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Presentation for  
***Analyst Meeting***

May 31, 2006

Ryuichi Tomizawa  
President & CEO  
Mitsubishi Chemical Holdings Corporation

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# Agenda

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**Financial Results for FY2005 Ended March 2006**

**KAKUSHIN Plan: Phase 2**

**Concept**

**Progress**

# Agenda

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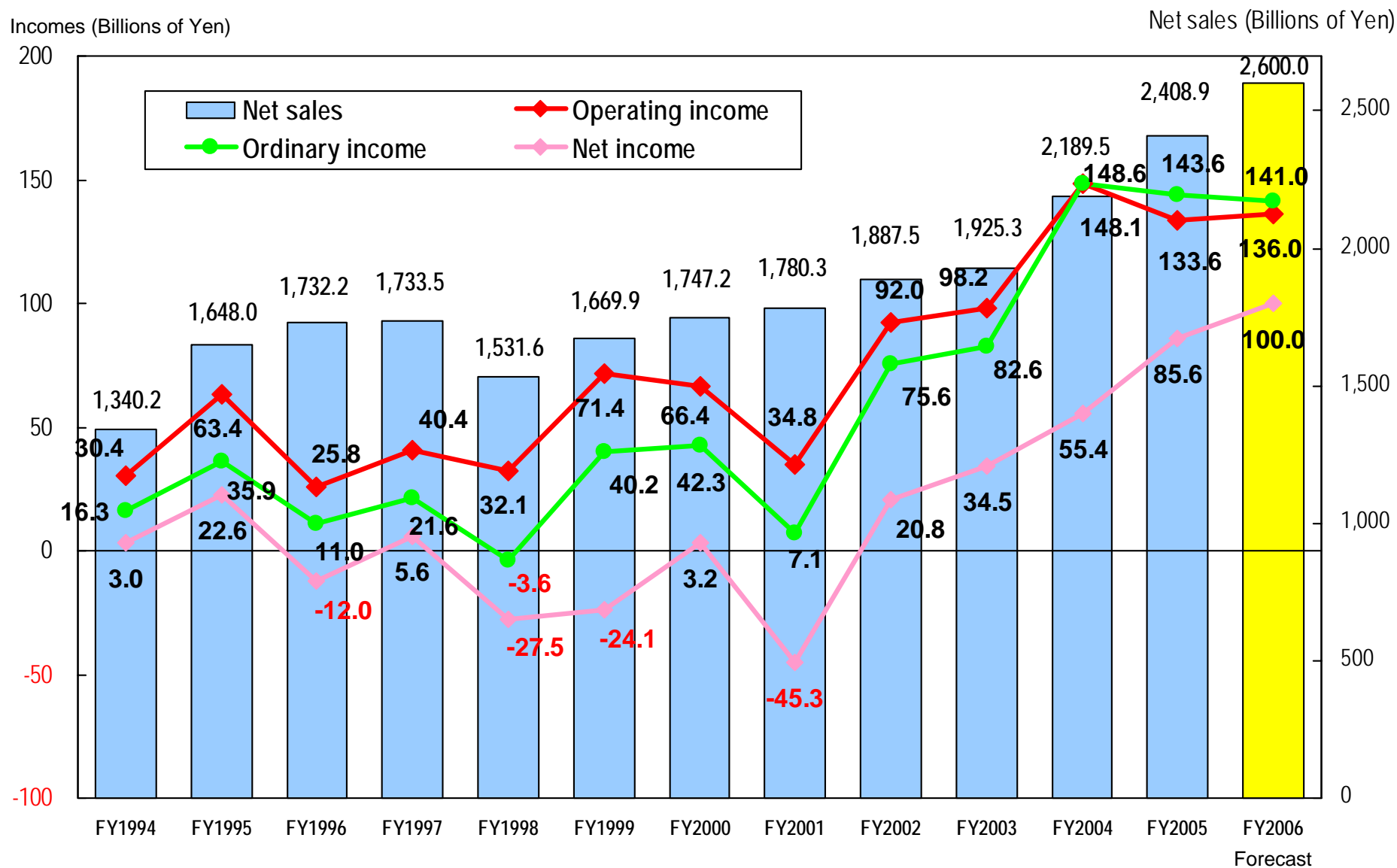
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# Historical Summary



# Policies and Measures Taken in FY2005

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- 1. Established Mitsubishi Chemical Holdings Corporation**
- 2. Continued business portfolio restructuring and executed capital investment**
- 3. Strengthened technology platforms and invested in focused R&D areas**

Further strengthened projects in the focused R&D areas.  
(Solid state lighting display, Polymer for automobiles, Display materials,  
Sustainable resources, Drug discovery support)

Launched studies on new business innovation at a long-term perspective.

Combined laboratories (21 to 7 laboratories) and reinforced human resource development.

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Financial Results for FY2005 Ended March 2006

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## KAKUSHIN Plan: Phase 2 Concept

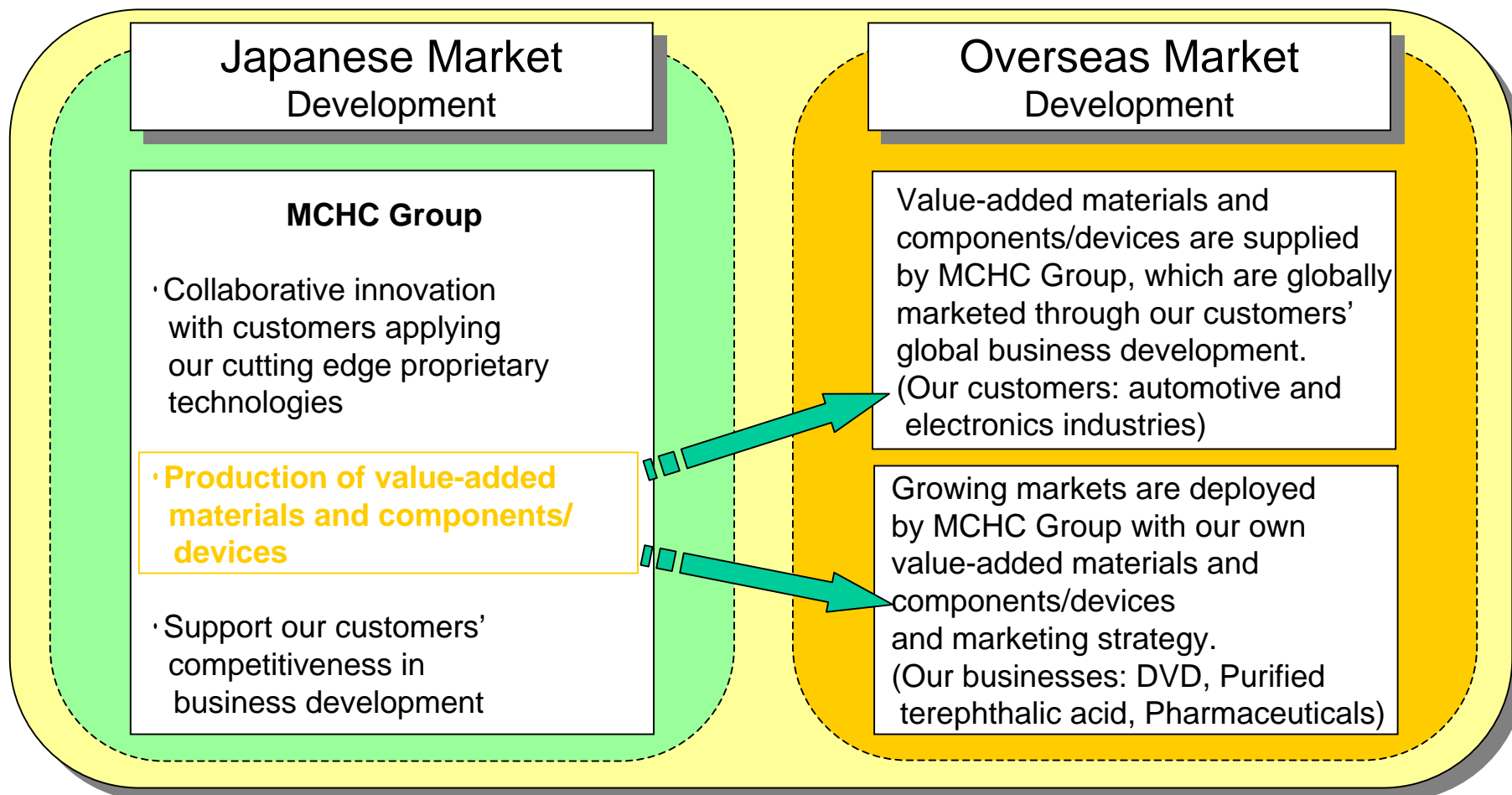
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Mitsubishi Chemical Holdings Group  
will promote sustainable growth through  
Waves of Change ('KAKUSHIN')

**Restructure business portfolios**

Enlarge presence in a global market  
by reinforcing competitive edge in 'technology' and 'business'  
as the source of growth

# Basic Strategy for Global Business Development



Mother Laboratory: Innovative product development with competent technologies by capturing various market needs in advance.

Mother Plant: Pilot plant or production facility which produce and demonstrate competitive production technologies.



# Strengthen Mother Laboratories

## Mother Laboratories

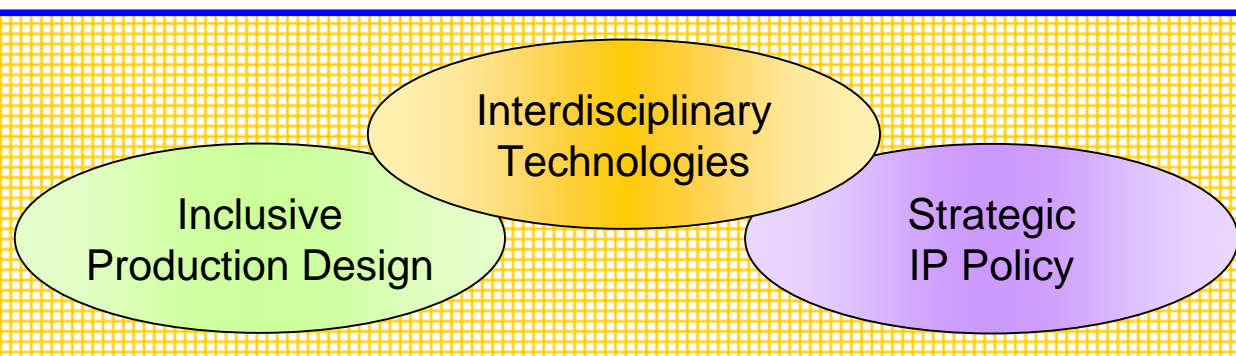
Yokohama



Tsukuba



Yokkaichi



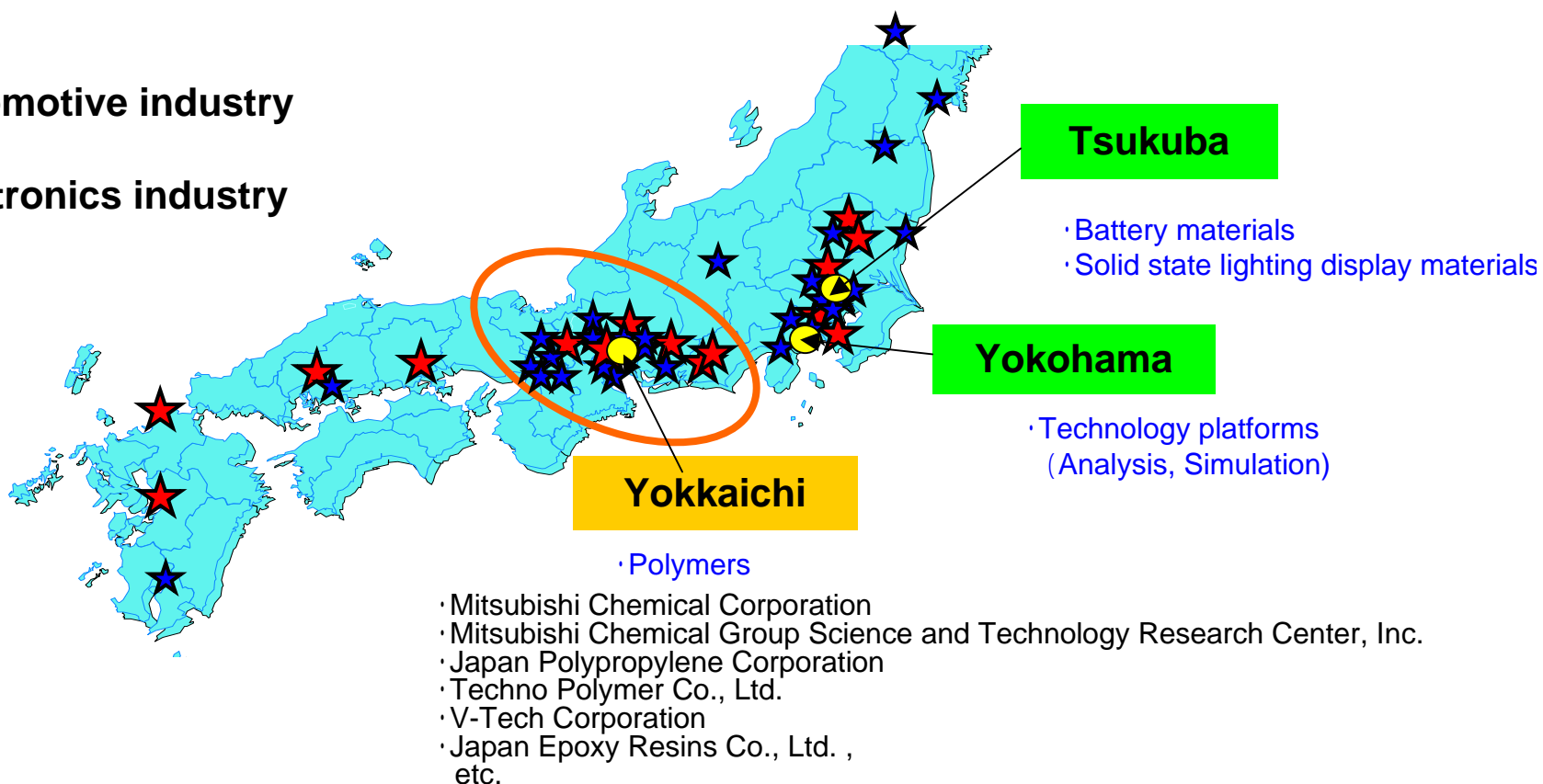
Innovative product development with competent technologies  
by capturing various market needs in advance.

# Establish Customer Laboratory

Collaborative innovation with customers  
in their local areas.

★ : Automotive industry

★ : Electronics industry



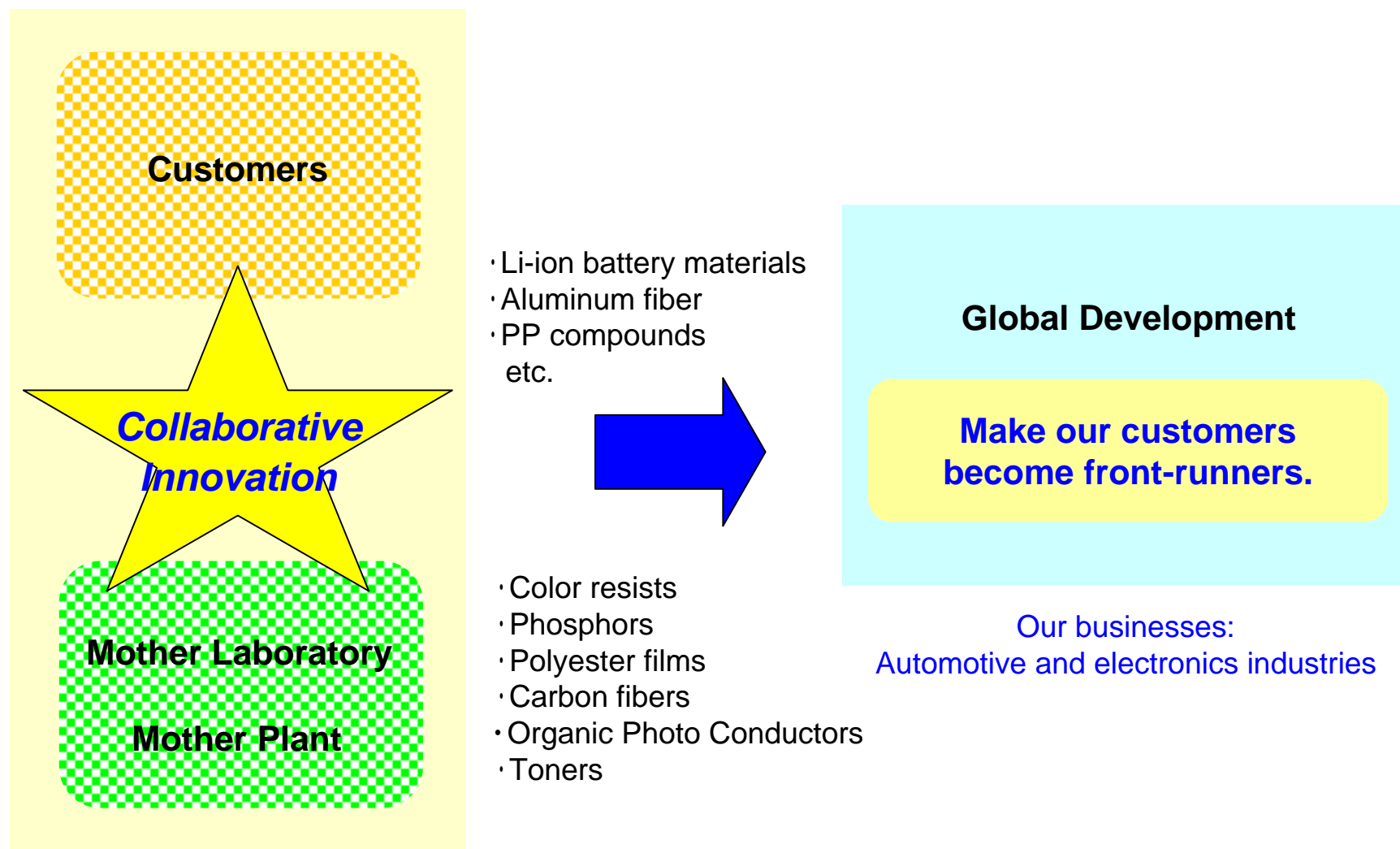
# Mother Plants

**Respond swiftly to production of next generation products**

**Develop advanced technologies outclassed others with customers**

| Businesses               | Mother Plants  | Technologies   |
|--------------------------|--|--|
| Optical Recording Media  | Singapore*<br>Mizushima<br>*Function as a part of mother labs. (Tsukuba) | <ul style="list-style-type: none"> <li>Establish mass production technology for the world's first new media.</li> <li>Produce stampers.</li> </ul>   |
| Organic Photo Conductors | Odawara  | <ul style="list-style-type: none"> <li>Establish cutting edge technologies in multicolor and high-resolution technologies.</li> <li>Respond to advanced performance requirements.</li> </ul> |
| Li-ion Battery Materials | Yokkaichi<br>Sakaide   | <ul style="list-style-type: none"> <li>Assemble advanced technologies outclassed others.</li> </ul>  |
| Polypropylene            | Kashia<br>Goi<br>Mizushima   | <ul style="list-style-type: none"> <li>Establish advanced production technology for well designed polymer.<br/>(Polymer design, Compounding technology)</li> </ul>                           |
| Polycarbonate            | Kurosaki   | <ul style="list-style-type: none"> <li>Proprietary production process technology for DPC and melt polymerized PCR.</li> </ul>  |

# Support Customers' Global Market Development



# PP Compounds

**Mother Laboratory  
(Yokkaichi)**

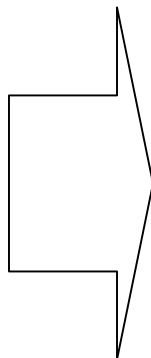
**Customer Laboratory  
(Yokkaichi)**

Advanced polymer design technology  
Compounding technology

**Mother Plants**

**Neat PP  
Compounding**

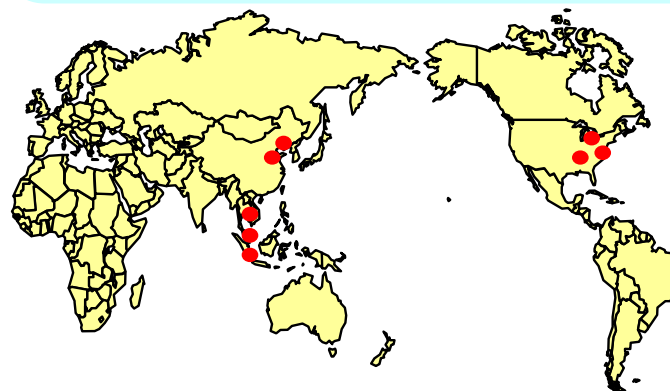
Advanced technologies outclassed others



**Domestic  
Business Development**

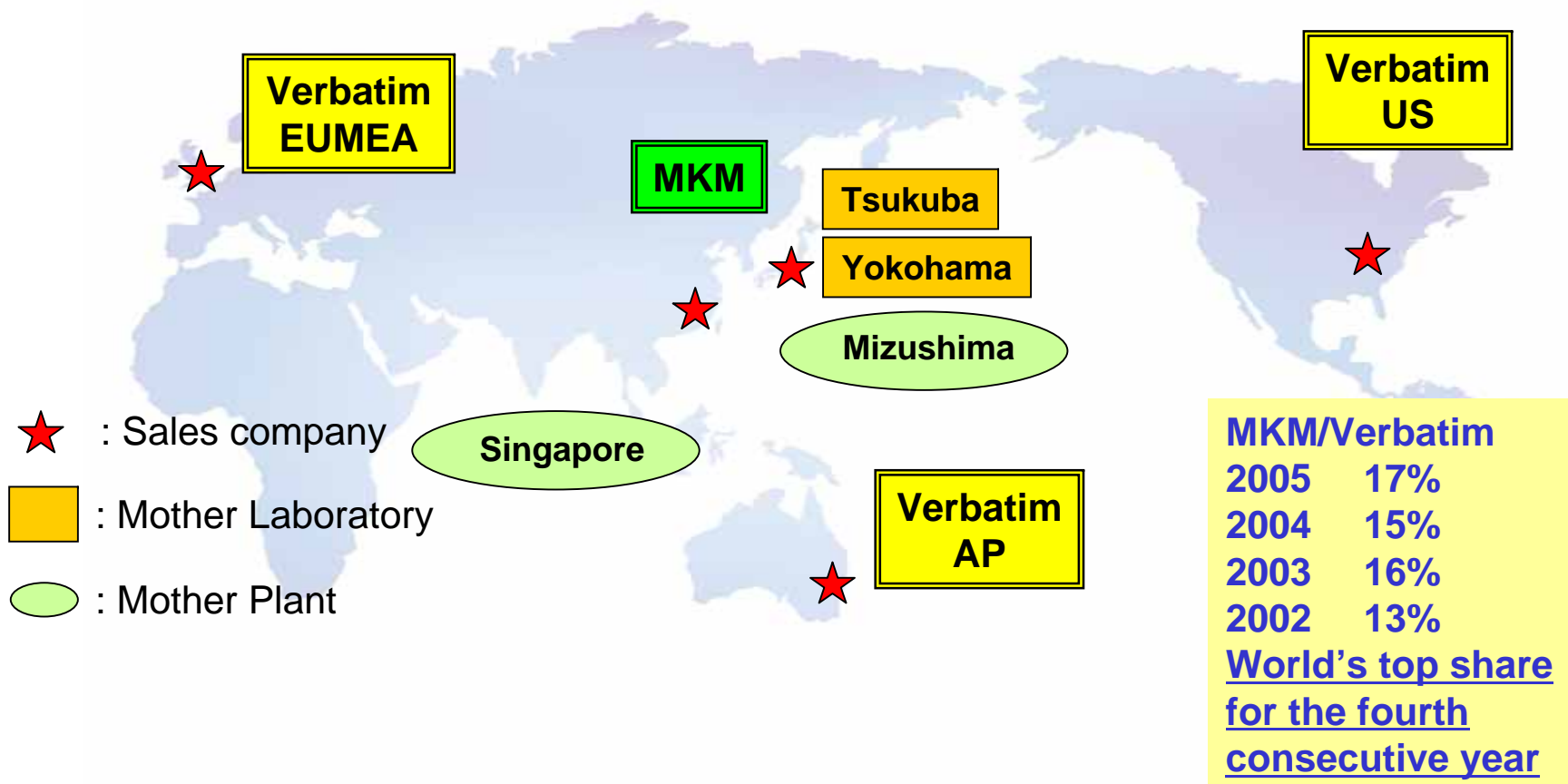


**Global  
Business Development**  
(Mytex Polymers General Partnership)  
(Mytex Polymers Asia Pacific Private Limited)



# Global Market Development with Proprietary Technologies (1)

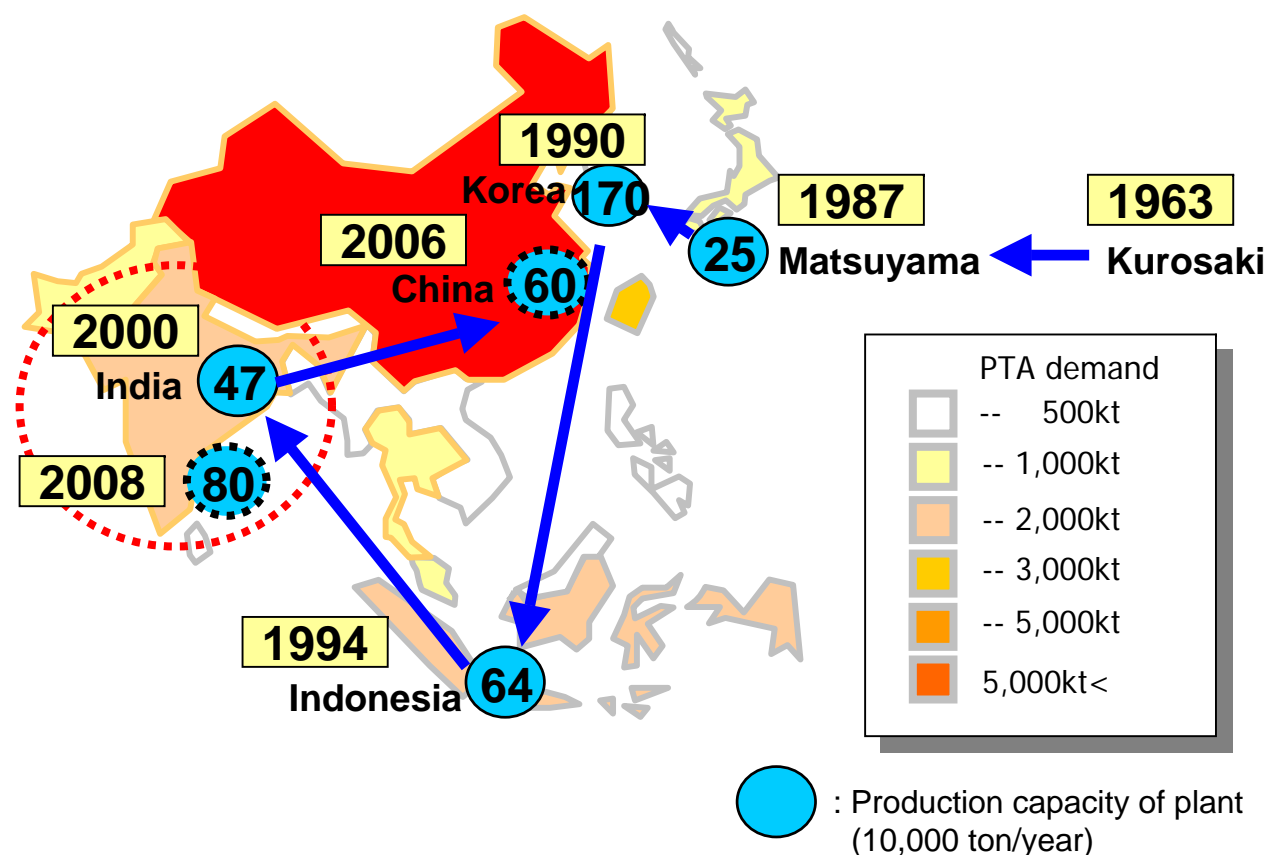
DVD: The most prompt proprietary R&D, marketing, and branding



# Global Market Development with Proprietary Technologies (2)

Purified terephthalic acid: Business expansion in the growing Asian market.

World's first technology, customer exploration, and overseas business operation



# Agenda

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Financial Results for FY2005 Ended March 2006

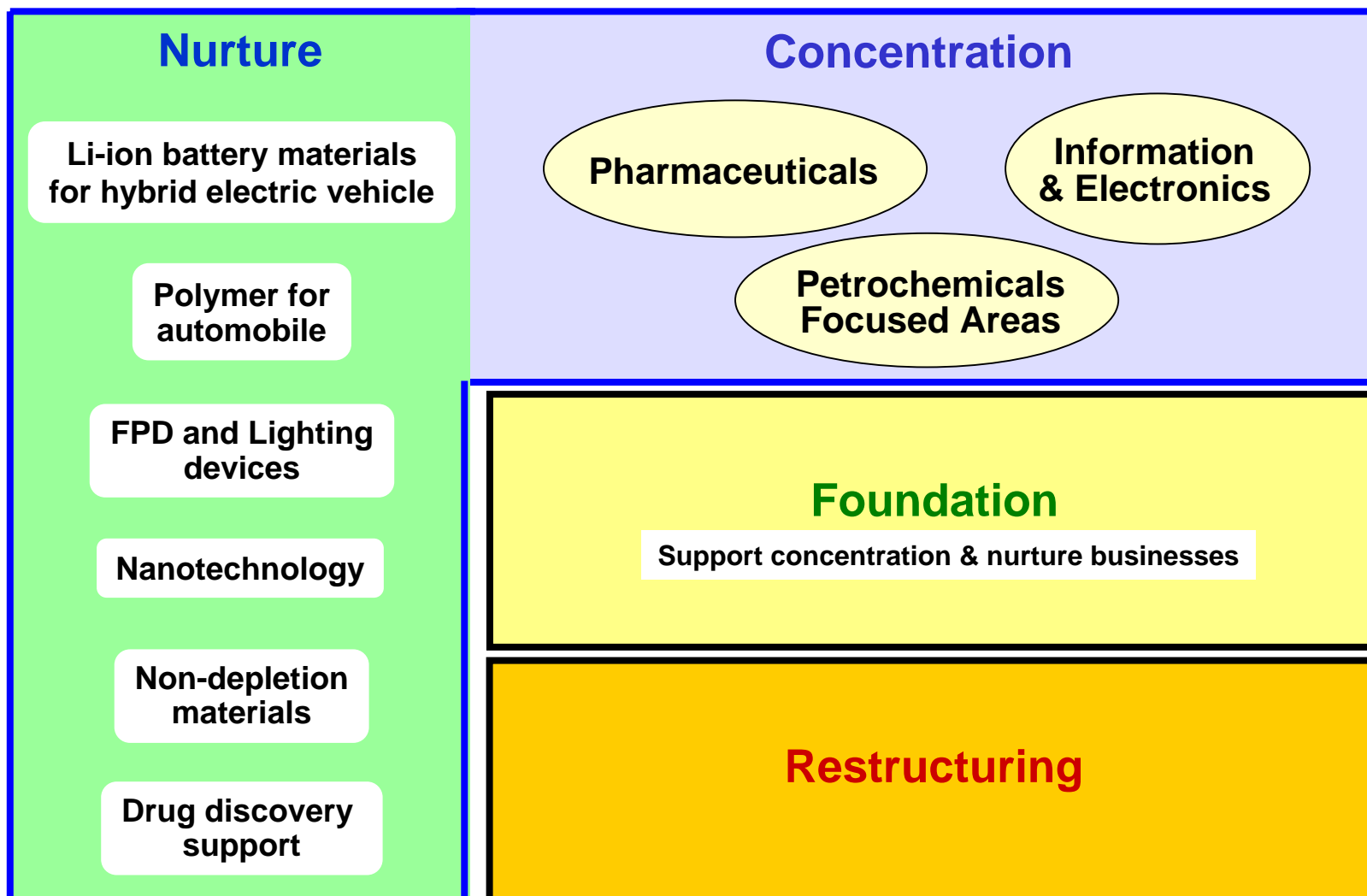
**KAKUSHIN Plan: Phase 2**

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# KAKUSHIN Plan: Phase 2 Business Portfolio



# Portfolio Restructuring in Progress

(Launch/Decision in FY2005)

|   |                 | Major items  |   |
|---|-----------------|--|---|
|   |                 | Petrochemicals   | Performance and Functional Products   |
| Expansion of Capacity or Increasing of Efficiency | Japanese Market | Polypropylene (Kashima)<br>Polycarbonate (Kurosaki)<br>Ethylene (Mizushima)  | <b>Customer Laboratory (Yokkaichi)</b><br>Blu-ray disc (Mizushima)<br>Display components for LCDs<br>Chemical toner<br>Almina fiber for automobiles |
|   | Global Market   | Purified terephthalic acid (India)<br>Polycarbonate, BPA (China)<br>[ at the stage of feasibility study ]  | HD DVD (Singapore)<br>OPC (USA, Singapore)<br>Performance polymer for air bag covers (USA)<br>(April 2006)  |
| Acquisition                                       |                 | <b>PP compounds</b> (USA and Singapore)<br>· Mytex Polymers General Partnership<br>· Mytex Polymers Asia Pacific Private Limited<br>Wholly owned subsidiaries of MCC | · Japan Epoxy Resins Co., Ltd.<br>Wholly owned subsidiary of MCC  |
| Transfer  |                 | · Dia-Nitrix Co., Ltd.<br>Minor affiliate of MCC   |   |
| Withdrawal  |                 | <b>Linear alkylbenzene</b><br><b>Styrene monomer</b><br>· Yuka Seraya Private Limited<br><b>Melamine</b>   |   |

# Capital Investment and Investment and Loan in Progress

(Launch/Decision in FY2005)

|  |                      | Three-year Plan<br>(Billions of yen) | Progress<br>(%) | Major Items   |
|--|----------------------|--------------------------------------|-----------------|---|
| <b>Petrochemicals</b>                      |                      | 150                                  | 73              | <b>Increase of production capacity</b> <ul style="list-style-type: none"> <li>· Purified terephthalic acid (India)</li> <li>· Polycarbonate (Kurosaki)</li> <li>· Polypropylene (Kashima)</li> <li>· Ethylene (Mizushima)</li> </ul> <b>Acquisition</b> <ul style="list-style-type: none"> <li>· PP compounds (Mytex Polymers General Partnership<br/>Mytex Polymers Asia Pacific Private Limited)</li> </ul>   |
| <b>Performance and Functional Products</b> | Performance Products | 125                                  | 34              | <b>[Information and electronics]</b><br><b>New production</b> <ul style="list-style-type: none"> <li>· Next generation optical discs (Singapore, Mizushima)</li> </ul> <b>Increase of production capacity</b> <ul style="list-style-type: none"> <li>· OPC (USA, Singapore) , Chemical toner</li> <li>· Materials and components for LCDs<br/>Polyester films, Color resists, phosphors</li> </ul> <b>Acquisition</b> <ul style="list-style-type: none"> <li>· Japan Epoxy Resins Co., Ltd. Wholly owned subsidiary of MCC</li> </ul> <b>[Automobiles]</b><br><b>New production</b> <ul style="list-style-type: none"> <li>· Aluimina fiber (MAFTEC) (Sakaide)</li> </ul> |
|  | Functional Products  |                                      |                 |   |
| <b>Health Care</b>                         |                      | 40                                   | 20              | <b>Renewal</b> <ul style="list-style-type: none"> <li>· Apparatuses for pharmaceuticals, diagnostics and testing, etc.</li> </ul>   |
| <b>Services/Corporate</b>                  |                      | 45                                   | 30              | <b>New construction</b> <ul style="list-style-type: none"> <li>· Customer Laboratory (Yokkaichi) *      *Support concentrated businesses</li> </ul>   |
| <b>Total</b>                               |                      | 360                                  | 50              |   |

# Petrochemicals Segment Business Perspective and Strategy

May 31, 2006

Tokio Niikuni

Managing Executive Officer

Mitsubishi Chemical Corporation

# Agenda

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- **Segment Policy**
- Segment Strategy
- Business Strategies
  - Polymers
  - Monomers
  - Olefins and Aromatics
- Summary

## Segment Policy

To **maximize the profit**,  
the Petrochemicals Segment will  
**“expand the core businesses globally”**  
and  
**“reinforce the business infrastructure in Japan”**,  
taking advantage of its  
**human capital and technology.**

## Expand the Core Businesses Globally

- Leveraging our strengths focusing on the Asian market.

### Core Businesses

### Investment Opportunities

Purified terephthalic acid

- Boost the capacity in Asia

Polypropylene &  
Performance polymers

- Expand the domestic and overseas capacity
- Establish the supply network of PP compounds across Japan, Asia, US & Europe
- Develop the supply network of thermoplastic elastomers worldwide

PC/Phenol chain

- Increase the domestic and overseas capacity

1,4-BG & PTMG

- Construct new production facility in Asia

## Reinforce Business Infrastructure in Japan

- Strengthen Kashima and Mizushima as the leading petrochemical complexes in Asia.

### Goals

**Increased capacity for valuable fractions**  
(propylene, benzene, paraxylene)

**Diversified sources of feedstocks**

**Maximized value of the overall complex**

### Methods

**Accelerate cooperation across the complex**  
(e.g. Kashima Hydrocarbon Project)

**Optimize the total production system**

**Develop novel production technologies for olefins&aromatics**



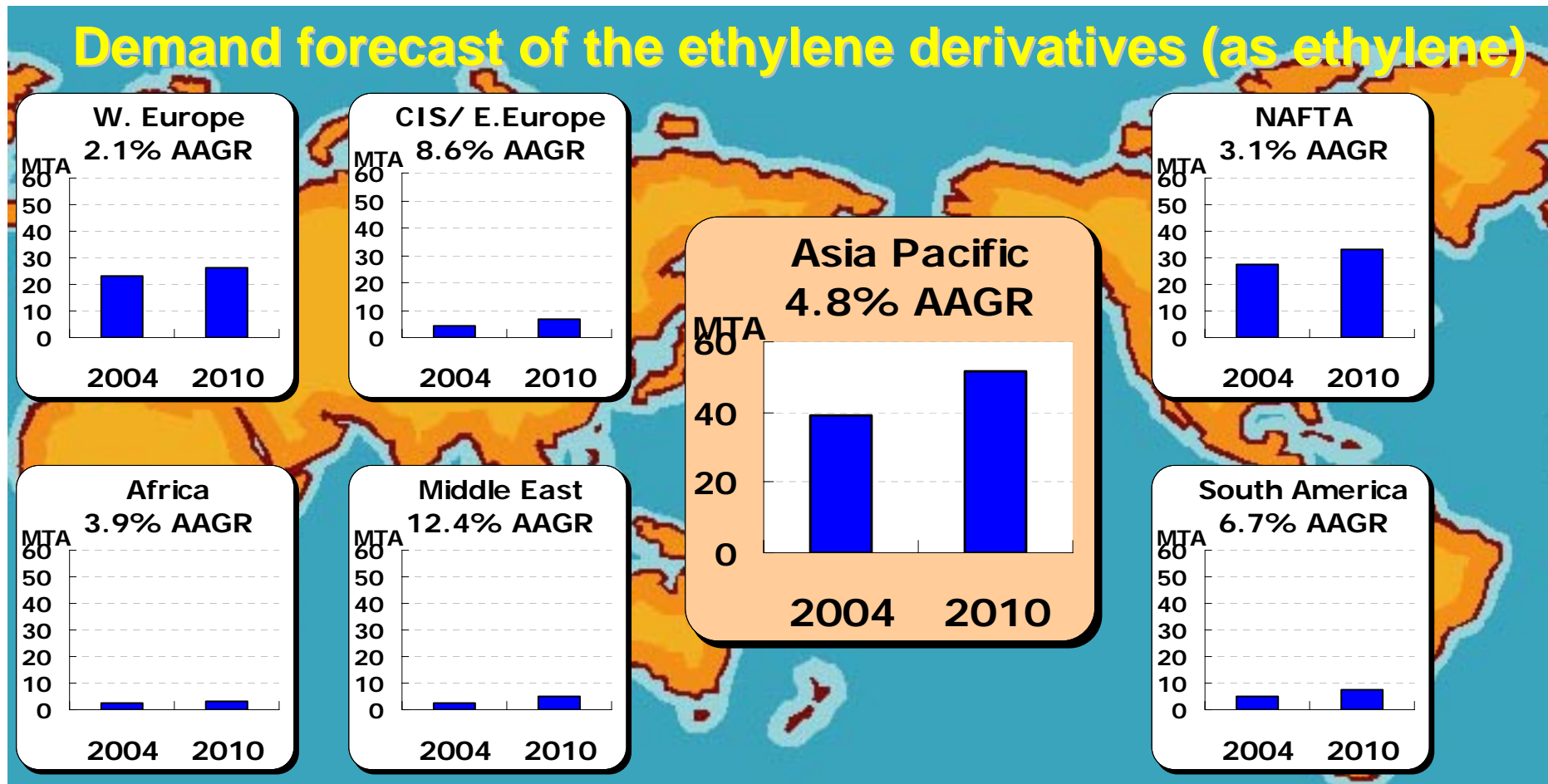
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## Pursue the Growth Opportunities in Asia

- “Mega and high-growth” market

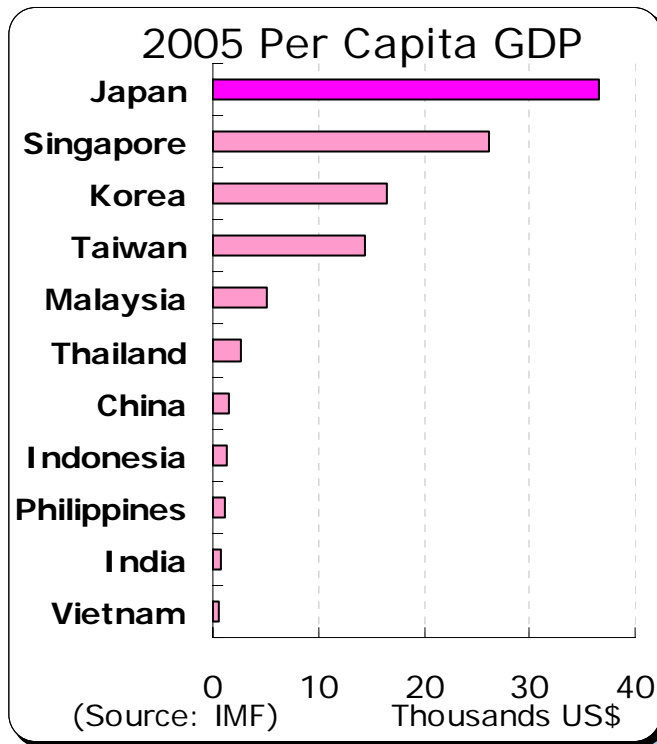


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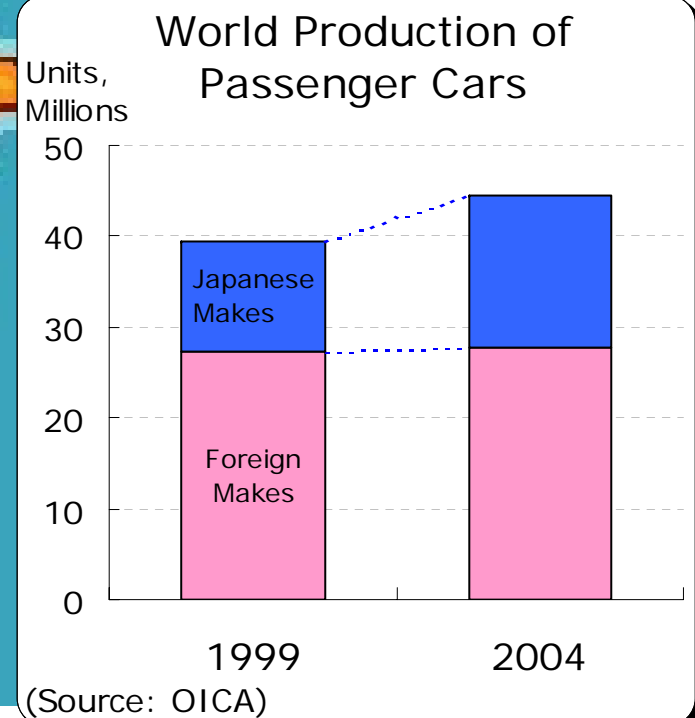
## Focus on the Cutting-edge Applications in Japan

- Our customers in Japan are the global front-runners

### Market size and concentration



### Advanced technology



## Our Competences Are:

**Our customers** who lead the global market with their cutting-edge technologies



**Competent technologies and strategic marketing** to answer our customers' evolving needs

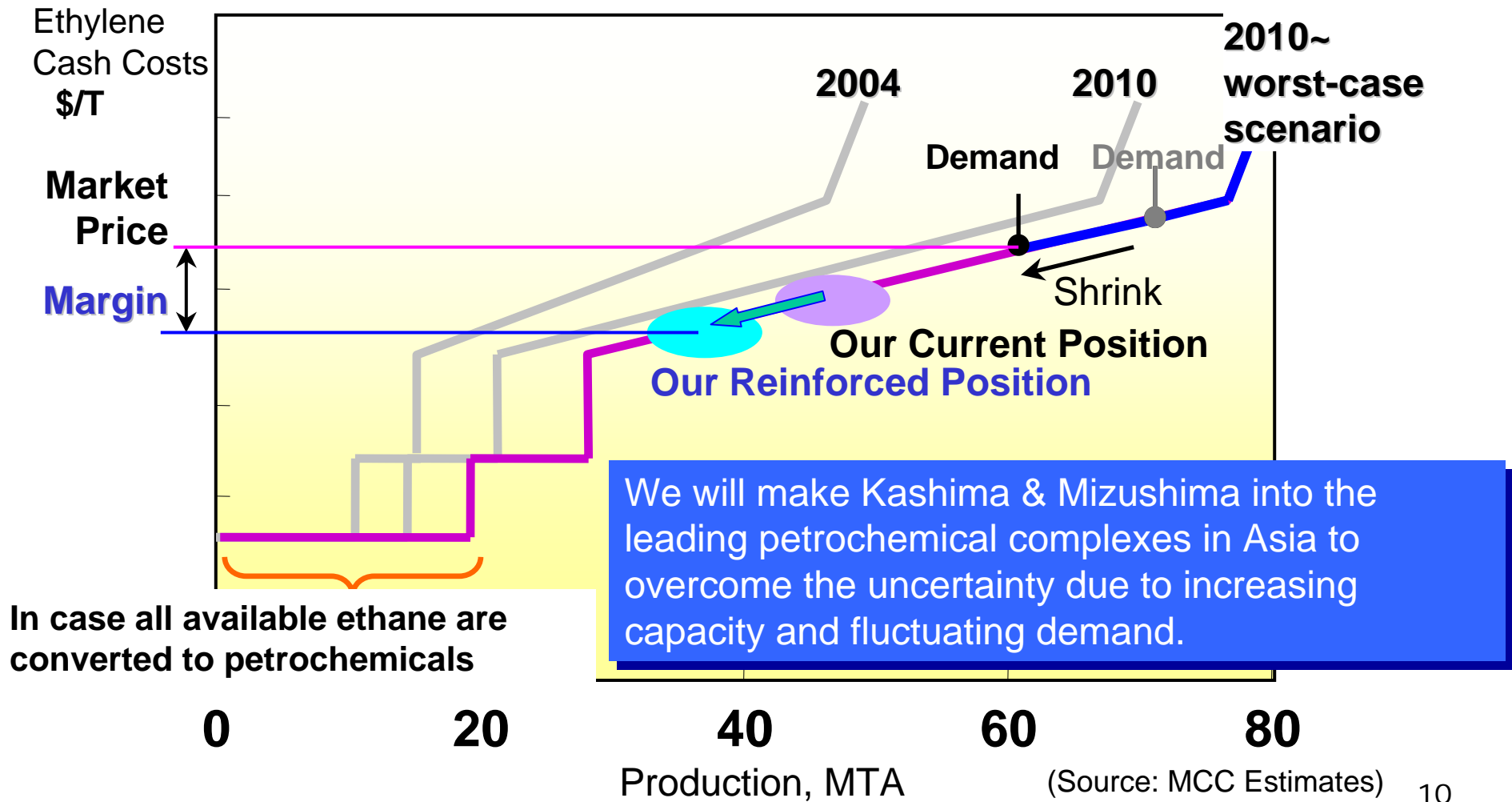


Two chemical complexes as core **business assets**



## Against the Big-wave from the Middle East

### Ethylene competitiveness in Asia/Middle East



## Leverage Our Strengths to Grow with Customers

- Enhance the cost competitiveness to ensure the profitability
- Meet the customers' expectations through innovation across the wide range of products
- Develop the businesses globally applying business know-how and technology established in Japan



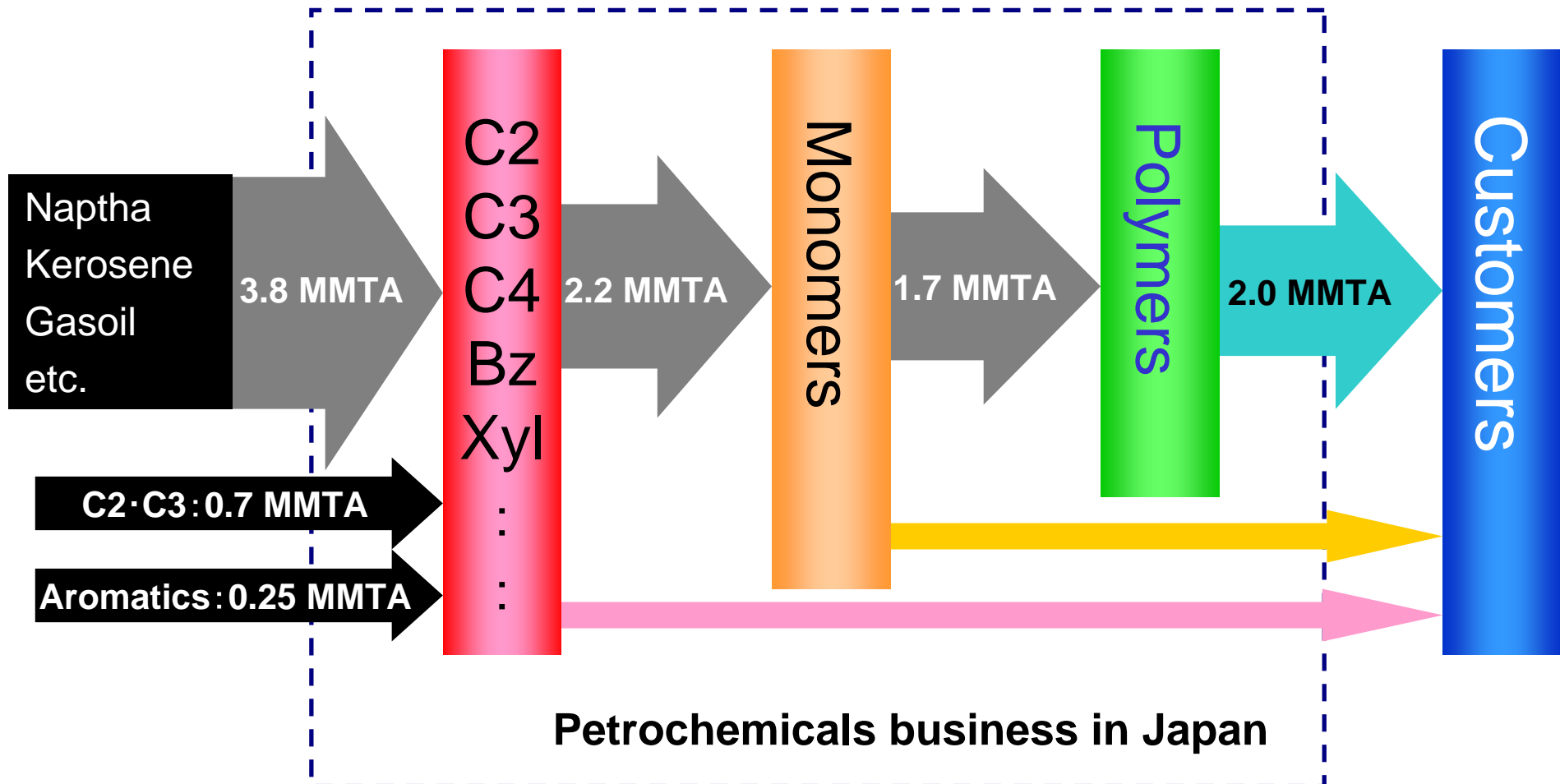
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## Polymers: Business Position

- Generate 60% of domestic revenues





## Polymers: Competitiveness

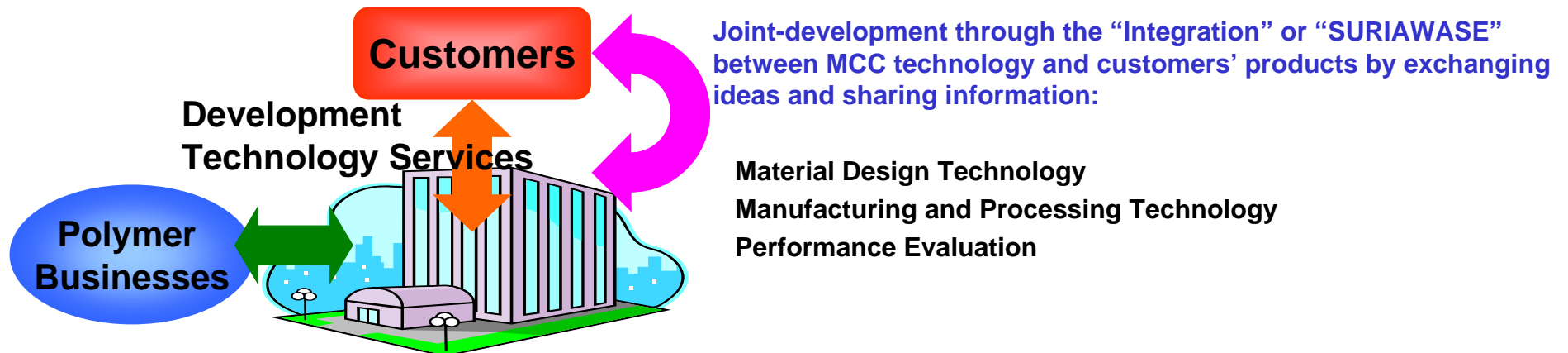
Satisfy customers' cutting-edge needs by:

- **Unique ideas and technologies**
- **Faster innovation than others**

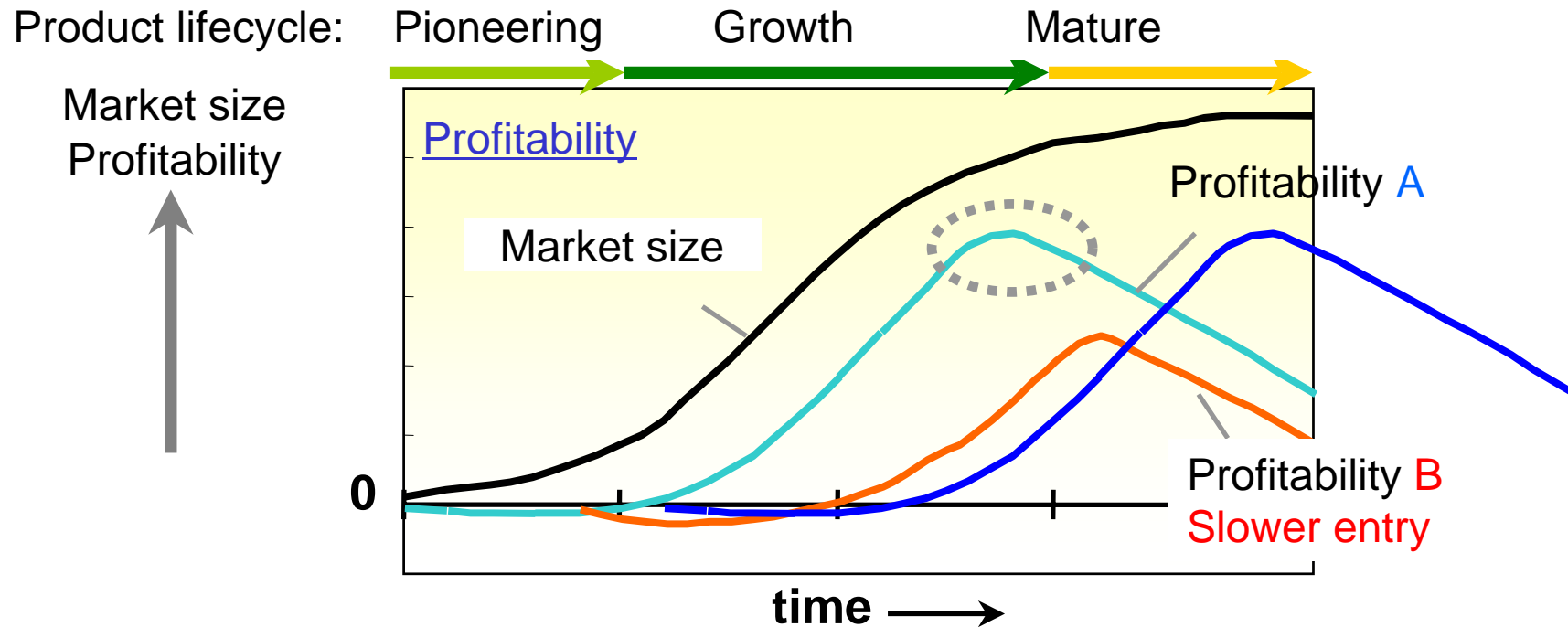


Lead the global competition by enhanced capabilities in technology and marketing

### Customer Laboratory (Yokkaichi)

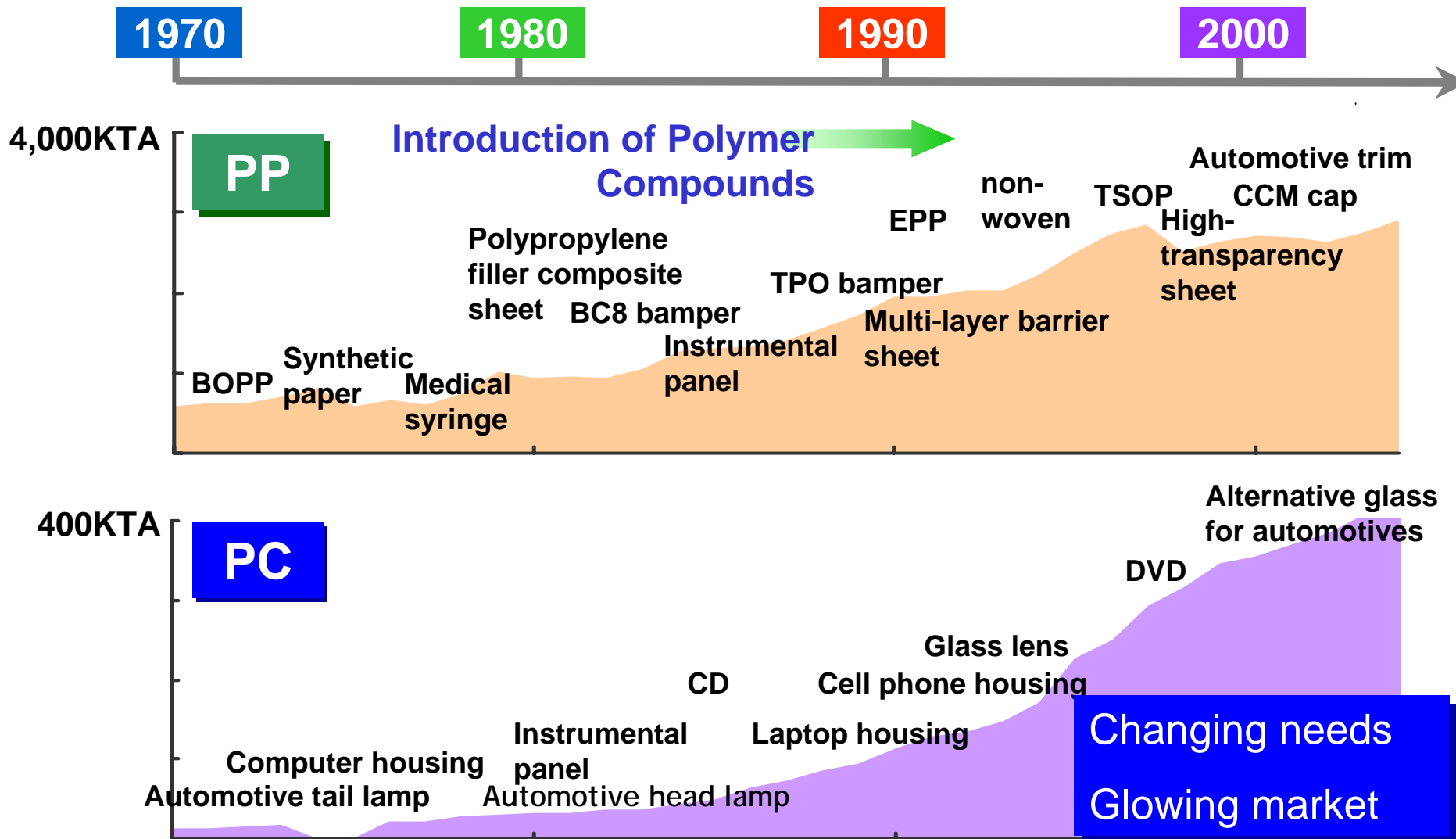


## Polymers: Why Capturing the Cutting-edge Needs?

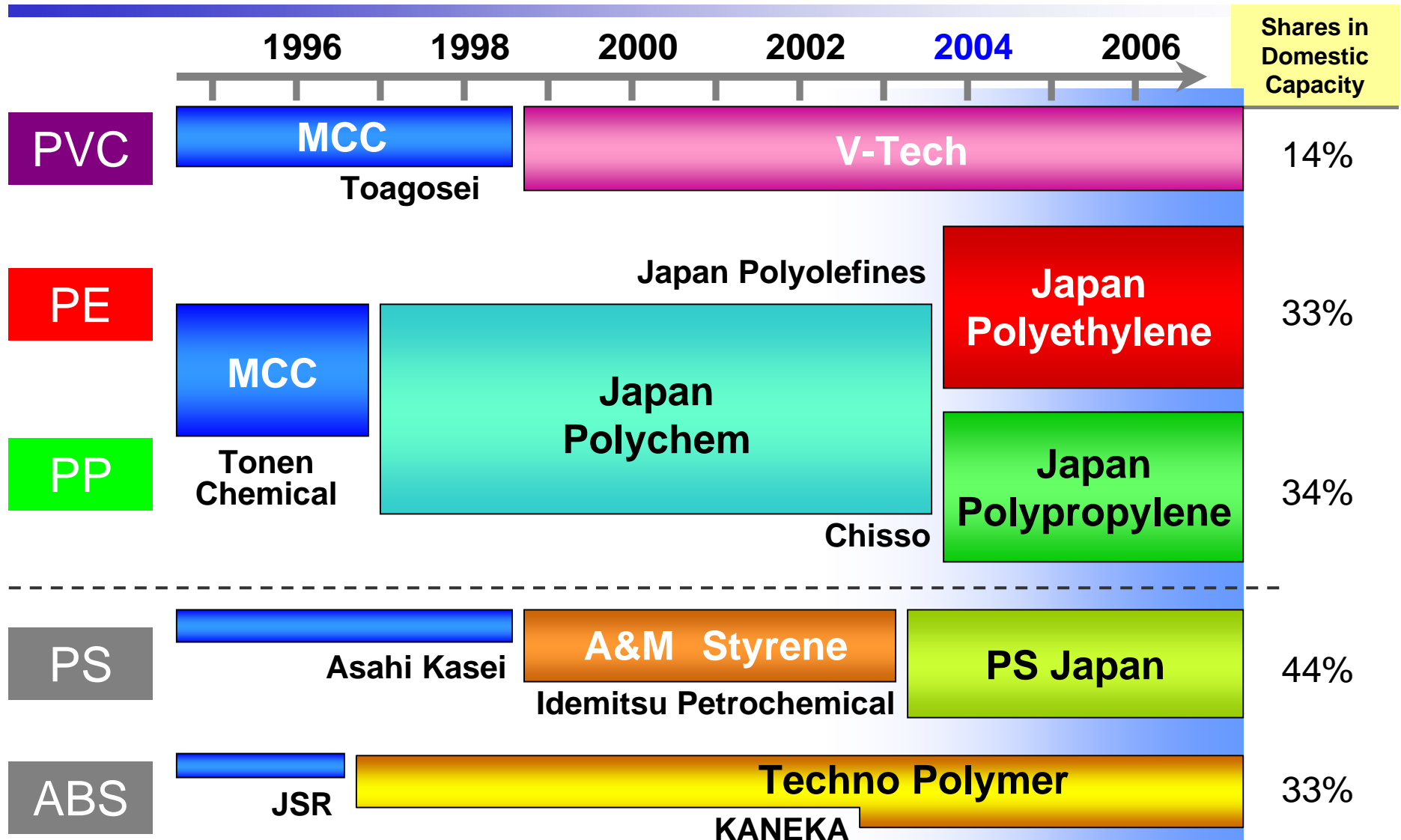


- Polymer product has a peak in profitability.  
⇒ Must deliver the next generation products timely.
- Slower entry can not secure the profit peak.  
⇒ Must become the pioneer in the lucrative markets.

# Polymers: Cutting-edge Needs and Production Capacity

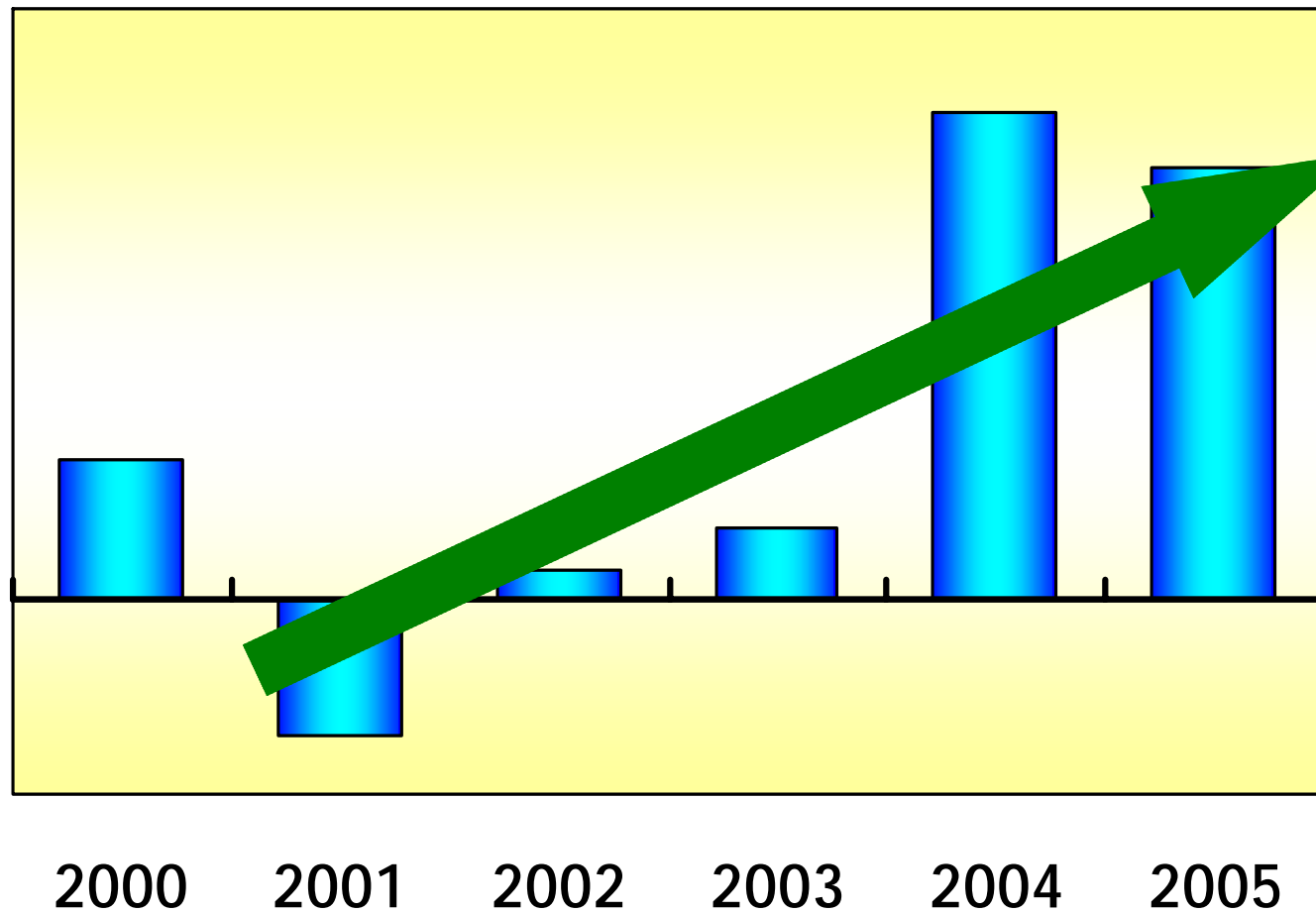


## Polymers: Strategic Business Consolidation



## Polymers: Results of Business Consolidation

- Upward trend of consolidated operating income of polymer businesses.



## Polymers: Investment for Growth

### ● Investment decisions made in FY2005

- Polypropylene new 300KTA train – Kashima
- Polycarbonate chain – Kurosaki; China
- Automotive compounds – worldwide
  - Buy out PP compounds JV from ExxonMobil
  - Boost TPE capacity in the U.S.

Continue to strengthen polymer businesses

## Polymers: Strategy for the Next Stage

Strengthen polymer businesses

Exploit potential by integration

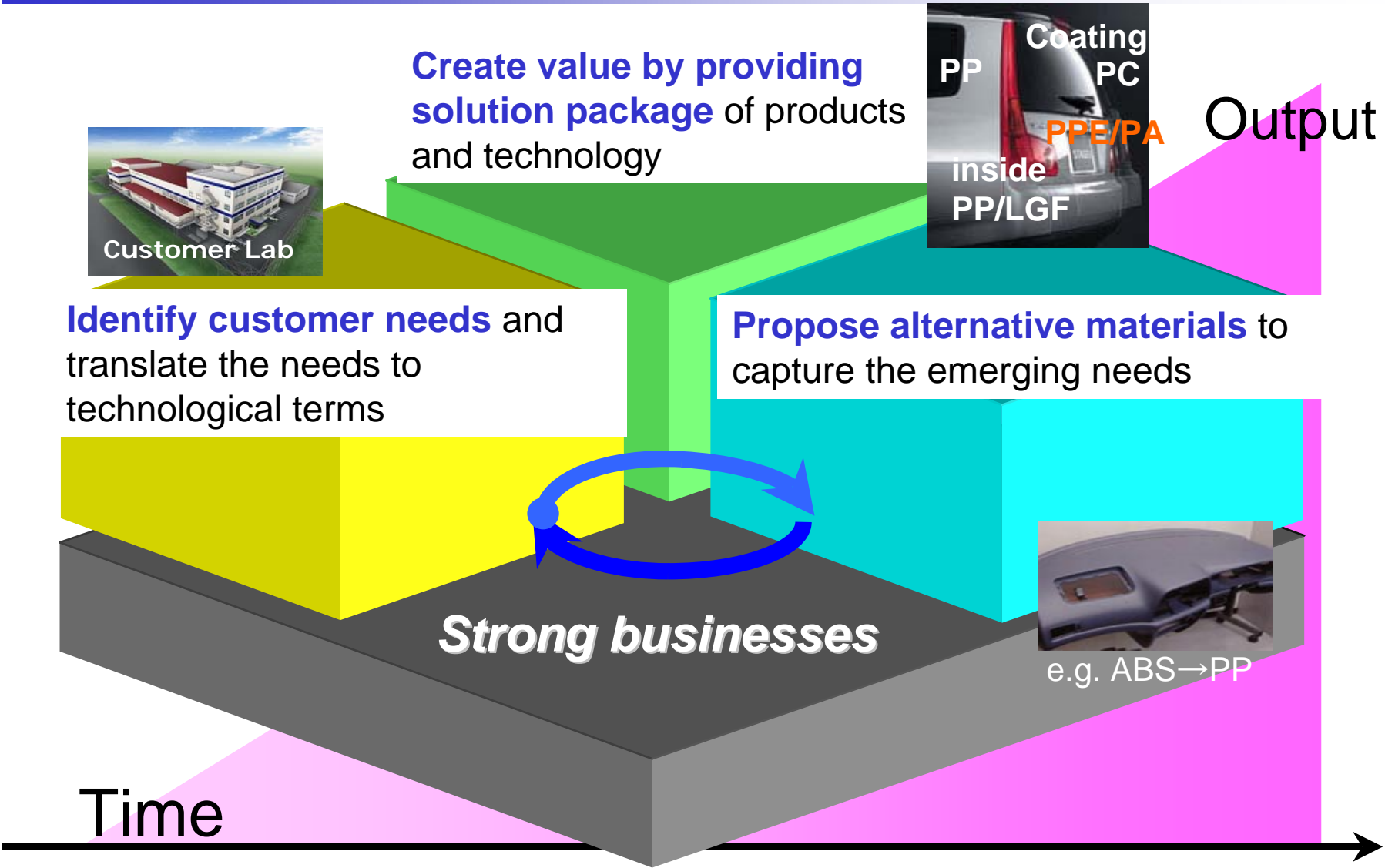
past → future

“Polymer Division” organized

From “Standalone” to “**Network**”

From “single-eye” to “compound-  
eye **approach**”

# Polymers: Customer Relationship is Our Key for Success

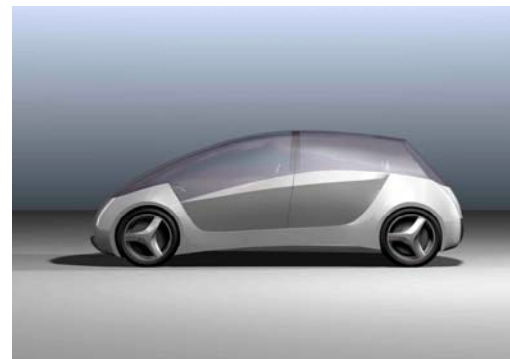
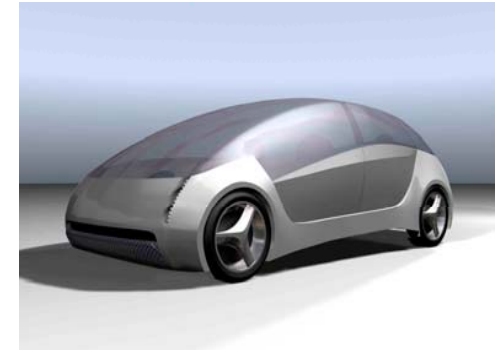
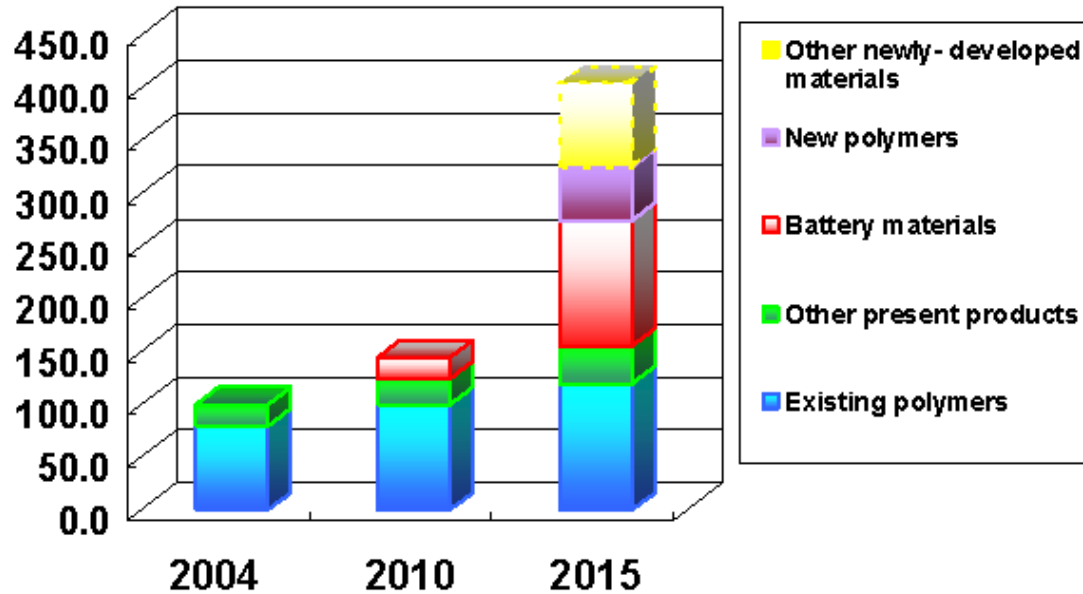




# Polymers: Expectation for Future Growth

## ● Revenues from automotive applications

Billions of yen



# Polymers: Strategic Investments in FY2005

## PC Chain: Kurosaki & China

- Novel melt process technology with low cost, environmentally benign, hi-performance products
- Targeting No. 1 position in Asia by MEP's sales&technology services

### Beijing

PC: 60KTA  
BPA: 100KTA  
**SINOPEC JV**  
(carrying out FS)

### Kurosaki

PC: 60KTA  
DPC :100KTA  
**MCC**  
(decided)

MEP: Mitsubishi Engineering Plastics

## Performance Polymers: U.S.

- Add a new compound line to meet the strong demand of TPE for automotive parts

## PP 300KTA line: Kashima

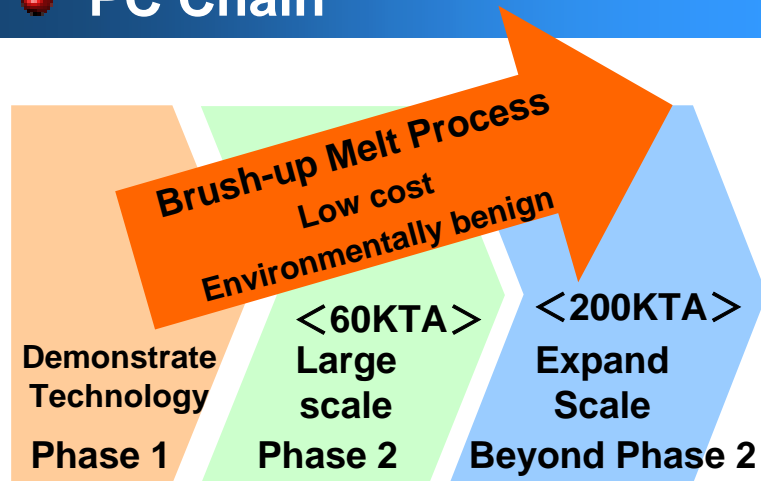
- Largest train based on the in-house technology

## PP: Buy-out MYTEX shares

- Integrated business strategy for compounds
- Establish global supply network

## Polymers: Beyond KAKUSHIN Plan: Phase 2

### ● PC Chain

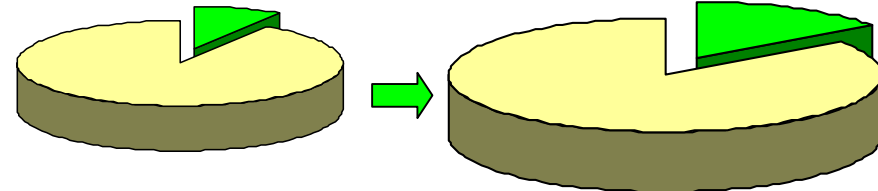


### ● Polypropylene

World market share of PP compounds

Current: <10%

Goal: 15%



**Boost share by supplying  
Global-standard materials**

### ● PC Chain

- Brush up the melt process technology to reduce costs and environmental impacts.

### ● Polypropylene

- Enhance the global presence of PP compounds for automotive applications.

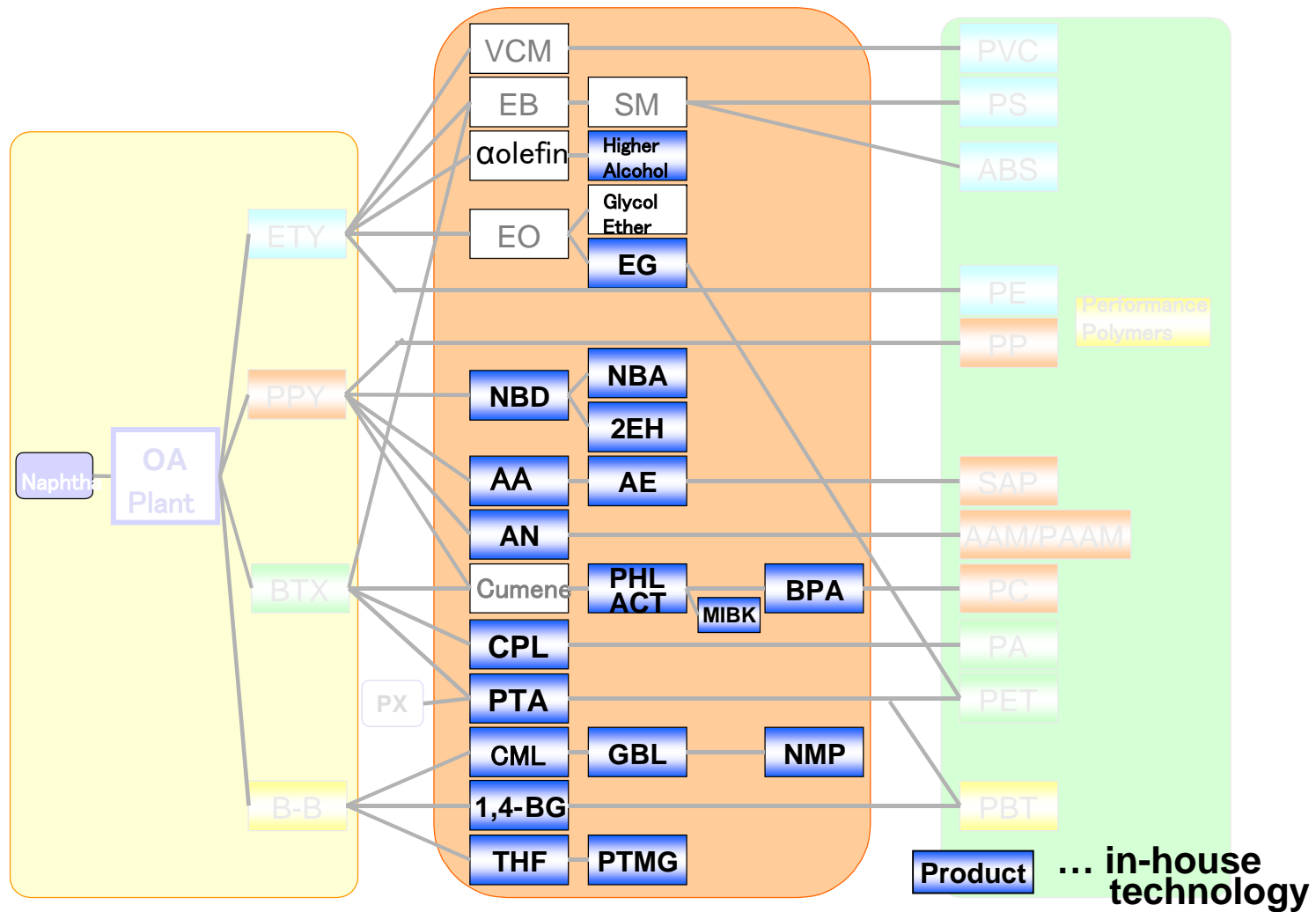
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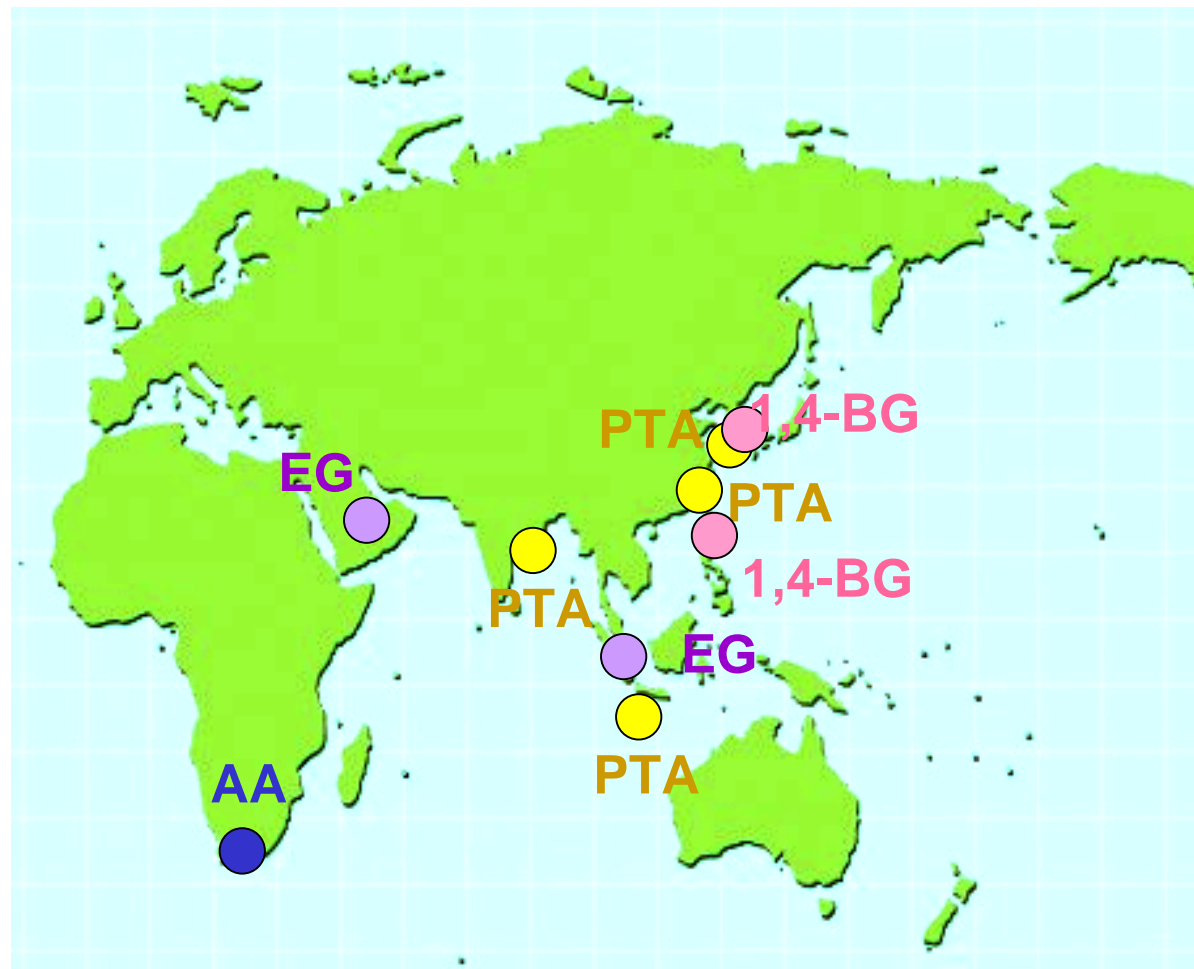
# Monomers: World-class Technologies

- Process, catalysts, and cost reduction



## Monomers: Global Business Expansion

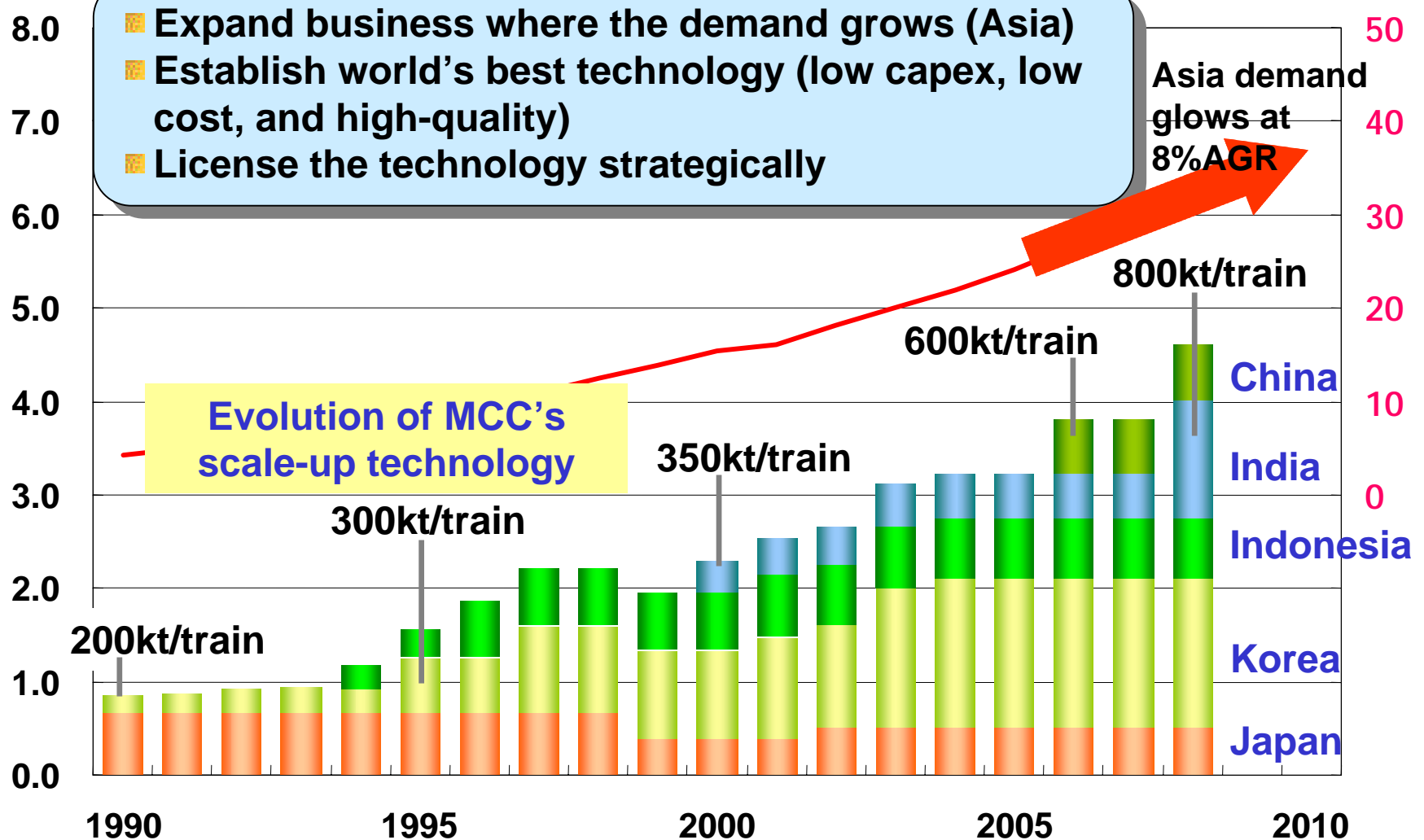
- Capture the glowing market by taking advantage of the world-class technology and business knowledge.



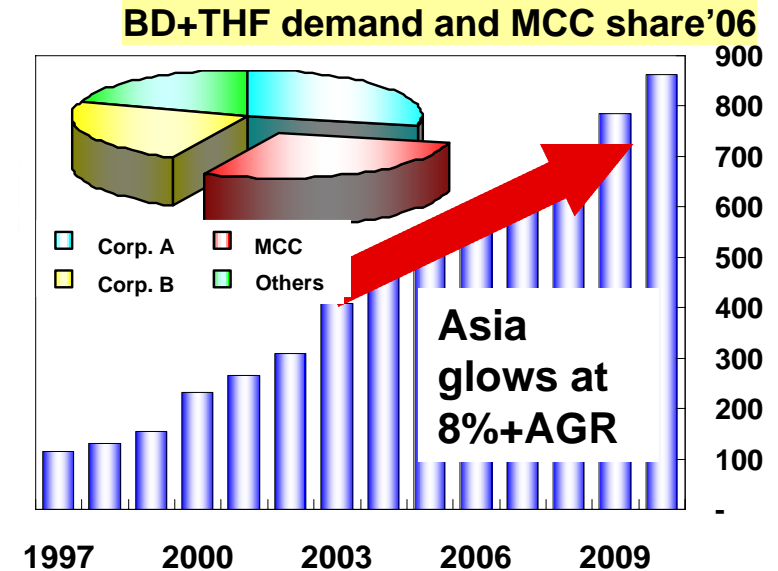
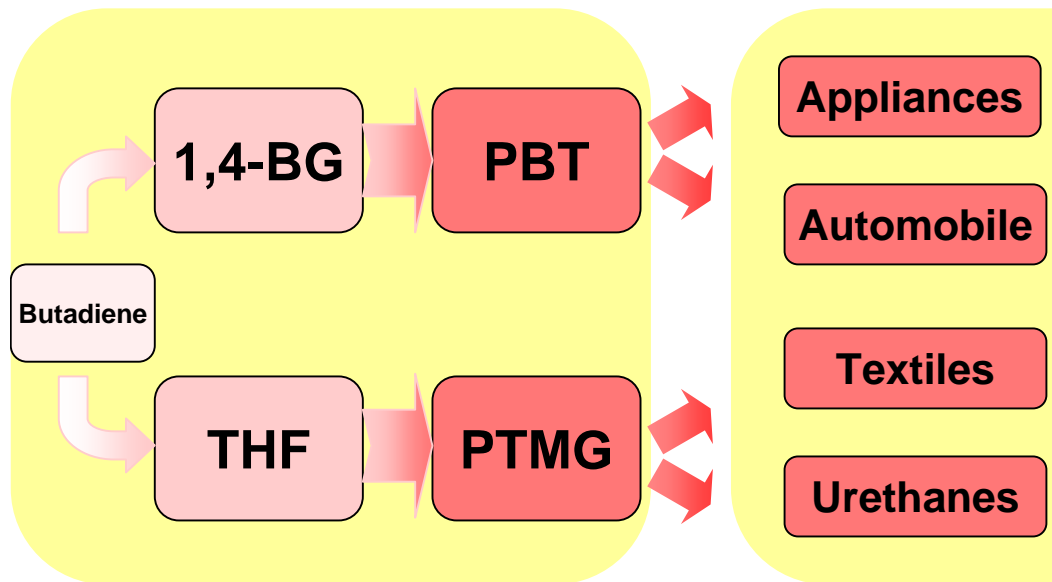
# Monomers: Business Strategy for Purified Terephthalic Acid

MCC Capacity  
MTA

Asia Demand  
MTA



## Monomers: Business Strategy for 1,4-BG - PTMG Chain



Establish the chain of in-house technologies

Customer needs for high quality

Develop businesses in glowing Asia

- Catalyst technology  
⇒ Low cost
- Butadiene feedstock  
⇒ Process stability
- Continuous PBT process  
⇒ Low cost

**Achieve No. 1 position in Asia**  
by establishing the product chain based on in-house technologies and develop marketing capabilities in downstream applications.

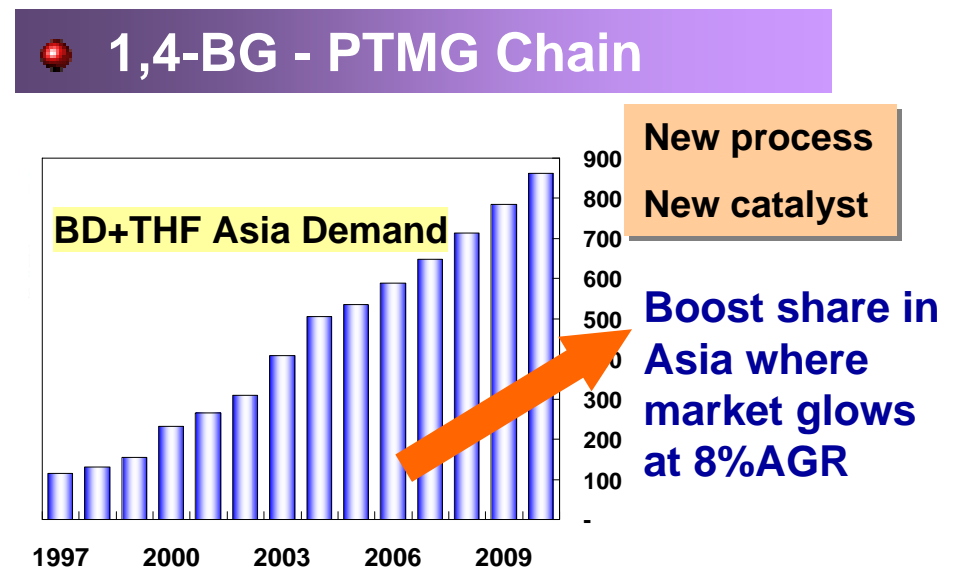
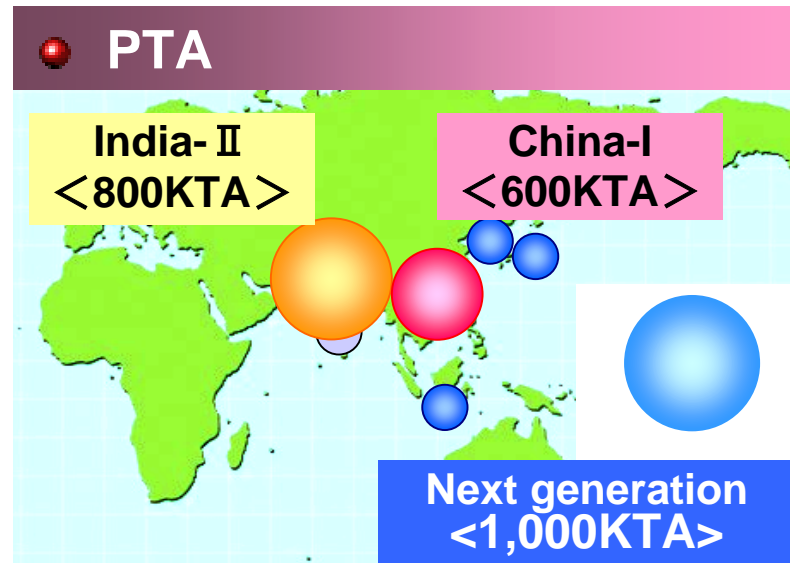


## Monomers: Restructuring of Business Portfolio

- FY2003-FY2005**

|                                |                                |
|--------------------------------|--------------------------------|
| Phase out                      | Melamine                       |
|                                | Dobanol (higher alcohol)       |
|                                | Nippon Phenol/Nippon Bisphenol |
|                                | Linear alkyl benzene           |
|                                | Yuka Seraya (styrene monomer)  |
| Capacity reduction             | Caprolactam                    |
|                                | Phthalic Anhydride             |
|                                | PTA (Matsuyama)                |
| Transfer of shares<br>(partly) | Intack (anti-freeze)           |
|                                | Dia-Nitrix (AN·AAM)            |

## Monomers: Beyond KAKUSHIN Plan: Phase 2



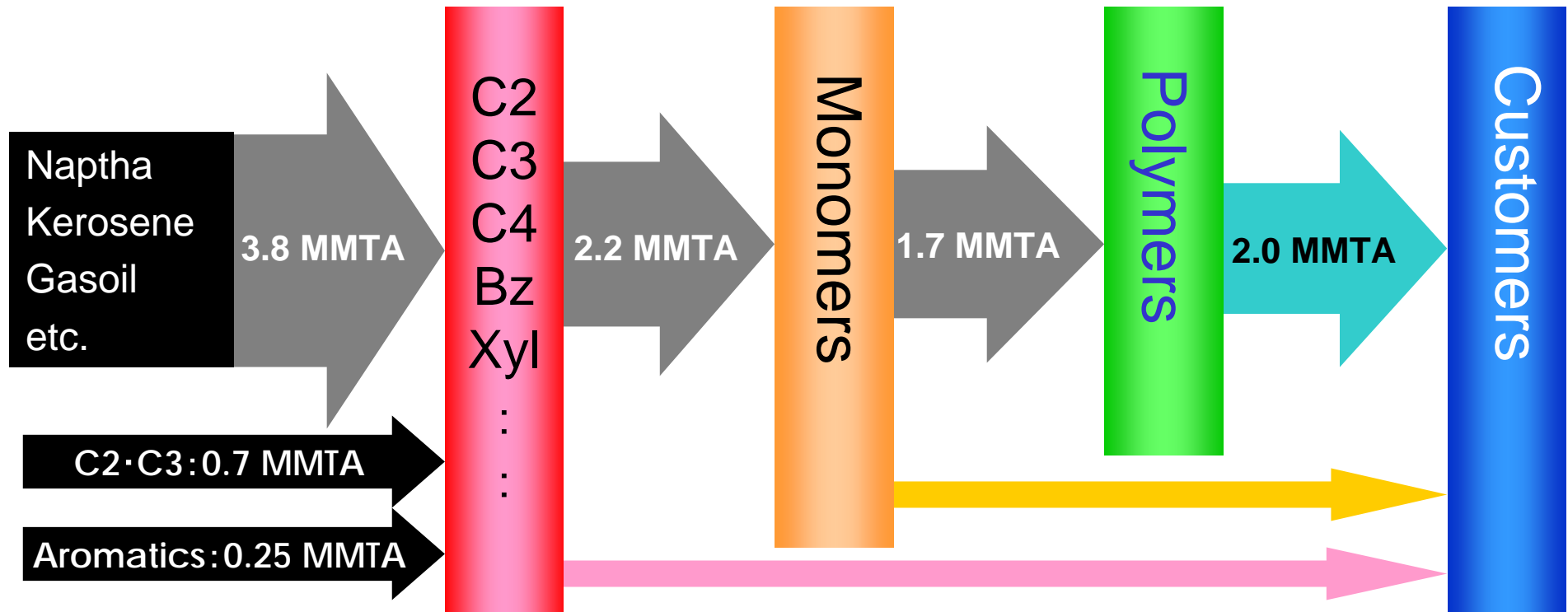
- Purified Terephthalic Acid
  - Glow business with world's best next-generation technology.
  
- 1,4-BG - PTMG Chain
  - Accelerate growth with new process and catalyst.

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## Olefins and Aromatics: Our Supply Chain Bolsters Operations in Japan



- Serve the diversified industrial customers in Japan through the stable supply chain of various products.
- Continue to strengthen the olefins-aromatics centers, the foundation of monomers and polymers.

# Olefins and Aromatics: Plan for Reinforcement

## Reduce costs

Low cost feedstock

Energy saving

Value-creation for  
underutilized byproducts

Increase the capacity of  
olefins & aromatics to meet  
the growth of derivatives

Make investments throughout  
**RING-I, II, III**  
to reduce the cost of complex  
as a whole

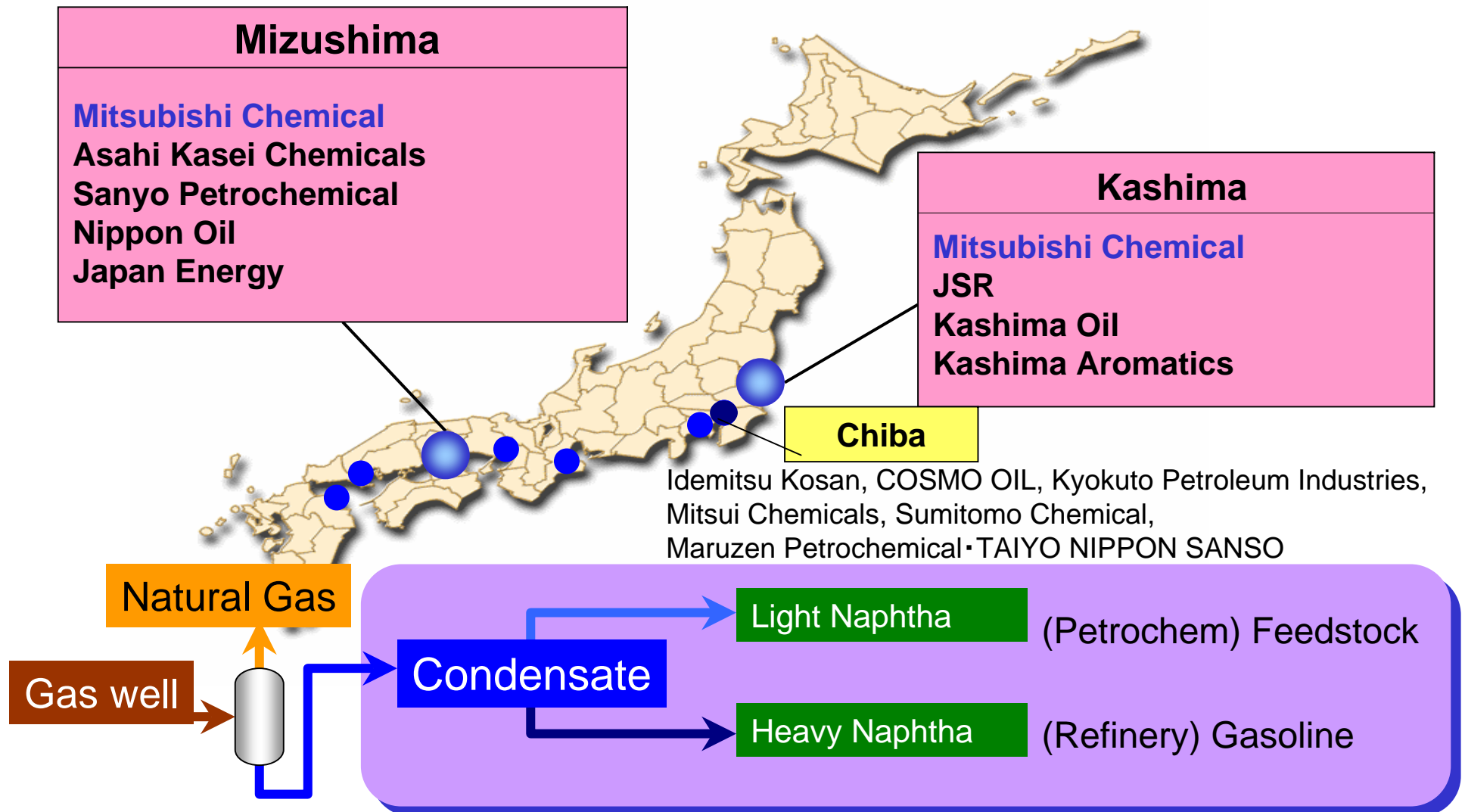
Cooperate extensively with  
Kashima Oil Company  
(**KHC**; New JV = 1st step)

Install  
**State-of-the-art cracking furnace**

Develop new production technology for  
olefins-aromatics

# Olefins and Aromatics: RING-III

(Research Association of Refinery Integration for Group-Operation)

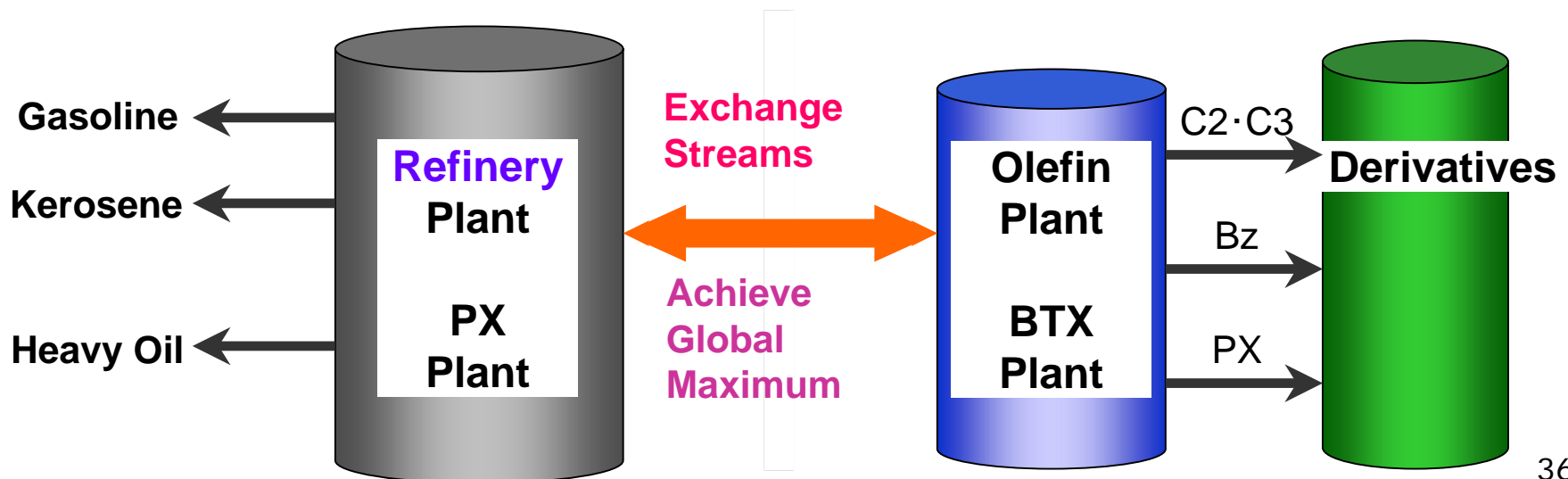


# Olefins and Aromatics: Kashima Hydrocarbon Center

**New Joint Venture (1st Step)**  
Produces Light naphtha & Aromatics from condensate  
**Japan Energy • Mitsubishi Chemical; in 2007**



The concept; dissolve the barrier between the companies



## Diversify Feedstocks and Boost Propylene Yield

**Reduce costs**  
**Boost olefins-aromatics capacity**



**Utilize easy-accessible feedstocks**  
**(heavy naphtha, kerosene etc.)**

**Increase the propylene yield by**  
**cracking at milder conditions**

**Install cutting-edge cracking**  
**furnaces at**  
**Kashima (Jan. 2006)**  
**&**  
**Mizushima (2008)**

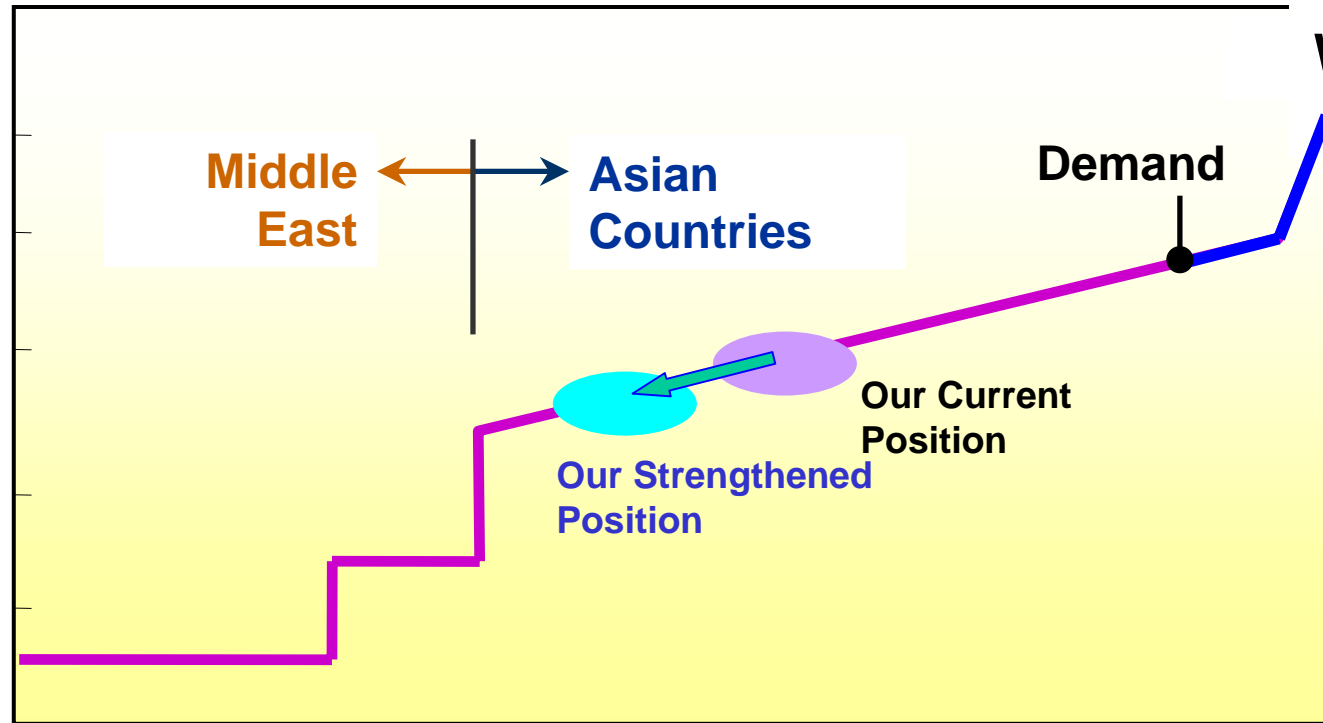


**New furnace**  
**at Kashima**



## Beyond KAKUSHIN Plan: Phase 2

Ethylene Cost  
\$/T



Production Capacity (MCC Estimates)

- Promote the complex integration through the cooperation between refinery, petrochemicals, and fine chemicals

# Agenda

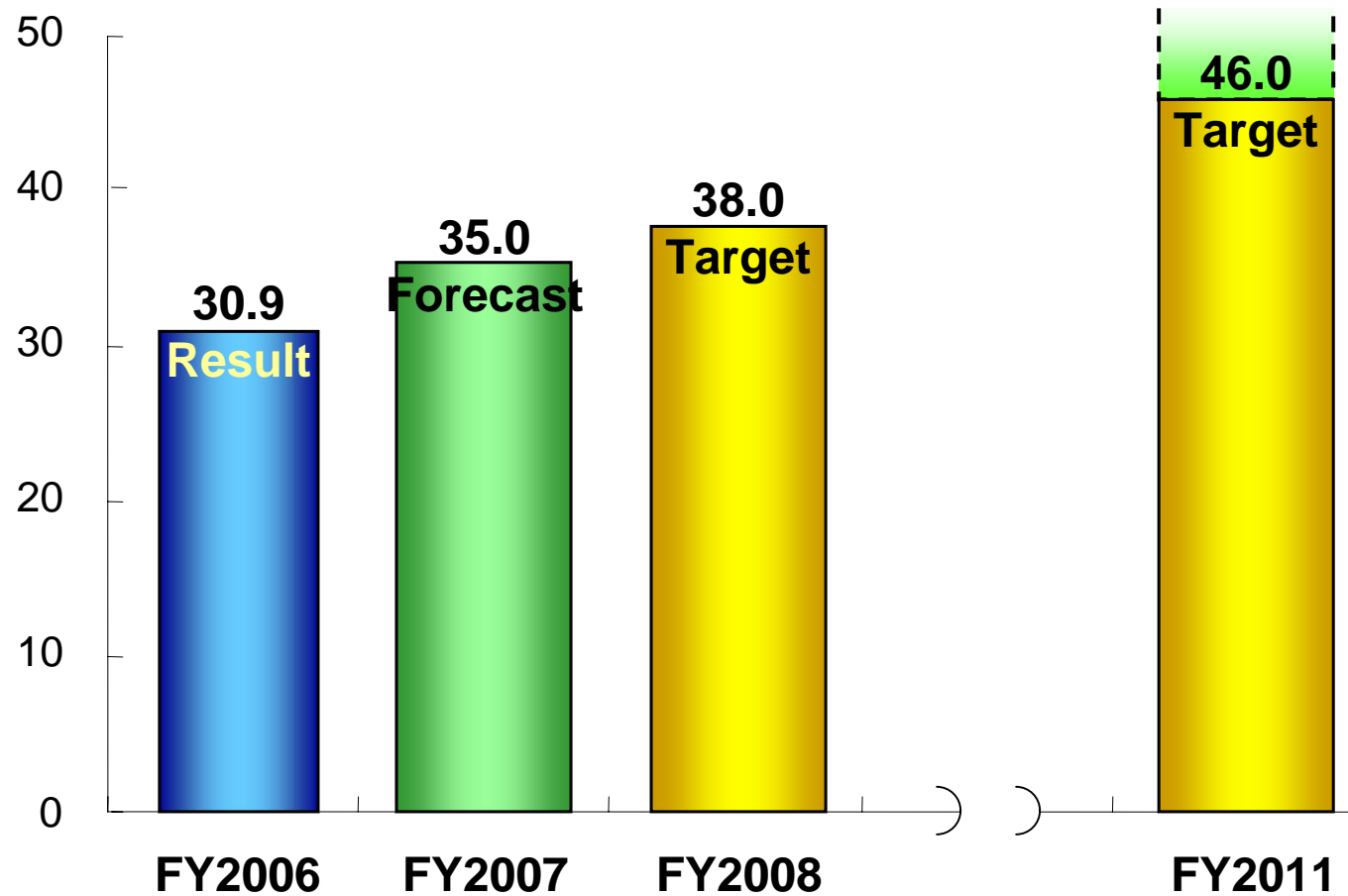
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## Operating Income Target in KAKUSHIN Plan: Phase 2

Operating Income

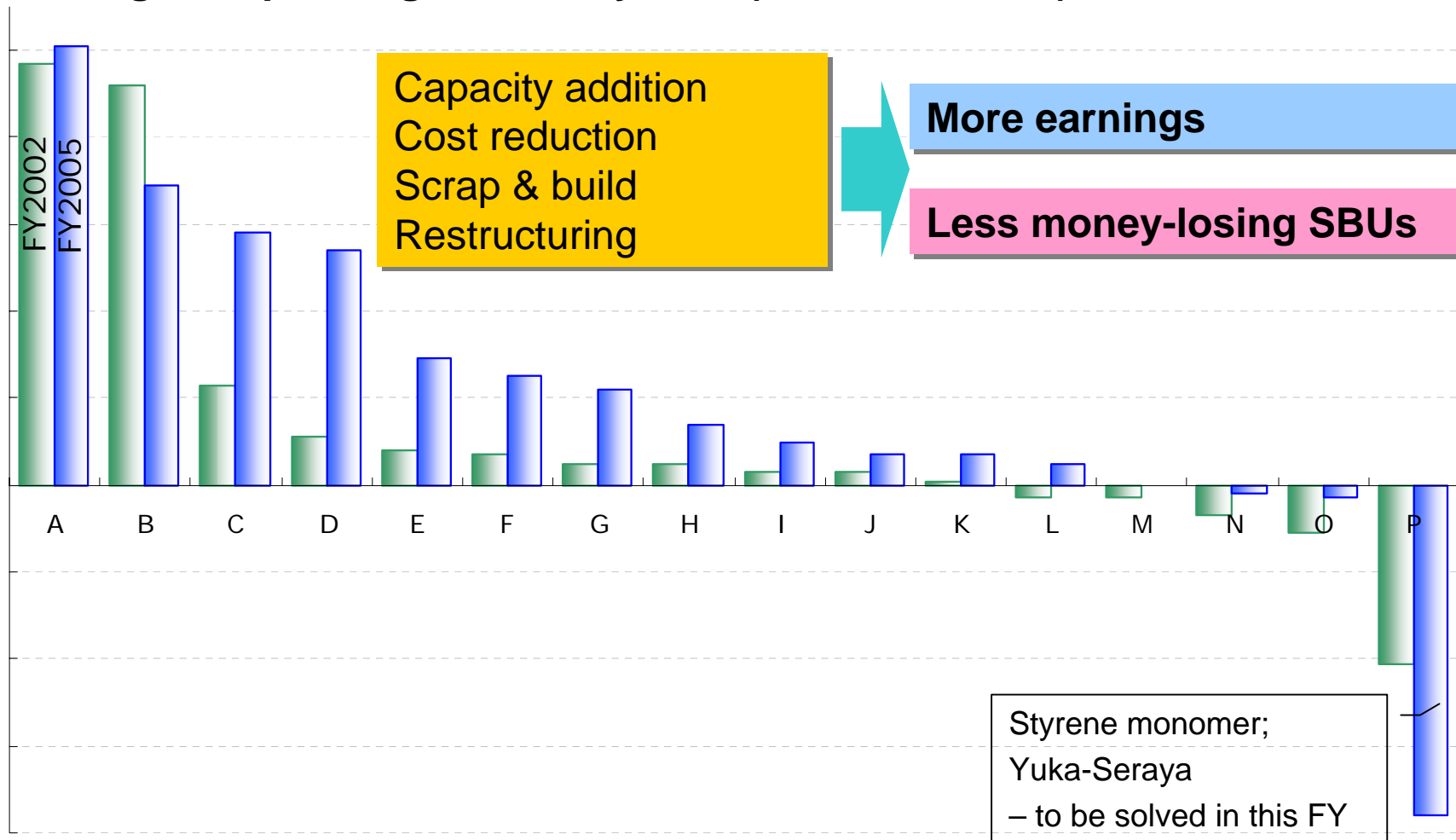
JPY Billions



Fiscal years ending March 31

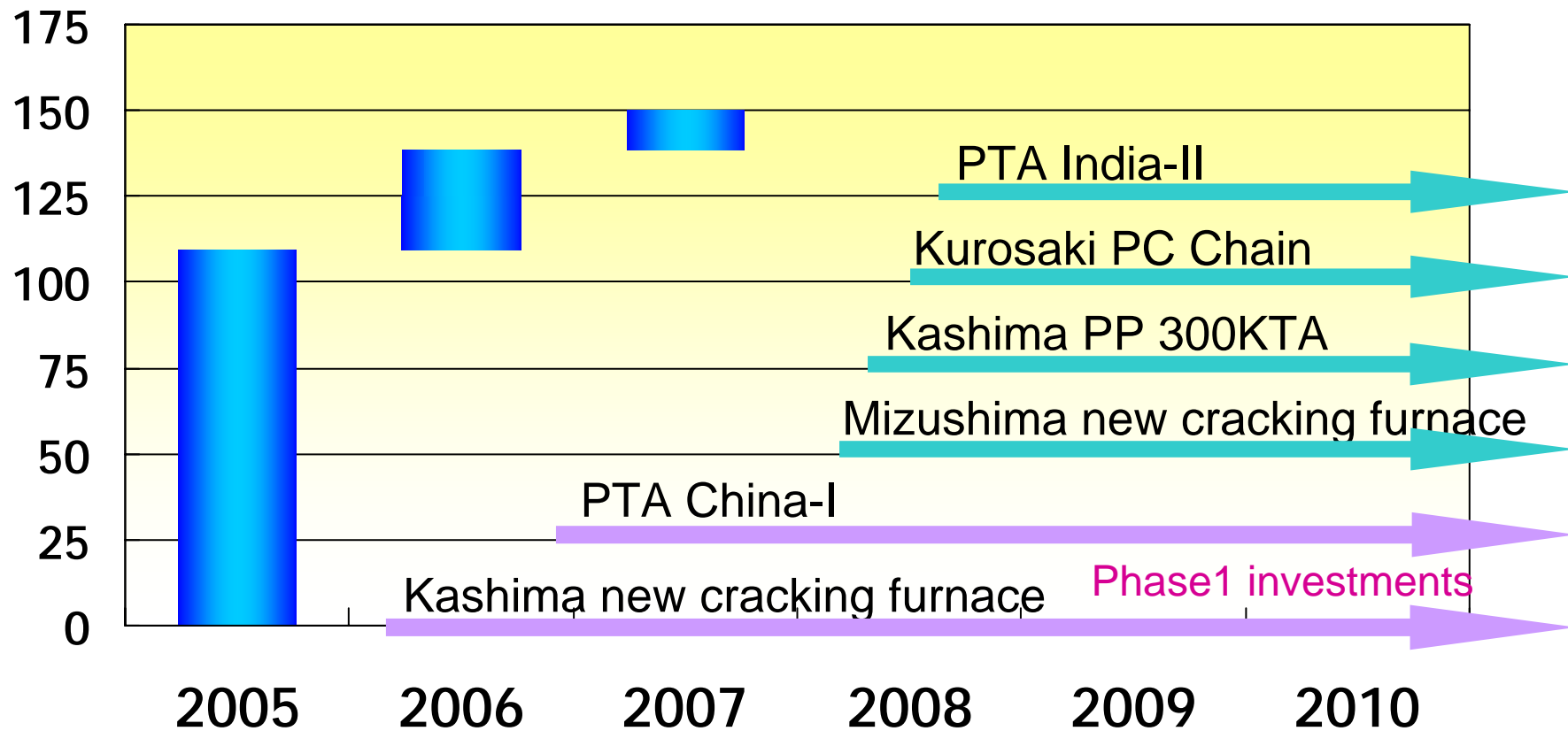
## Increase Profit by Improving Individual Businesses

Change of operating income by SBU (FY2002 → 2005)



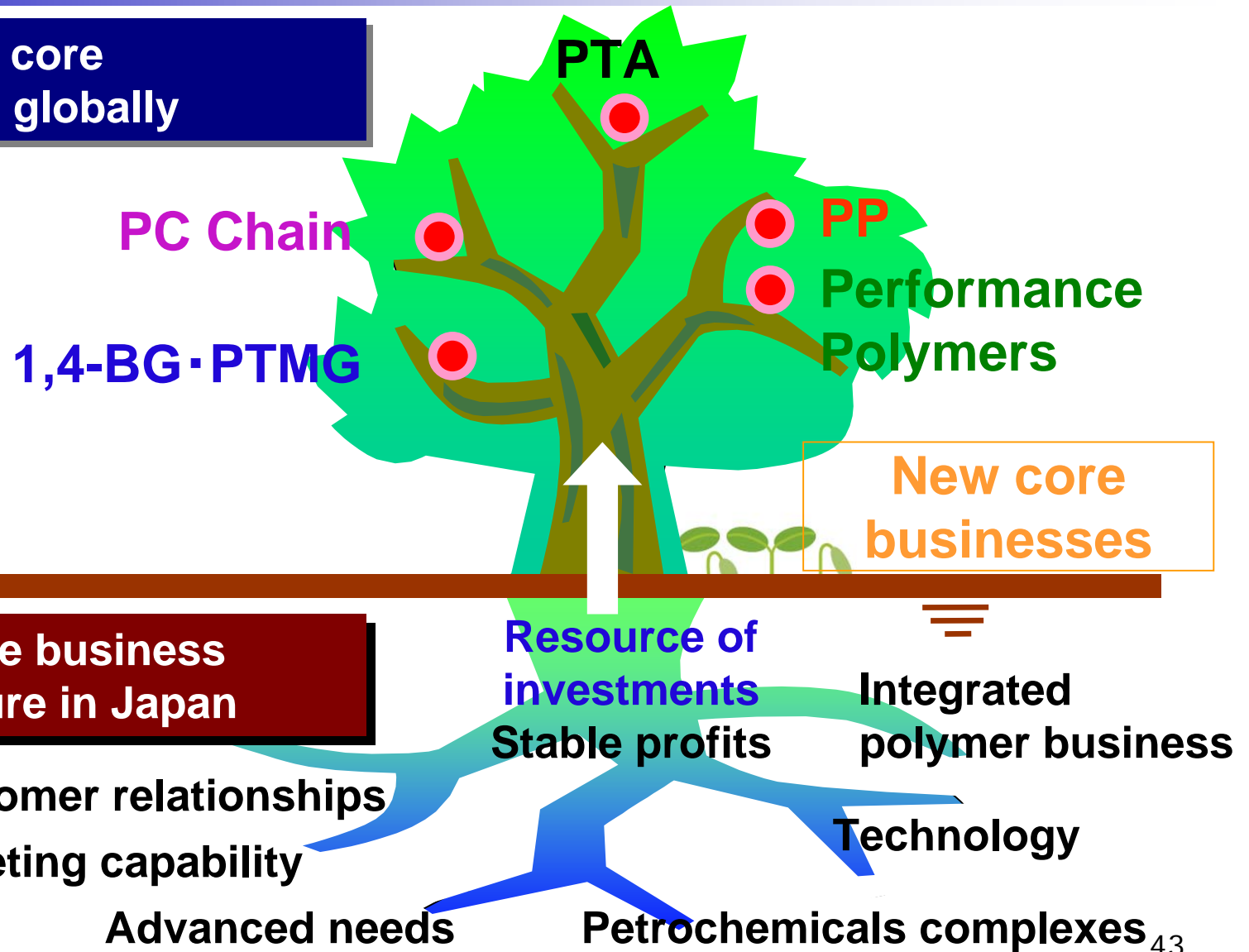
## Capital Investment and Timeline of Business Contribution

JPY billions



## Summary

**Expand the core  
businesses globally**



**Strong customer relationships**

**Marketing capability**

**Advanced needs**

## Forward-looking Statements

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The forward-looking statements are based largely on information available as of the date hereof, and are subject to risks and uncertainties which may be beyond company control. Actual results could differ largely, due to numerous factors, including but not limited to the following: Group companies execute businesses in many different fields, such as petrochemicals, carbon and inorganic products, information and electronics, pharmaceuticals, polymers and processed products, and these business results are subjected to influences of world demands, exchange rates, price and procurement volume of crude oil and naphtha, trend of market price, speed in technology innovation, National Health Insurance price revision, product liabilities, lawsuits, laws and regulations.