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
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

Mitsubishi Chemical Holdings Corporation

Wholly owned subsidiary

Mitsubishi Chemical Corporation

Wholly owned subsidiary

Mitsubishi Pharma Corporation

» 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

**Nurture**
- Li-ion battery materials for hybrid electric vehicle
- Polymer for automobile
- FPD and Lighting devices
- Nanotechnology
- Non-depletion materials
- Drug discovery support

**Concentration**
- Pharmaceuticals
- Information & Electronics
- Petrochemicals 4 Focused Areas

**Foundation**
Support concentration & nurture businesses

**Restructuring**
- 25% of total SBU
  (50% of the above: Being undertaken)
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: 800 KT/year (completion planned in June 2008)
- Capacity increase of polypropylene
  - Kashima: 300 KT/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)

Additional value creation by Light & Color Technologies
Execution for Growth R&D

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

Targeted Medicine Segmentation of Market

Personalized Medicine Disease Prevention

2015 -

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

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.
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Health Care Segment (As of 2005.3)

Mitsubishi Chemical Holdings Corp.

Mitsubishi Chemical Corp.

MPC: Mitsubishi Pharma Corporation

MBC: Mitsubishi Kagaku Bio-Clinical Laboratories, Inc.

MKI: Mitsubishi Kagaku Iatron, Inc.

MSI: Mitsubishi Chemical Safety Institute Ltd.

ZoeGene: ZOEGENE Corporation

APIC: API Corporation

MCRC: Mitsubishi Chemical Group Science and Technology Research Center, Inc.

MITILS: Mitsubishi Kagaku Institute of Life Sciences

LS Lab: Life Science Lab.

Net Sales: ¥ billion

*Excluding APIC
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Health Care Industry in Future

Strategy for Diagnostics & Drug Development Support

Strategy for Pharmaceutical Business

Conclusion
Changes in Health Care Environment

Environmental changes in medical care

- Declining birthrate and aging
- Financial deterioration of health insurance system
- Diversification of medical needs

Borderless drug market
Increasing R&D cost

Medical care system reform
Regulatory system reform
Advancement of health care-related technology

Need more innovative medicine

‘More economic rationality’ in medical care
‘More efficacy & safety’ in medicine
Growing Needs for Disease Prevention & Diagnosis

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

Solution

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

**Medical Treatment**
- Advanced medicine (cell therapy for cancer, etc.)
- Generic drugs

**Diversified patients’ needs**

**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

Patients susceptible to adverse drug reactions

<table>
<thead>
<tr>
<th>Poor or non-responders (%)</th>
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<tbody>
<tr>
<td>Asthma 40-75</td>
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<tr>
<td>Cancer 70-100</td>
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<tr>
<td>Depression 20-40</td>
</tr>
<tr>
<td>Diabetes 50-75</td>
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<tr>
<td>Duodenal ulcer 20-70</td>
</tr>
<tr>
<td>Hyperlipidemia 30-75</td>
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<tr>
<td>Hypertension 10-70</td>
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<tr>
<td>Migraine 30-60</td>
</tr>
<tr>
<td>Osteoarthritis 20-50</td>
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<tr>
<td>Rhumatoid 20-50</td>
</tr>
<tr>
<td>Schizophrenia 25-75</td>
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Pharmacogenomics 2001

Advancement of diagnostics
Accurately grasp disease status
Identify different genotypes

Properly select target patients

Optimized medical care
Reduction of medical expenses

Segmentation of Market
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’

» 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

Targeted Medicine Segmentation of Market

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.

MCHC Group will....
• Realize Targeted Medicine by combining pharmaceuticals & diagnostics to create new values.
• Strategic investment to accelerate US business.
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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- Health Care Industry in Future
- Strategy for Diagnostics & Drug Development Support
- Strategy for Pharmaceutical Business
- Conclusion
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)

Nationwide network of clinical testing
Wider variety of clinical testing and diagnosis
Possibilities for new clinical testing and diagnosis business based on technologies for safety evaluation

Additional Values to Integrated Company

Strengthen current businesses
Strategic integration of R&D for ‘Personalized Medicine’ and new business development towards ‘Preventive Medicine’
1. Strengthen Current Businesses

Additional value creation for customers by providing broader services

- Medical institution
  - Diagnostic Reagent/instrument
  - POCT
  - Care business
  - MKI

- Clinical testing
  - Clinical study services
  - Food sanitation & hygiene analysis
  - Pharmacy
  - MBC

- Pharmaceutical company
  - Drug development support
  - Safety evaluation of
    - Pharmaceuticals & Chemicals
    - Agrochemicals, food
  - MSI

- Pfizer
  - MBC MSIMKI
  - Clinical study and 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.

Integrated Company serves as a bridge between pharmaceutical companies and medical institutions to benefit patients by providing solutions to realize personalized medicine.
3. New Business Development in Preventive Medicine

Create New Markets in:
- Medical exam, preventive medicine

- Antibody Technology
- Instrument Development
- Genomics
- Safety Evaluation

Integrated company

MPC
Genomics
Proteomics

MCRC
Surface Chemistry
Coatings
Thin Film Tech.
etc.

MITILS
Fundamental Research

Analytical technology

Life Science Lab.
Glycoengineering
Metabolomics
Bioinformatics, etc.

New biomarkers
New diagnostic methods
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
Strengthen Pharmaceutical Business

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.
Synergy Effect within MCHC Group

MPC group

Research
R&D with proprietary technology

Development
Selection & Concentration

Manufacturing
Affiliated drug formulation function

Marketing
High-quality sales promotion & global development

MCC group

Proprietary and most advanced technologies for drug discovery

New biomarker development & Diagnostics

Assembling technologies in chemical manufacturing for APIC

Co-operation of the marketing activities

Individual Strategy

Open a new business channel
Research: Proprietary Technologies for Structure-based Drug Design

- ZoeGene: Cell-free protein synthesis, X-ray crystallography, In Silico molecular design technology
- MITILS & MCRC: Proprietary technology in NMR to analyze binding sites
- MCRC: bioinformatics
- MPC: Provide information for molecular design such as toxicity and PK etc.

Elucidate the exact binding site in molecular-level target protein and drug candidates.

Accelerate drug discovery.
R & D : Development of New Biomarkers - Metabolomics as a Proprietary technology -

1. Sample collection
   - Blood
   - Urine

2. Sample preparation
3. Derivatization, pre-treatment

4. Isolation & analysis

5. Data processing

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<thead>
<tr>
<th>*M</th>
<th>*Mm</th>
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<tbody>
<tr>
<td>Control</td>
<td>X1</td>
</tr>
<tr>
<td>Low dose</td>
<td>X12</td>
</tr>
<tr>
<td>Mid dose</td>
<td>X13</td>
</tr>
<tr>
<td>High dose</td>
<td>X14</td>
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   *M: metabolite

6. Mining by multivariate analysis

   - PC1
   - PC2

   - Hepatotoxicity
   - Renal toxicity

7. Database-building

   - Provide biomarker in combination with proteomics
R&D: New Business Opportunities by New Technologies Developed in MCHC Group

MCRC
Analytical Sciences
Computational Sciences

Life Science Lab.
Metabolomics

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 technologies accumulated and innovative process developed in MCHC Group are fully applied to APIC’s bulk drug manufacturing.
Marketing: Business Scope in the US

- 2005
  - Strengthen global development
  - Prioritize development in focal areas

- 2010
  - NDA submission
  - Launch in-house products
  - Stronger partnership (R&D, marketing)

- 2015
  - Fortify self-marketing network (metabolic diseases, CVD, CNS)

Focal areas:
- Metabolic syndrome
- Ischemic diseases

Preparing infrastructure to marketing in-house products

Strategic Investment

MPA: Mitsubishi Pharma America Inc.
NDA: New Drug Application (a regulatory approval for marketing new drug)
Marketing: Collaboration in MCHC Group

Harmonization of services in pharmaceuticals, diagnostics, and clinical testings

First meeting (MPC, MBC, MKI)

Discussions

Share mutual concept

2003 -

Visible results emerge
» Combination of drug and diagnostics kit offered by the Group has been well appreciated by physicians
» Additional items are under clinical trials

Personalized medicine starts from daily collaboration at sites

Collaborating Market forces: MPC (150) MBC (500) MKI (100)

Nationwide network
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


*NDA : New Drug Application (to acquire regulatory approval for new drug)
Mass Medicine
Curve of Growth in Medical Expenses

Targeted Medicine
Segmentation of Market

Personalized Medicine
Disease Prevention

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.

» Realize Targeted Medicine by combining pharmaceuticals & diagnostics to create new values.

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Foresee the trend in industry
Interaction of MPC & Integrated Company: Serving for High-quality Medical Care

- Preventive medicine
- Personalized medicine
- Targeted Medicine
- Early diagnosis
- Pharmaceuticals & diagnostics
- Mass Medicine
- Drug development support (Diagnostics, clinical testing, safety)

Interactive
Outsource

Pharmaceutical companies
Integrated Company
MPC
Diagnostic Ventures, etc.
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.’
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

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