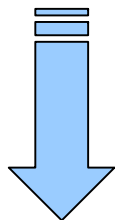
- »Special health checkups
- »Early diagnosis
- »Home monitoring system

Diversified patients' needs

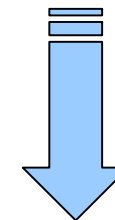


Medical Treatment

- »Advanced medicine (cell therapy for cancer, etc.)
- »Generic drugs

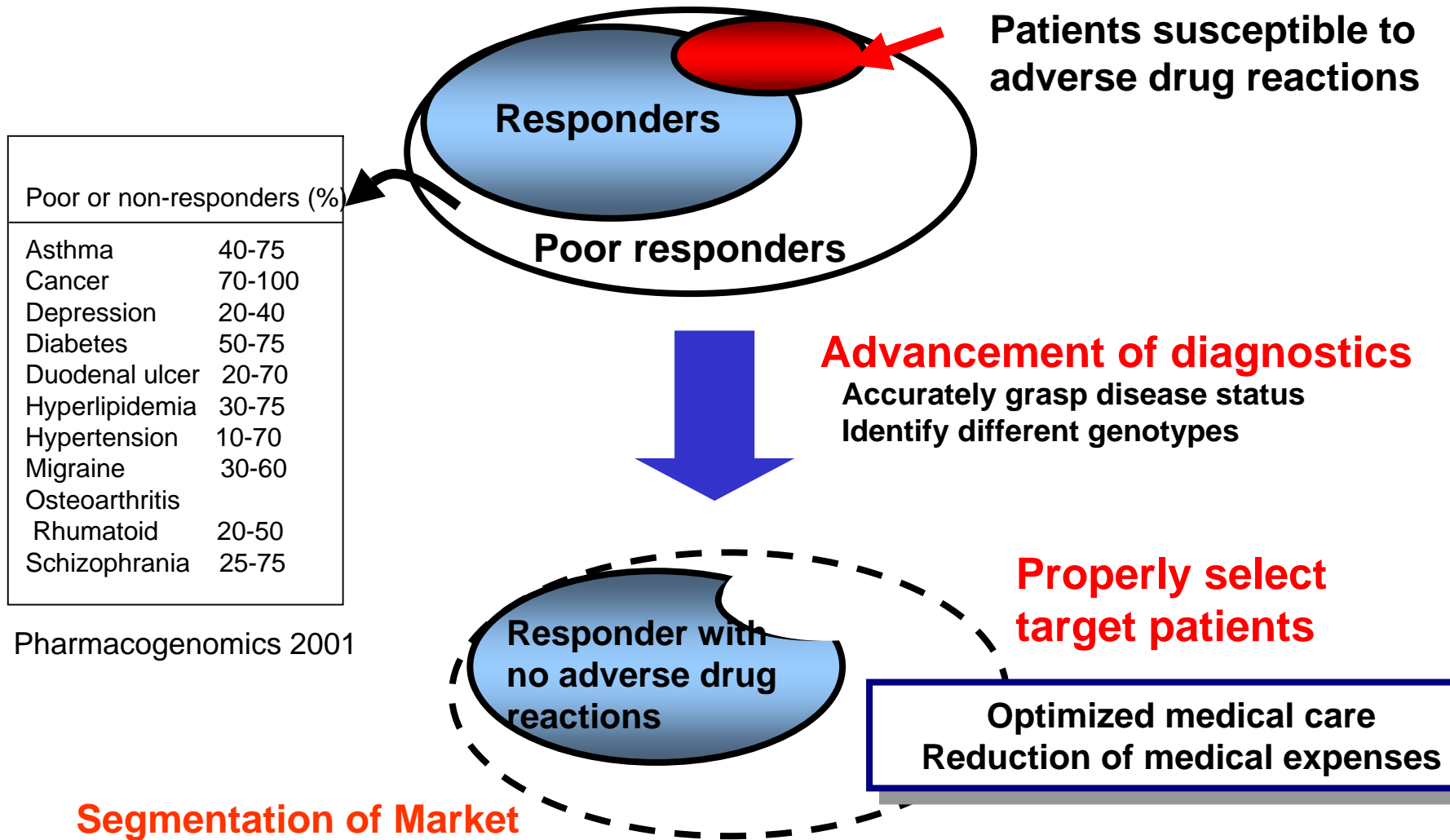


- »Growing demand for preventive diagnosis by enhanced health-consciousness
- »Accelerate combination of public and private health insurance
- »Expand diagnostics and imaging diagnosis businesses



- »Expansion of mixed medical care in clinical practices
- »Promotion of generic drugs to reduce personal medical cost

Advancement of Diagnostics Creates Extra Values



Promise Safety with Better Diagnostics

» To avoid adverse drug reactions and increase R&D productivity:

Regulatory guidance by FDA

- ‘Guidance for Industry - Pharmacogenomics Data Submissions’
- ‘Challenge and Opportunity on the Critical Path to New Medical Products’
- ‘Drug-Diagnostics Co-Development Concept Paper’



Key for competitiveness

» Technology Roadmap by NEDO

Diagnostic & clinical testing technology

- Optimized Medication
- Early-stage diagnosis of disease
- Promotion of good health by preventive medicine

Way to Personalized Medicine

Foresee the trend in industry

**Personalized Medicine
Disease Prevention**

2015 -

**Targeted Medicine
Segmentation of Market**

MCHC Group will....

- Realize Targeted Medicine by combining pharmaceuticals & diagnostics to create new values.
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**Mass Medicine
Curve of Growth in
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What We See the Future Industry

- ❑ **Early diagnosis, preventive medicine, and new medical care systems** are becoming more important to reduce medical costs and answer to new medical needs caused by declining birthrate and aging society
- ❑ **Diversified needs** for medical care are required both in diagnosis and medical treatments
- ❑ Advancement of diagnostic technology creates **extra values by optimizing medication or by avoiding adverse drug reactions, and inducing market segmentation**
- ❑ More secured safety of pharmaceuticals realized by better **diagnostics combined with pharmaceuticals** will be a key to success

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Business of the Three Companies to be Integrated

MBC: Mitsubishi Bio-Clinical Laboratories, Inc.

Clinical testing, drug development support,
food sanitation & hygiene analysis, etc.

MKI: Mitsubishi Kagaku Iatron, Inc.

Diagnostic reagents/instruments,
POCT services

POCT: Point of Care Testing (diagnostic testing at bed side)

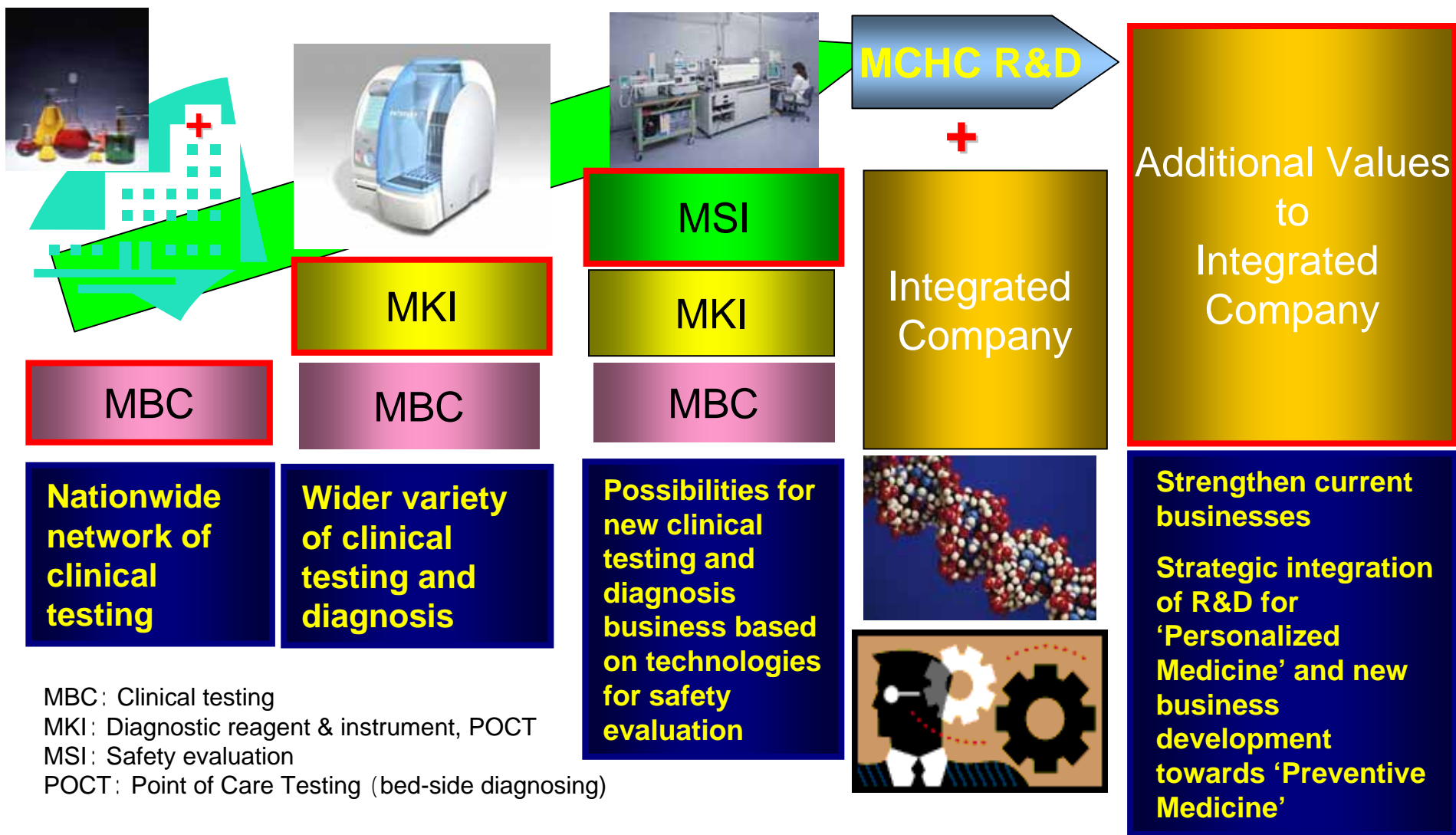
MSI: Mitsubishi Chemical Safety Institute Ltd.

Safety evaluation of drugs and chemicals, and
drug development support (genome analysis, etc.)

Why We Integrate the Companies

- 1. Strengthen Current Businesses**
 - Selection and concentration of business
 - Additional value creation for customers by providing wider services
- 2. Strategic Integration of R&D towards 'Personalized Medicine'**
 - New value creation in R&D based on know-how accumulated in current businesses
- 3. New Business Development in Preventive Medicine**
 - Development of new biomarkers and new diagnostics methods, providing a reliable index for disease prevention, with full support from MCHC Group R&D activities

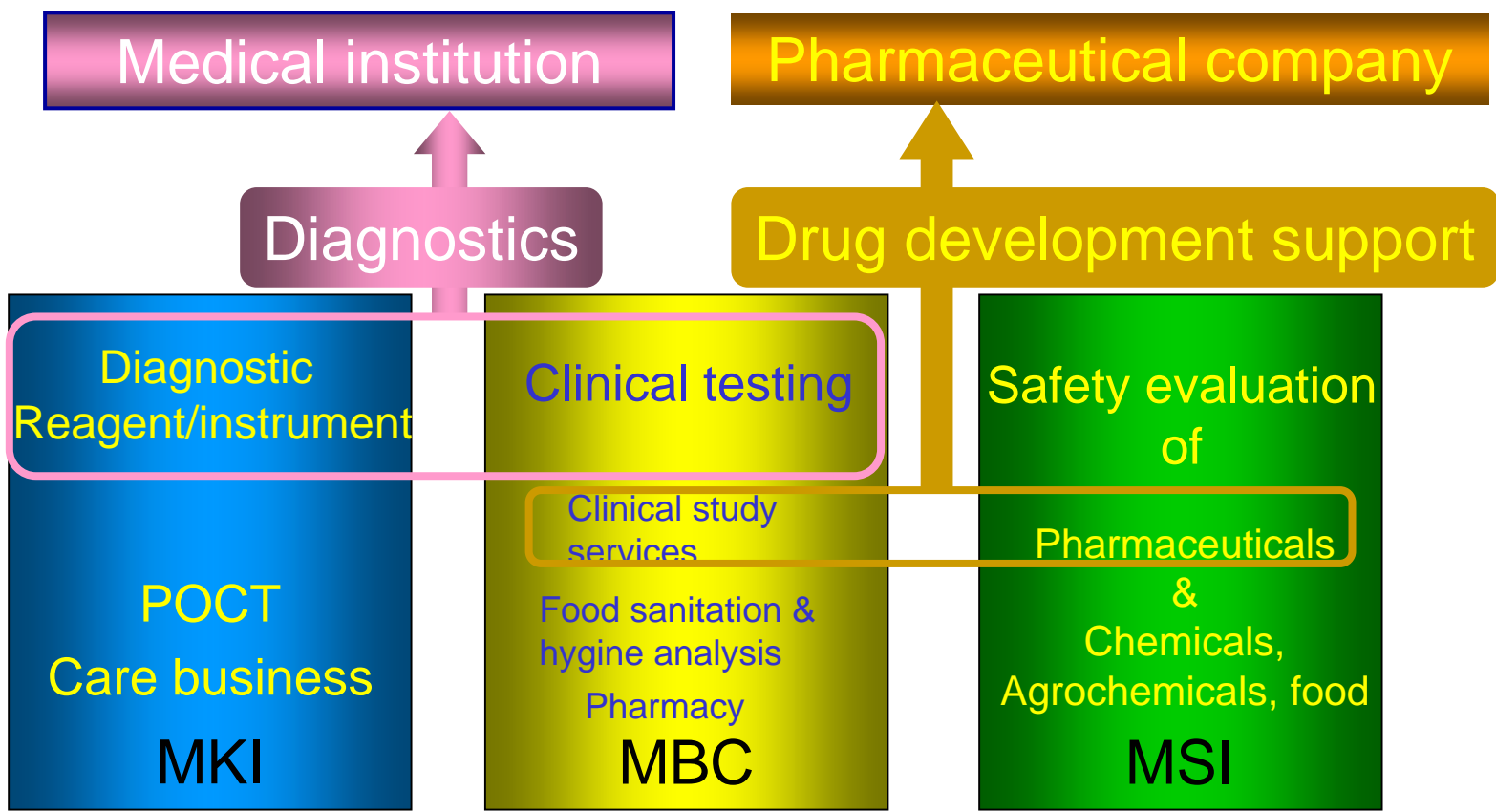
Outlook of the Integrated Company



MBC: Clinical testing
 MKI: Diagnostic reagent & instrument, POCT
 MSI: Safety evaluation
 POCT: Point of Care Testing (bed-side diagnosing)

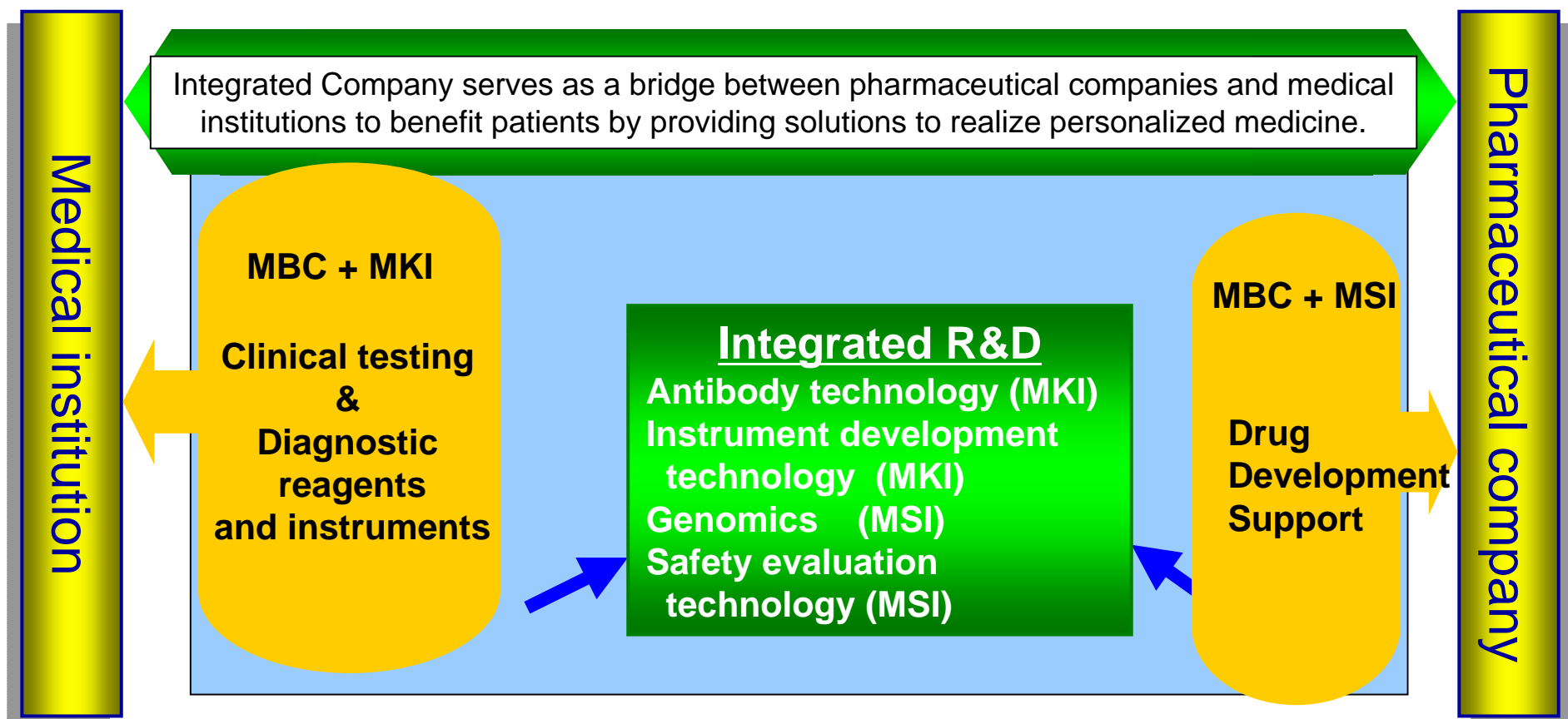
1. Strengthen Current Businesses

Additional value creation for customers by providing broader services



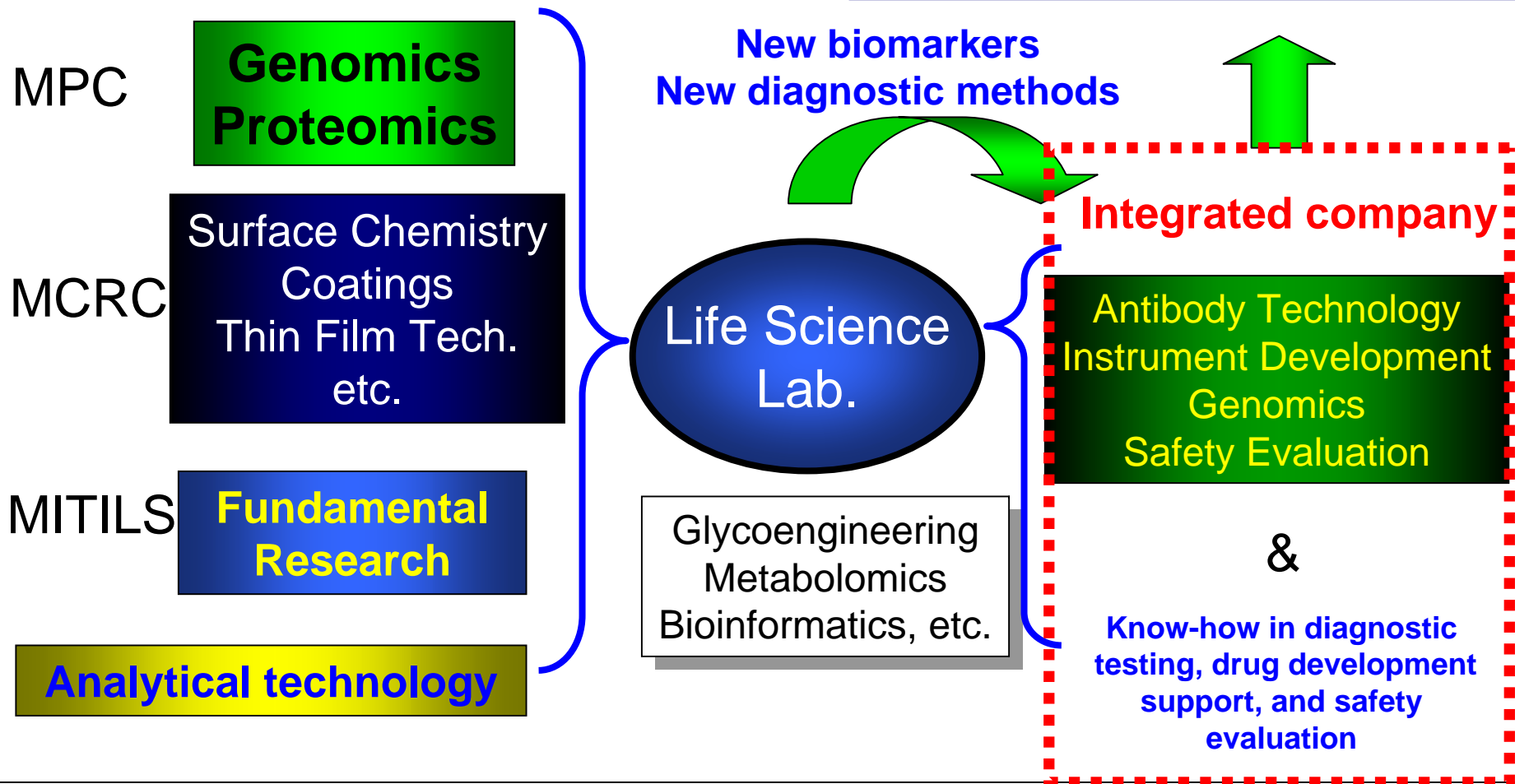
2. R&D towards 'Personalized Medicine'

New value creation in R&D based on know-how accumulated in the integrated company through drug development support from pre-clinical to clinical, diagnostics, and clinical testing.



3. New Business Development in Preventive Medicine

Create New Markets in;
 · Medical exam, preventive medicine



Strategies for the Integrated Company

1. Integrate three companies, (MBC, MKI, MSI) to strengthen current businesses
2. Strategic integration of R&D towards 'Personalized medicine' and create new values through the most advanced technologies such as **metabolomics and proteomics** in MCHC Group
3. New business development in **preventive medicine**
4. Expand business scales with **alliance as an option**

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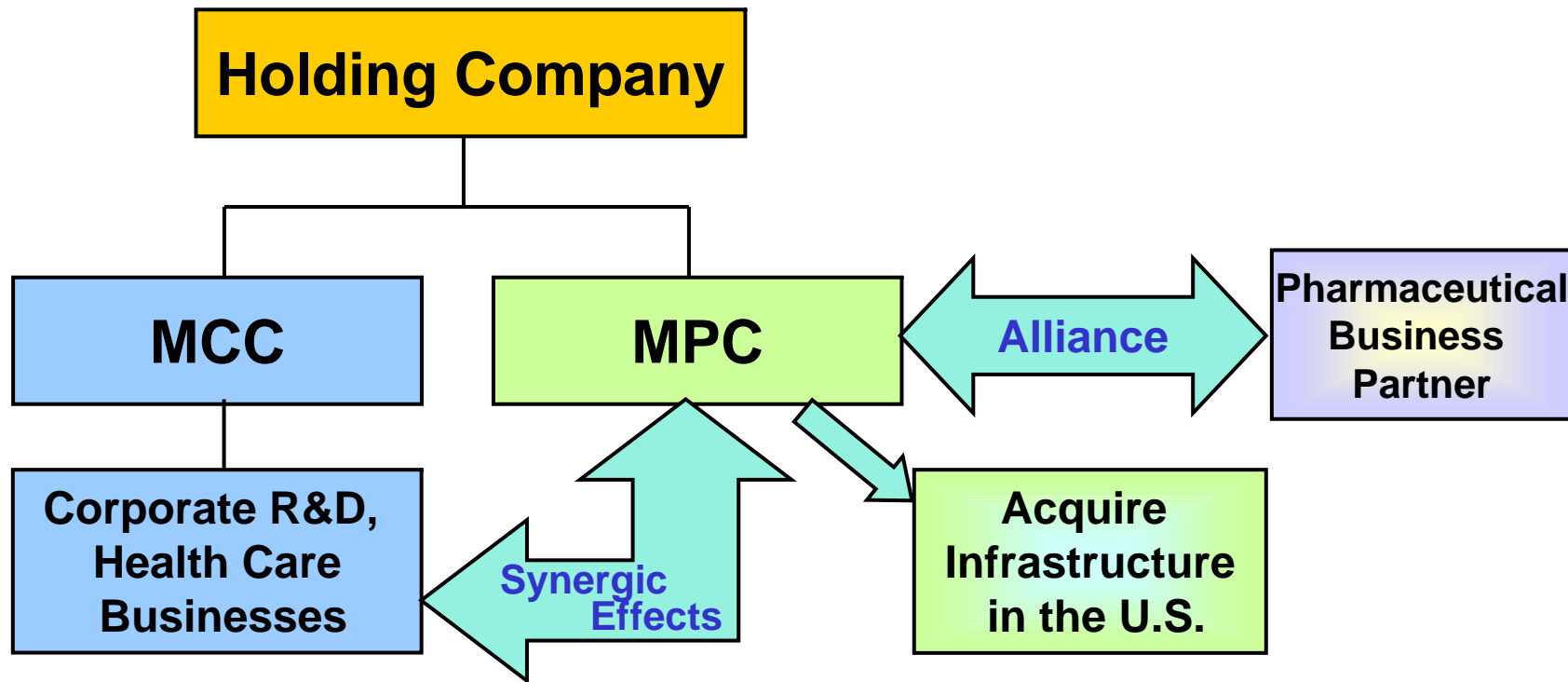
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Strengthen Pharmaceutical Business 2005.4.26



- Expansion of Strategic Options**
1. Expand options for alliance in terms of scale and style
 2. Maximize synergic effects with MCC Group's corporate R&D and other health care businesses
 3. Accelerate market development in the U.S.

Group Collaboration for Pharmaceutical R&D

Drug development



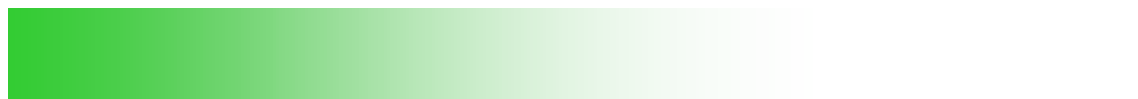
MITILS
 Fundamental research



MCRC
 Fundamental research



ZoeGene
 Drug discovery and support



MSI
 Drug development support



MBC
 Clinical testing, drug development support



MKI
 Diagnostics



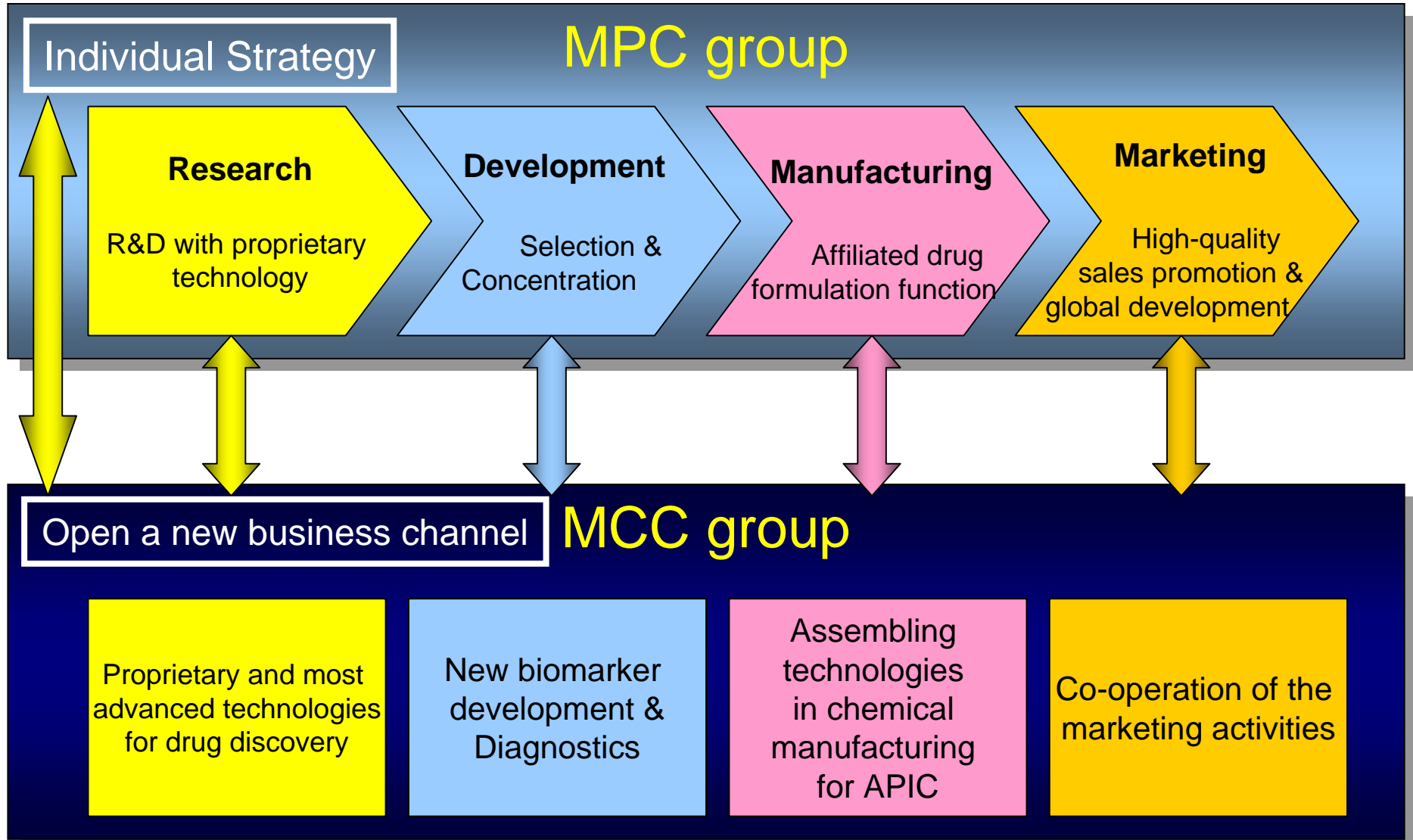
APIC
 API



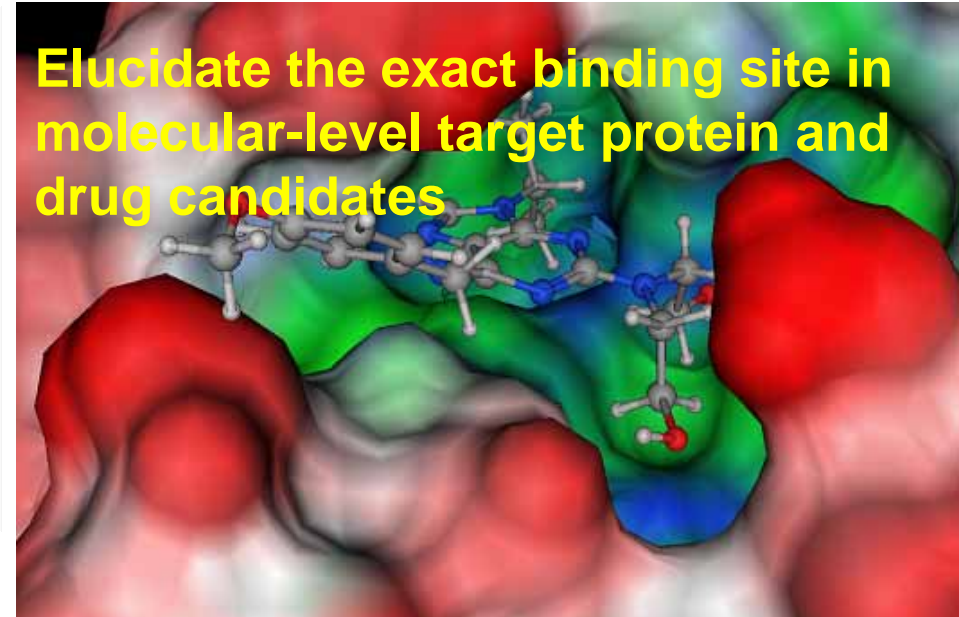
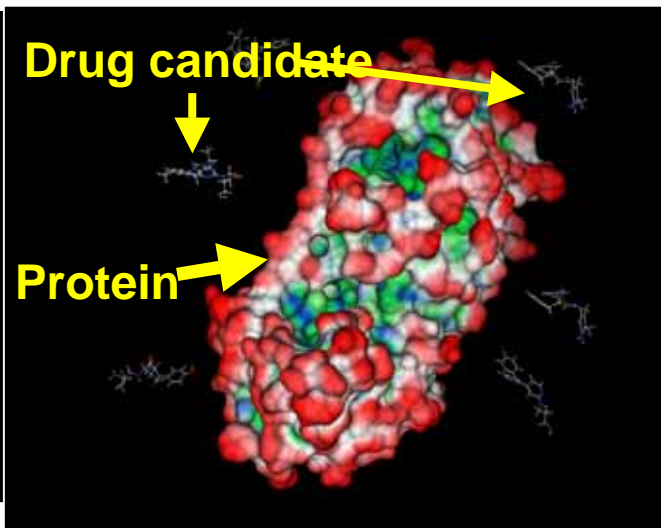
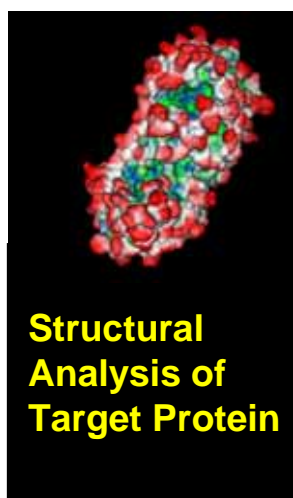
MPC
 Pharmaceuticals



Synergy Effect within MCHC Group

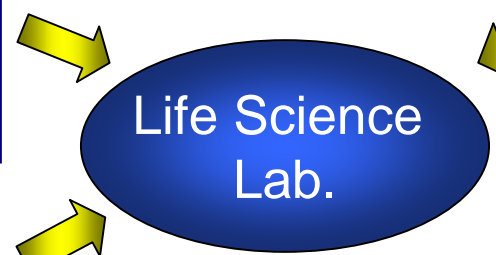


Research: Proprietary Technologies for Structure-based Drug Design



ZoeGene:
Cell-free protein synthesis,
X-ray crystallography,
In Silico molecular design
technology

MCRC: bioinformatics



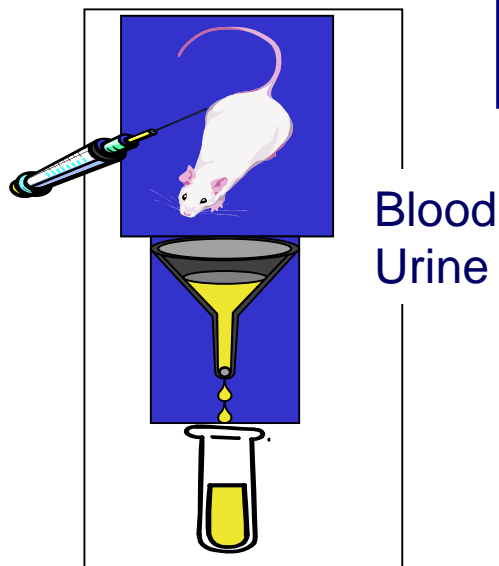
MITILS & MCRC:
Proprietary technology in NMR to
analyze binding sites

MPC: Provide information for molecular
design such as toxicity and PK etc.

Accelerate drug discovery

R & D: Development of New Biomarkers - Metabolomics as a Proprietary technology -

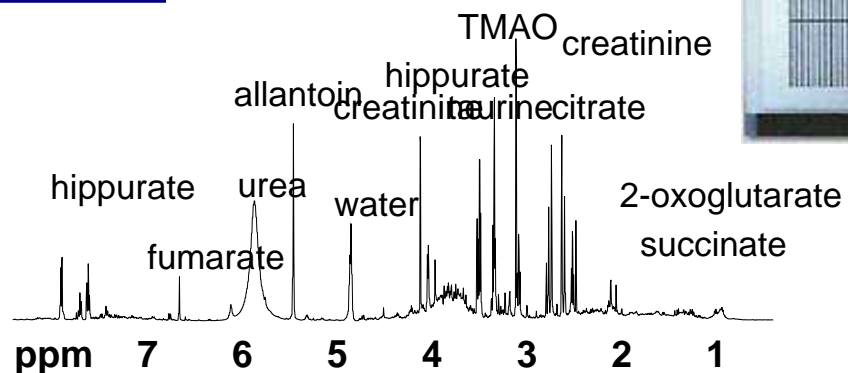
1. Sample collection



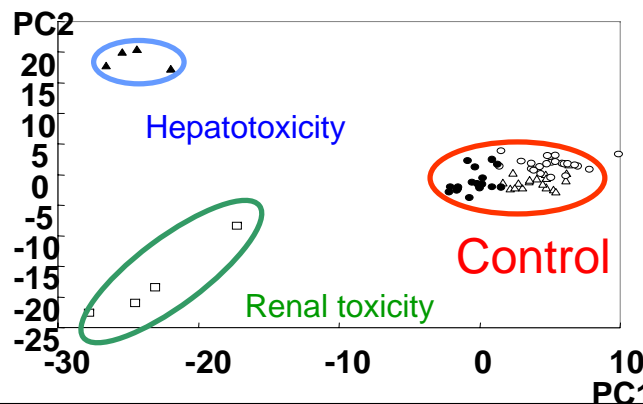
2. Sample preparation 3. Derivatization, pre-treatment



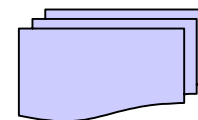
4. Isolation & analysis



6. Mining by multivariate analysis



7. Database-building



Provide biomarker
 in combination with
 proteomics

5. Data processing

	*M1	...	*Mm
Control	X11		X m 1
Low dose	X12		X m 2
Mid dose	X13		X m 3
High dose	X14		X m 4

*M: metabolite

R&D: New Business Opportunities by New Technologies Developed in MCHC Group

MCRC
 Analytical Sciences
 Computational Sciences

Life Science Lab.
 Metabolomics

MPC

Integrated
 Company

MPC

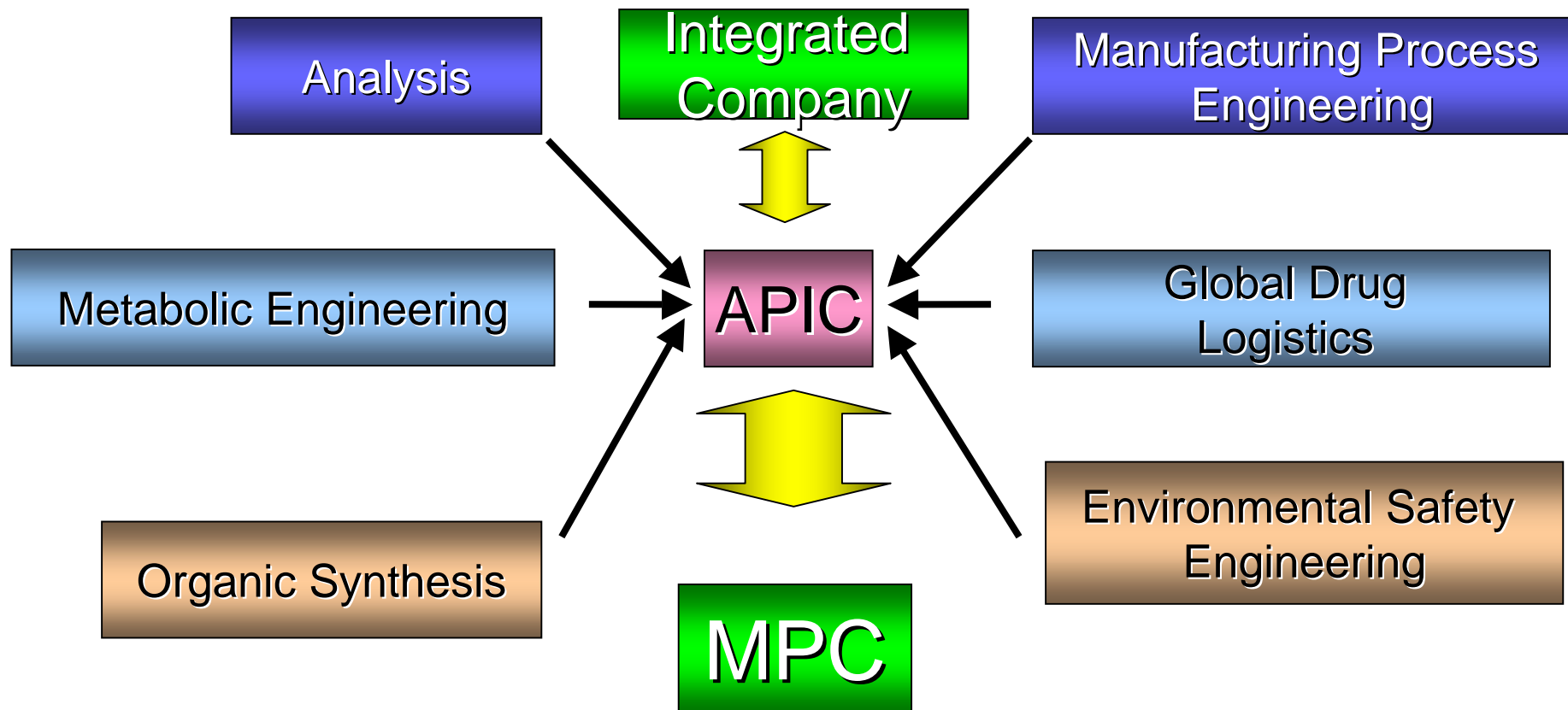
1. Accelerate drug discovery
2. Higher success rate of clinical trials
3. Value-added medicine through combination of pharmaceuticals and diagnostics

< Integrated Company >
 By new biomarkers:
 MBC New market for clinical testing
 MKI New diagnostic reagents
 MSI New approach to predict toxicity

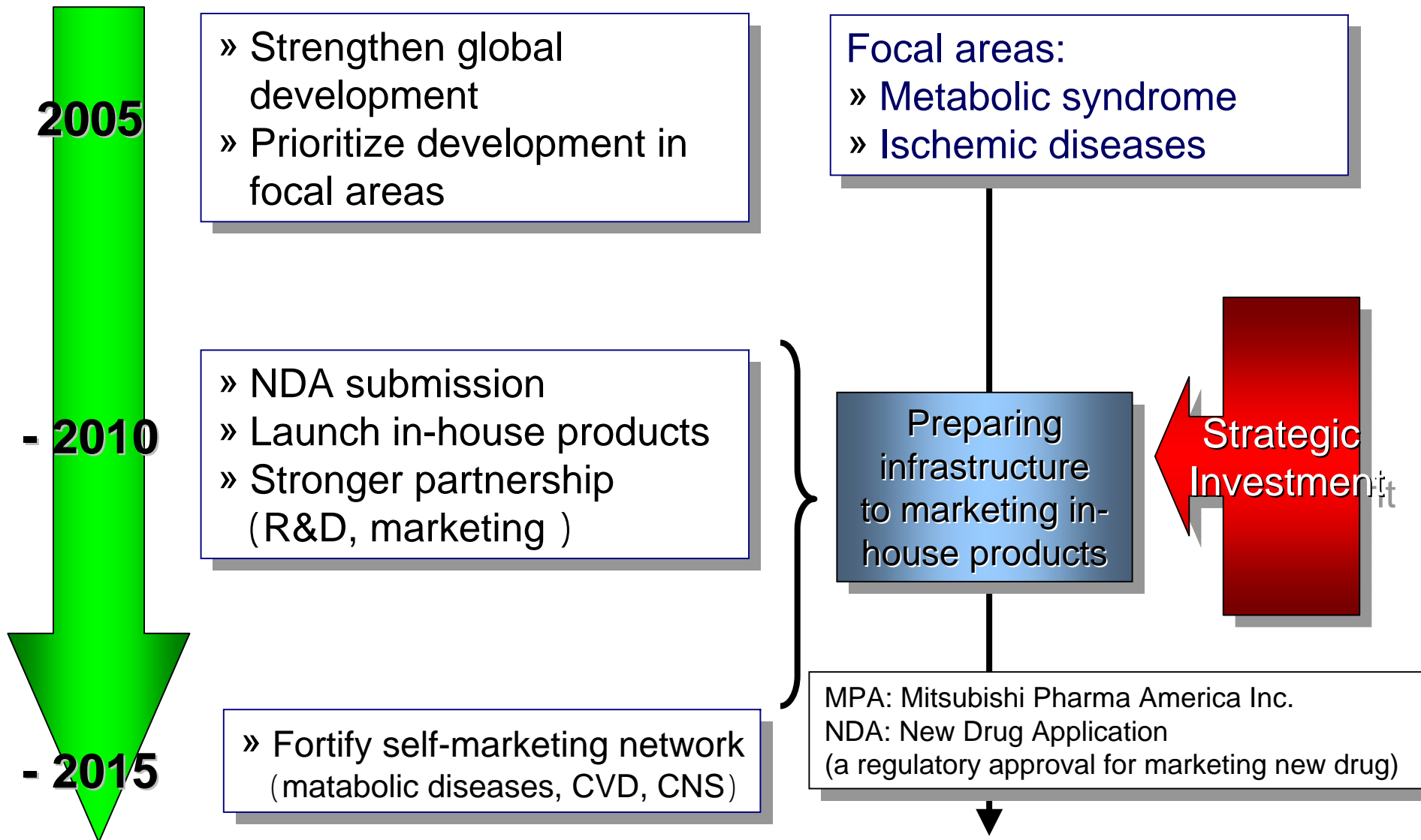
MCC
 Applied to metabolic engineering
 (non-depleting material)

Manufacturing: Competitive Bulk Drug Manufacturing Process

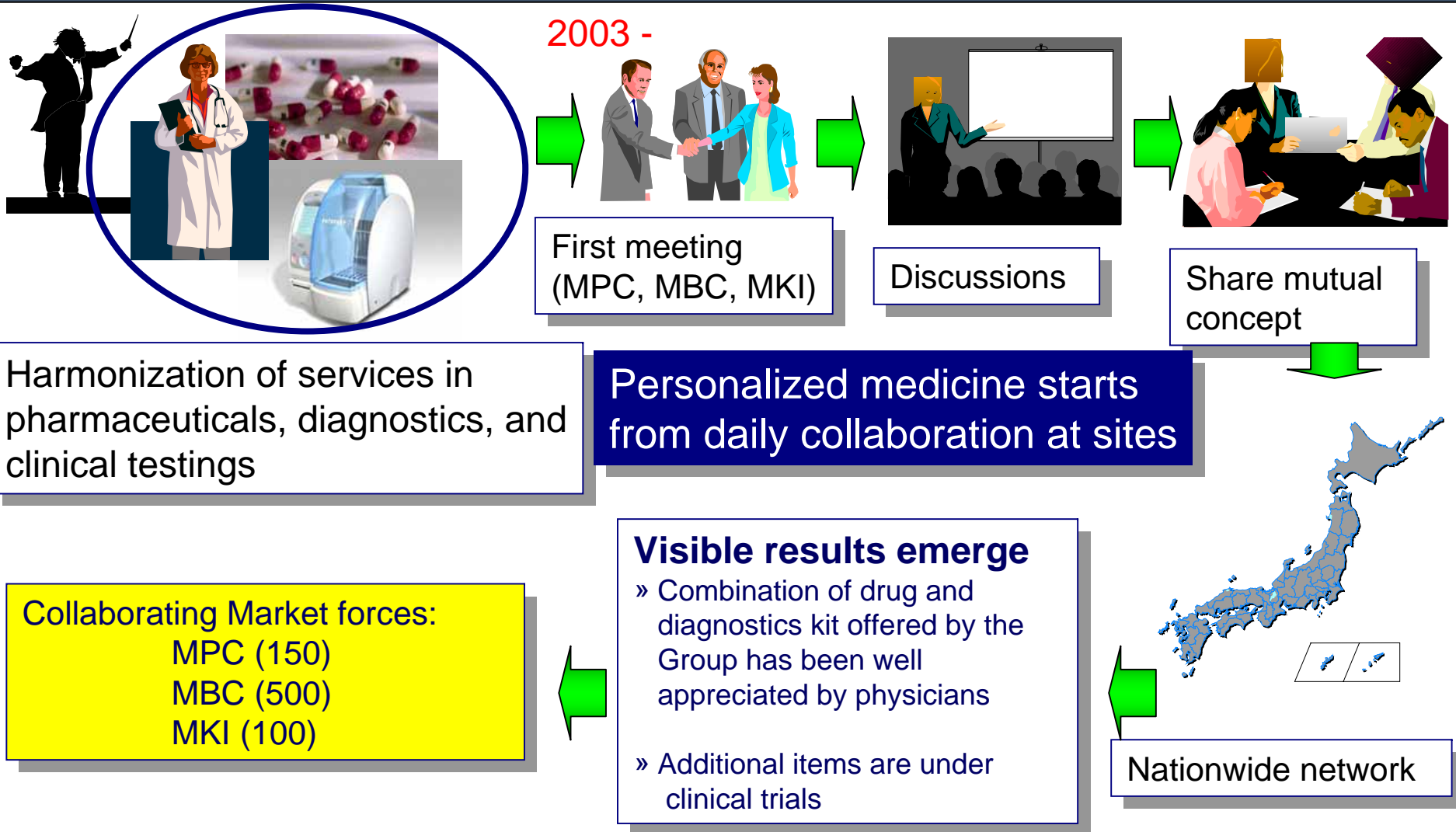
Manufacturing technologies accumulated and innovative process developed in MCHC Group are fully applied to APIC's bulk drug manufacturing



Marketing: Business Scope in the US



Marketing: Collaboration in MCHC Group



Strategies for Pharmaceutical Business

1. **Strategic alliance** to acquire R&D critical mass
2. Become a **global pharmaceutical company** by maximizing **proprietary technologies** in MCHC Group, such as metabolomics and structure-based drug design
3. Answer to growing medical needs in the society by **combining pharmaceuticals and diagnostics fully supported by MCHC Group**
4. First US-NDA around 2010 and **establish own marketing infrastructure** by 2015

*NDA: New Drug Application (to acquire regulatory approval for new drug)

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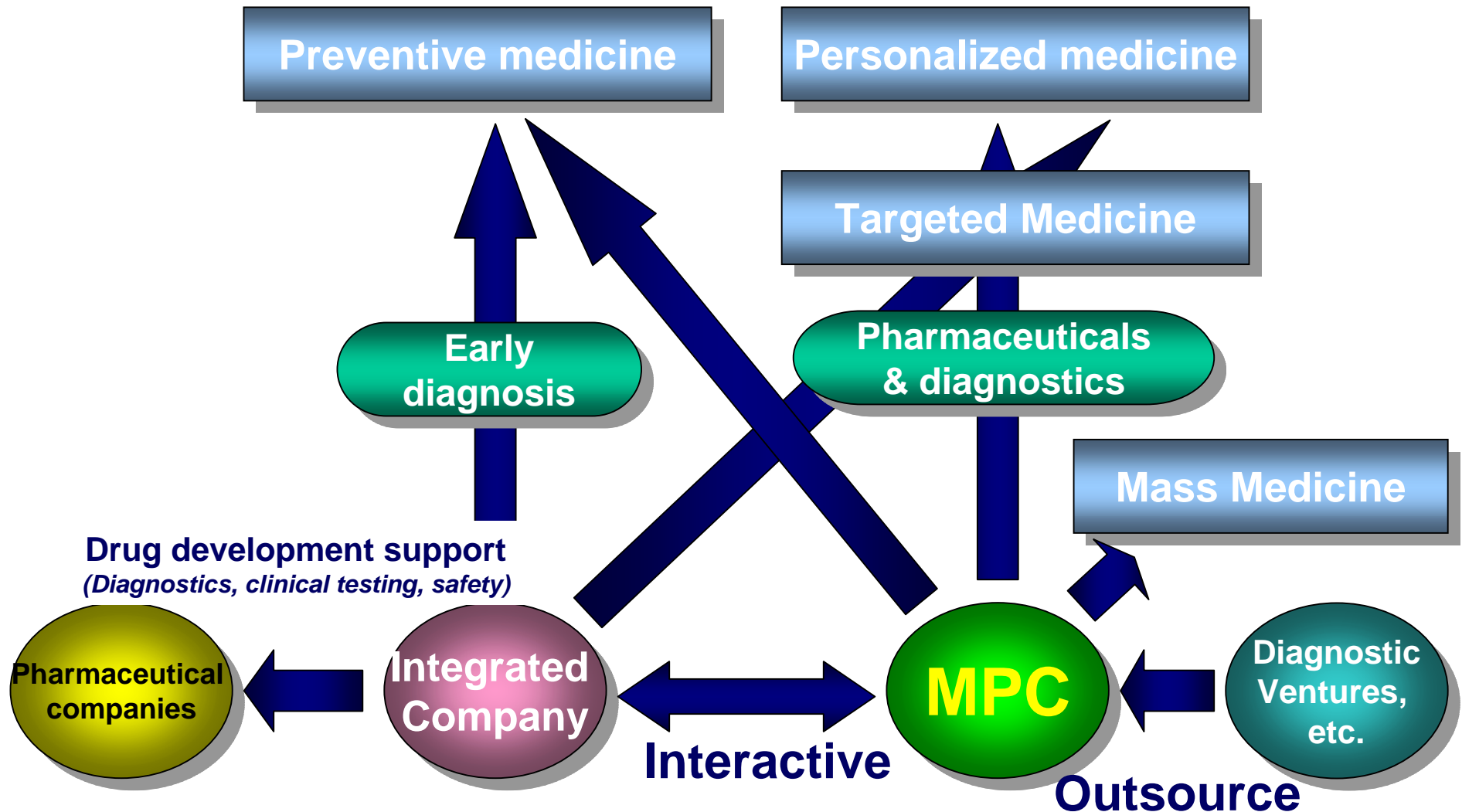
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Interaction of MPC & Integrated Company: Serving for High-quality Medical Care



Our Vision of Health Care Business

- » By responding to shifting needs raised by declining birthrate and aging, financial difficulties of medical care systems, and change in people's consciousness, we strive to **combine pharmaceuticals and diagnostics and create new values in medicine** to contribute to our society.
- » Become **a distinctive global pharmaceutical company** based on R&D with proprietary technologies and combination of pharmaceuticals and diagnostics in MCHC Group. Accelerate global development by acquiring additional R&D resources to achieve critical mass through alliance.
- » **Integrate 3 companies** (diagnostics, clinical testing, and drug development support) as the first step for 'Personalized Medicine.'

Health Care Forum

'From Genome to Personalized Medicine' by MCHC

- ❖ Objective: A challenging contribution of MCHC Group to navigate human medication in 21st century

- » Sponsored by: Mitsubishi Chemical Holdings Corp. (MCHC)
- » Organized by: Dr. Yoshiyuki Sakaki, Director, Genomic Sciences Center, RIKEN
- » 1st Forum: Nov. 13, 2005 'From human genome to personalized medicine'
- » 2nd Forum: Nov. 12, 2006 'Metabolic syndrome'
(Co-organizer: Prof. Takashi Kadowaki, Dept. of Metabolic Diseases, Graduate School of Medicine, The Univ. of Tokyo)



Thank you for your attention

Good **Chemistry** for Tomorrow

Creating better relationships among people, society, and our planet.

Challenging Innovations in *Chemistry*
with top-notch expertise of chemicals
and analyses