Briefing regarding Management Integration

November 19, 2009

Mitsubishi Chemical Holdings Corporation
Mitsubishi Rayon Co., Ltd.
Contents

1. Overview of Management Integration
2. Significance of Management Integration
   * Acceleration of Global Business Development
   * Shift to high-performance, high added-value business
   * Synergy
3. Financial Impact due to Management Integration
4. The MCHC Group after Management Integration
1. Overview of Management Integration

2. Significance of Management Integration
   * Acceleration of Global Business Development
   * Shift to high-performance, high added-value business
   * Synergy

3. Financial Impact due to Management Integration

4. The MCHC Group after Management Integration
Overview of Management Integration
New MCHC Group Structure

Mitsubishi Chemical Holdings (MCHC)

Mitsubishi Rayon (MRC)
- Net sales ¥461.7 billion
- Number of employees 9,519
- Scope of business
  Chemicals and plastics, acrylic fibers, AN, carbon fibers, functional membranes, etc.

Mitsubishi Chemical (MCC)
- Net sales ¥2,317.8 billion
- Number of employees 26,289
- Scope of business
  Performance products, health care, chemicals, etc.

Mitsubishi Plastics (MPI)
- Net sales ¥412.2 billion
- Number of employees 9,120
- Scope of business
  Processing of synthetic resins, inorganic fiber materials, etc.

Mitsubishi Tanabe Pharma (MTPC)
- Net sales ¥414.8 billion
- Number of employees 10,030
- Scope of business
  Pharmaceuticals

* Business results for the fiscal year ended March 2009
* MRC: Respective business results of Lucite International Group Limited (Lucite) for the fiscal year ended December 2008 are aggregated in net sales and the number of employees.
* MCC: Business results of The Nippon Synthetic Chemical Industry Co., Ltd. (Nippon Synthetic Chemical Industry) for the fiscal year ended March 2009 are aggregated in net sales and the number of employees.
* MPI: Respective business results of Quadrant AG (Quadrant) for the fiscal year ended December 2008 are aggregated in net sales and the number of employees.
Management Integration Scheme

Implement “Tender Offer” and “share exchange” subject to the completion of all necessary procedures and responses pursuant to relevant laws in Japan and overseas.

1. Tender Offer
- Implement Tender Offer for the purpose of acquiring all outstanding shares of MRC (excluding treasury shares held by MRC)
- Minimum number of shares to be purchased will be set at the number of shares possessing more than half of MRC’s voting rights

2. Share exchange
- In cases where all shares are cannot be acquired through Tender Offer, aim to make MRC a wholly owned subsidiary of MCHC via share exchange
  *Details of conditions including effective exchange date and exchange ratios will be examined between the two companies in the future and swift notification of relevant aspects will be made upon determination.

Overview:
- MCHC
- Tender Offer
- MRC shareholders
- Application
- More than 50%
- MRC
- MCHC shares
- MRC shares
- MRC shareholders
### Overview of Tender Offer

<table>
<thead>
<tr>
<th>Date</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 19, 2009</td>
<td>• Announcement of management integration</td>
</tr>
<tr>
<td>By the beginning February 2010</td>
<td>• Initiation of Tender Offer</td>
</tr>
<tr>
<td>By the end of March 2010</td>
<td>• Completion of Tender Offer settlement</td>
</tr>
</tbody>
</table>

- **Tender price offer:** ¥380 per share
- **Number of shares to be acquired:** 572,226,048 shares
  (excluding treasury shares (27,771,772 shares) held by MRC)

*Various aspects including scheme and schedule may change in accordance with the status of completion of all necessary procedures and responses pursuant to relevant laws in Japan and overseas.

*Notification of status will be consecutively announced in line with progress.*
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## Significance of Management Integration (1)

<table>
<thead>
<tr>
<th>Point</th>
<th>Description</th>
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<tbody>
<tr>
<td>Early achievement of the mid-term management plan, <em>APTSIS 10</em></td>
<td></td>
</tr>
<tr>
<td>Expansion of corporate scale to better respond to an era of global competition</td>
<td></td>
</tr>
<tr>
<td>Acceleration of global business development</td>
<td></td>
</tr>
<tr>
<td>- Strenthening business foundation in Asia, the Middle East and Europe</td>
<td></td>
</tr>
<tr>
<td>Expand, improve and strengthen business portfolios toward high-performance, high added-value businesses</td>
<td></td>
</tr>
<tr>
<td>- Strengthening next-generation core businesses</td>
<td></td>
</tr>
<tr>
<td>Synergy effects</td>
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</tbody>
</table>
Significance of Management Integration (2)

Early achievement of the MCHC Group mid-term management plan

- Become a global leading company
- What we should be in 2015:
  - ¥4 trillion or higher in net sales, ¥400 billion or higher in operating income
- Respond swiftly to economic contraction by structural reforms, accelerate innovation and leaping ahead
  - Organic growth: business structural reforms and focus on existing growth businesses
  - Innovation: accelerate development in focused next-generation growth businesses
  - Leaping ahead: early realization of portfolio reforms through strategic investments
Significance of Management Integration (3)

Early achievement of MRC mid-term management plan

New Design MRC

- Establish and develop the top-ranking business units in the global markets
- Achieve sales revenue of ¥1 trillion and operating profit of ¥100 billion by 2018
- Major issues:
  - Accelerate growth of MMA Business Complex
  - Develop the new core businesses
  - R&D for emerging new businesses
  - Pursue an ongoing program to strengthen operational efficiency (JK→2010)
  - Restructuring unprofitable businesses
  - Optimize in the global production
Expansion of Corporate Scale through Integration (1)

Increase in consolidated net sales to ¥3.5 trillion level

Net sales (Billions of yen)

*Nippon Synthetic Chemical Industry, Lucite and Quadrant are included in MCHC + MRC.
Expansion of Corporate Scale through Integration (2)

Rank among global top players in the industry

**Net sales** (Billions of yen)

Source: Latest data of respective companies by Thomson Reuters

*Lucite, Nippon Synthetic Chemical Industry and Quadrant are included in MCHC + MRC.
Management integration with MRC (overseas net sales ratio: approx. 60%), which is pursuing globalization, will boost overseas sales ratio of the MCHC Group to 30% (currently approx. 25%), which is the goal of APTSIS 10.

* Estimated from net sales of MCHC, MRC and Nippon Synthetic Chemical Industry for the fiscal term ended March 2009 and net sales of Lucite and Quadrant for the fiscal term ended December 2008
* Estimated from number of employees of MCHC, Quadrant and Nippon Synthetic Chemical Industry in September 2009, MRC in March 2009 and Lucita in January 2009
**Acceleration of Global Business Development (2)**

Accelerate globalization via expansion and improvement of overseas bases and stronger partnerships

<table>
<thead>
<tr>
<th>Europe, U.S.: Capture demand for high-performance products</th>
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<tbody>
<tr>
<td><strong>Global business expansion of high-performance products</strong></td>
</tr>
<tr>
<td>- PP compounds: Cooperate with Borealis</td>
</tr>
<tr>
<td>- PC compounds: Acquisition of DSM’s PC business (currently under review)</td>
</tr>
<tr>
<td>- Engineering plastics processing: Acquisition of Quadrant</td>
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<tr>
<td>- Expansion of LED lighting for Verbatim brand</td>
</tr>
<tr>
<td><strong>Expansion of carbon fiber demand</strong></td>
</tr>
<tr>
<td>- Business alliance with Cytec Engineered Materials</td>
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<tr>
<td>- Expand the scope of business alliance with SGL (Currently under discussion)</td>
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<table>
<thead>
<tr>
<th>Asia: Capture demand and secure competitive strength</th>
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<tbody>
<tr>
<td><strong>Improvement of overseas bases and alliance companies</strong></td>
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<tr>
<td>- Expanding China market</td>
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<tr>
<td>- PP compounds: Cooperate with Sinopec</td>
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<tr>
<td>- PC/BPA launch:</td>
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<tr>
<td>- TPA:</td>
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<tr>
<td>- Strengthen competitiveness via new TPA</td>
</tr>
<tr>
<td>- Commence operation of No.2 Plant in India</td>
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<tr>
<td>- Expansion of PET films in Asia</td>
</tr>
<tr>
<td><strong>Business Expansion in Asia</strong></td>
</tr>
<tr>
<td>- Commence operation of new ethylene process plant (Singapore)</td>
</tr>
<tr>
<td>- MMA monomer: 120,000 tons</td>
</tr>
<tr>
<td>- Expansion and improvement of production system in growth areas</td>
</tr>
<tr>
<td>- China: MMA 90,000 tons</td>
</tr>
<tr>
<td>- Korea: MMA 90,000 tons, acrylic resin pellets 40,000 tons</td>
</tr>
<tr>
<td>- Thailand: MMA 90,000 tons ⇒ 180,000 tons (planned for 2010/2Q)</td>
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</tbody>
</table>

**Middle East: Forge stronger relationship with dominant companies**

<table>
<thead>
<tr>
<th><strong>Improvement of overseas bases and alliance companies</strong></th>
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</thead>
<tbody>
<tr>
<td>- Long-term cooperative relationship with Sabic via Sharq</td>
</tr>
<tr>
<td><strong>Realization of α 2 project</strong></td>
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<tr>
<td>- Business alliance with Sabic</td>
</tr>
<tr>
<td>- MMA Monomer: 250,000 tons, acrylic resin pellets: 30,000 tons</td>
</tr>
<tr>
<td>- 50:50 investment, aiming to commence operations in 2013</td>
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</tbody>
</table>
Innovation of Business Structure: Shift Portfolio toward High Added-Value Businesses

Previous measures

- Consolidation of Mitsubishi Pharma and Tanabe Seiyaku (Oct. 2007)
- Strategic business alliance of Mitsubishi Chemical and Sinopec
- Strategic business alliance of Mitsubishi Plastics and Quadrant (May 2009) and making Quadrant a subsidiary (Sep. 2009)
- Mitsubishi Chemical:
  - Made Nippon Synthetic Chemical Industry a consolidated subsidiary
  - Made Taiyo Nippon Sanso Corporation an equity method affiliate
- Started discussion regarding exchange of high-performance product (PC/nylon) businesses with DSM and withdrawal from caprolactam business (Mar. 2010)
- Discontinuation of unprofitable production facilities and development of global operations in terephthalic acid business
- Withdrawal from PVC business (Mar. 2011)

*Composition of portfolio is based on net sales.
## Major Chemicals Businesses in the MCHC Group after Integration

Expand businesses through forming alliances with globally strong partners by area

<table>
<thead>
<tr>
<th>MRC</th>
<th>MMA and PMMA businesses (Sabic)</th>
<th>Strengthening high-performance polymer business</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Top in the global market (MRC/Lucite)</td>
<td>Bolster the polymer businesses to achieve the balanced growth</td>
</tr>
<tr>
<td></td>
<td>Possesses several manufacturing methods (ACH, C4, New ethylene process)</td>
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<td></td>
<td>Strategic alliance with Sabic</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>MCHC (MCC)</th>
<th>PP business (Sinopec, Borealis)</th>
<th>Existing growth businesses</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Top in the domestic market</td>
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<tr>
<td></td>
<td>Global development of high-performance compounds and products</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>MCHC (MCC)</th>
<th>BPA and PC businesses (Sinopec, DSM)</th>
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<tbody>
<tr>
<td></td>
<td>Top class in the domestic market. More than 10% global market share</td>
</tr>
<tr>
<td></td>
<td>China: Scheduled to complete production facilities within 2010</td>
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<td></td>
<td>Europe: Transfer of PC (compound) business from DSM</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>MCHC (MCC)</th>
<th>Performance polymer business (global operation)</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Establish a presence in high added-value polymer business market</td>
</tr>
<tr>
<td></td>
<td>Promotion of global business development</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>MCHC (MCC)</th>
<th>C4 chemicals business (Sinopec)</th>
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<tbody>
<tr>
<td></td>
<td>Domestic market leader. Focus on Asian market</td>
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<td></td>
<td>Commence operation of China plant in 2009</td>
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<thead>
<tr>
<th>MCHC (MCC)</th>
<th>Terephthalic acid business (global operation)</th>
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<tbody>
<tr>
<td></td>
<td>Ranked second in the global market</td>
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<tr>
<td></td>
<td>Transfer a part of headquarters operations (Singapore)</td>
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<tr>
<td></td>
<td>Withdrawal from domestic business and strengthen overseas area strategy</td>
</tr>
</tbody>
</table>
MRC’s PMMA Business and FPD Component Materials Business

Reinforce material supply capability and technological and development capabilities in FPD fields

- Release film for protection film
- Protection film
- PVA
- Glass substrate
- Color filter
- Polarization conversion film
- Prism sheet
- Reflection film
- Glass substrate
- Base film
- PET film
- PVA film
- LED Backlight
- Acrylic sheets or Acrylic resin pellets
Strengthening Development Capability of Next-Generation Core Businesses (1)-1
Carbon Fiber and Composite Materials

- Strengthen carbon fiber composite materials and processed products field
- Reinforce presence in energy and automotive fields
- Accelerate the development of high-performance products by utilizing technology platforms of both companies (Development of CFRTP, molding technologies)

Properties of carbon fiber
- PAN-based: High-intensity, high-modulus
- Pitch-based: High-rigidity, low thermal expansion, high thermal conductivity

MCHC
- Pitch
- Pitch precursor
- Pitch-based carbon fiber
- Prepreg
- Processed products
- Sakaide Plant
- Other fiber and composite material businesses
- Glass fiber composite materials
- Alumina fibers
- (Europe) Quadrant
- (Asia, Japan) Otake
- (Asia, Japan) Toyohashi
- (North America, USA) Grafil
- (Europe, U.K.) SGL technic
- Alliance

MRC
- AN
- PAN precursor
- PAN-based carbon fiber
- Prepreg
- Processed products
- Otake Plant
- MRC/SGL
- New joint venture*1
- (Asia, Japan) Toyohashi
- (North America, USA) Newport
- (Europe, France) Structil
- (Asia, Japan) MRC Composite Products
- (North America, Canada) Dynetek

*1 Supply precursors to Carbon Fiber JV (BMW/SGL)
* Expansion of scope of business alliance with SGL Group is currently under discussion.
Strengthening Development Capability of Next-Generation Core Businesses (1)-2
Carbon Fiber and Composite Materials

- Accelerate the development of various materials including composite materials for automobiles by utilizing polymer materials and technology platforms of both companies
- Strengthen initiatives directed toward commercialization in car body structure and body panel markets
- Reinforce market development to exploit properties of carbon fiber (propeller shaft, brakes, etc.)
- Actively expand application development in industrial-use CFRP market, in which stable growth is expected

**Concept for expanding CFRP market for automobiles**

- **600,000 tons**
  - (Replace the steel structural material for distributed automobiles)
  - (Market scale of approx. ¥600 billion)

- **400t**
  - (Current status)

- **6,000t**
  - (Shift to CFRP for certain automotive components)
  - (Market scale of approx. ¥20 billion)

**Industrial-use CFRP market**

- **¥100 million**
  - 1,500
  - 1,000
  - 500
  - 0

- **2008**
  - **2015**

- **Other**
- **Electronics**
- **Civil engineering**
- **Roll**
- **Compression tanks**
- **Small vessels**
- **Aerospace**
- **Wind turbine**
- **Undersea oil drilling**
- **Sports**

Source: MCHC forecast
Strengthening Development Capability of Next-Generation Core Businesses (2)

Water Treatment

- Full-fledged development of comprehensive water solutions businesses
- Strengthening of engineering technology
- Acceleration of global business development (particularly China and Asia)

Future business development

Aim to provide comprehensive water solutions while strengthening relationship with current business partners.

- MRC
  - Business expansion
  - Industrial wastewater
  - Public water supply/waste water
  - Nuclear power water treatment
  - Pure water/ultrapure water
  - Food/medical care

- MCHC
  - Ingredients
  - Materials
  - Modules
  - Company's own engineering department
  - Microfiltration membrane (MF membrane)
  - Water treatment chemicals
  - Ion exchange resins
  - Pure water/ultrapure water system
  - Maintenance
  - Partner engineering
  - Enhancement

Good Chemistry for Tomorrow
Creating better relationships among people, society, and our planet.
Strengthening Development Capability of Next-Generation Core Businesses (3)-1

Specialty Chemicals

- Mutual utilization of both companies’ business foundations (technology, product lineup, commercial distribution, etc.)
- Shift to high added-value fields by fusing technologies
- Reinforce downstream development from individual materials to composite materials (blended projects) and materials

Various synergy effects by cluster

<table>
<thead>
<tr>
<th>MCHC</th>
<th>MRC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UV</strong></td>
<td>Hard coat materials (MCC)</td>
</tr>
<tr>
<td></td>
<td>UV resins (Nippon Synthetic Chemical Industry)</td>
</tr>
<tr>
<td><strong>Emulsions</strong></td>
<td>PP specialty materials (MCC)</td>
</tr>
<tr>
<td></td>
<td>Fine particles (Nippon Synthetic Chemical Industry)</td>
</tr>
<tr>
<td><strong>Additives</strong></td>
<td>Resin compounds (MCC)</td>
</tr>
<tr>
<td></td>
<td>Adhesive materials (Nippon Synthetic Chemical Industry)</td>
</tr>
</tbody>
</table>

Technology fusion

Strengthen product lineup

Expansion of commercial distribution

Broadly cover target areas via the accumulation of various core technologies

Targeted market

- UV material
  - Emulsion
    - Technical foundation
      - Urethane (Flexibility, reactivity)
      - Epoxy (Heat resistance, chemical resistance)

- Emulsion bridge
  - Acrylic (Light reactivity, diversity)
  - Urethane acrylate
  - Epoxy acrylate

Functional films

- Emulsification
- High-pressure hydrogenation
- Polymer reaction
- Composition, pigmentation
- Evaluation analysis

Halogen-free materials

- Personal care base materials

Function-added materials

- MPi
- Chuo Rika Kogyo
- JER
- Nippon Synthetic Chemical Industry
- Chuo Rika Kogyo

*Marchin: Japan Epoxy Resins

*JER: Japan Epoxy Resins
## Strengthening Development Capability of Next-Generation Core Businesses (3)-2

### Specialty Chemicals

<table>
<thead>
<tr>
<th>Target</th>
<th>Business opportunity</th>
<th>Synergy effect</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>MCHC</td>
</tr>
<tr>
<td>Market</td>
<td>Field</td>
<td>Application</td>
</tr>
<tr>
<td>UV</td>
<td>Optical discs</td>
<td>DVD, BD</td>
</tr>
<tr>
<td></td>
<td>Automobles</td>
<td>Headlamps, windows</td>
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<td></td>
<td>Information &amp; Electronics</td>
<td>FPD</td>
</tr>
<tr>
<td>Emulsions</td>
<td>Automobile</td>
<td>Exterior coating</td>
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<tr>
<td></td>
<td>Function-added</td>
<td>Molding products, additives</td>
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</tbody>
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### Market forecast

(Billions of yen)

- **Personal care resins**
- **Function film materials**
- **Halogen-free**
- **Function-added**
- **Emulsion**
- **UV**

Source: MCHC forecast

- Strengthen solution tools
- Strengthen new product development capability
- Strengthen customer interface
- Fusion of different types of technologies (enhance competitiveness)
Synergy Effects

- Cost synergies by seeking scale merit with logistics, purchasing (procurement), etc.
- Cost synergies by integrating affiliated companies handling operational bases and similar businesses
- Business synergies centering on next-generation core businesses (water treatment, carbon fiber, specialty chemicals)

- Aim to achieve cost synergy of ¥3 billion and business operation synergy of ¥7 billion by FY2012
- Conduct examination for both companies to continuously pursue synergies with the aim of achieving greater effects
Target examination of restructuring of engineering business and integration of water treatment-related businesses by October 2010

**MEC** (Mitsubishi Chemical Engineering Corporation)
- Net sales: Approx. 130 billion yen
- Number of employees: Approx. 1,500

**MRC**
- Net sales: Approx. 63 billion yen
- Number of employees: Approx. 790

Engineering businesses

Water treatment-related businesses

Engineering businesses

Water treatment-related businesses

Water treatment-related businesses

Water treatment membranes
- Cleansui
- Maintenance

Pure water, ultrapure water
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Financial Impact due to Management Integration (1)

### Funding

- **Required funds (Forecast):**
  - ¥217.4 billion (In the event of acquiring all shares via Tender Offer)

- **Cash reserves within the MCHC Group will be utilized for approximately 50% of the required funds and the remainder will be provisionally funded through a bridge loan from a bank.**

- **With regard to the funds obtained through the bridge loan, rearrangement of funding via corporate bonds and long-term loans will be examined in view of Tender Offer results.**

### Goodwill and intangible fixed assets

- **Goodwill + intangible fixed assets**
  - Approx. ¥80～100 billion (Forecast)
  - Including ¥ 30.6 billion of Lucite goodwill

- **Depreciation of goodwill + intangible fixed assets**
  - Approx. ¥4～5 billion/year (on the assumption of 20 year depreciation)
  - ⇒Possible absorption by exploiting synergy effects
# Financial Impact due to Management Integration (2)

## Impact on financial status

- **Net D/E ratio**
  - Expected to increase to around 1.9 times after integration (end of March 2010) compared with 1.2 times before integration (if fully purchased by this Tender Offer)
  - After integration, measures will be taken to improve the Net D/E ratio through expanding profitability and exerting synergy effects at an early stage as well as by reducing assets

- Utilizing cash reserves for approximately 50% of Tender Offer funds contributes to reducing the required borrowing amount for this integration

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*Net D/E ratio=(Interest-bearing debt (incl. bill discount ) - Cash and cash equivalents and cash and operating reserve balance)/Shareholders' equity*
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The MCHC Group after Management Integration

Attain synergies and realize further leap ahead via various measures, including M&A, directed toward ¥5 trillion or higher in net sales and ¥400 billion or higher in operating income.

<table>
<thead>
<tr>
<th>FY 2015</th>
<th>What we should be</th>
</tr>
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<tbody>
<tr>
<td>After management integration (forecast)</td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>¥ 4 trillion</td>
</tr>
<tr>
<td></td>
<td>¥5 trillion or higher</td>
</tr>
<tr>
<td>Operating income</td>
<td>¥280 billion</td>
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<tr>
<td></td>
<td>¥400 billion or higher</td>
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</tbody>
</table>

![Pie charts showing distribution of revenue sources before and after management integration]
The MCHC Group after Management Integration
The Group Vision

Good Chemistry for Tomorrow
Creating better relationships among people, society, and our planet.

2025
Sustainability
Health
Comfort

2015
Mitsubishi Rayon (MRC)
Mitsubishi Chemical (MCC)
Mitsubishi Plastics (MPI)
Mitsubishi Tanabe Pharma (MTPC)

2010
APTSIS

2008

BEST QUALITY
FOR A BETTER LIFE
• In accordance with the provisions of Article 167, Paragraph 3 of the Financial Instruments and Exchange Law and Article 30 of its Enforcement Regulations, any parties having read these materials are considered a primary recipient of information from the viewpoint of insider trading regulations (so-called insider trading). MCHC accordingly urges you to exercise due care as you may be prohibited from purchasing the shares of MRC before 12 hours has passed from the time of this announcement (12:30 pm, November 19, 2009, which is the time of the announcement on the Tokyo Stock Exchange’s timely disclosure viewing service). If you are held liable under criminal, civil, or administrative laws for making such a prohibited purchase, MCHC and MRC will assume no responsibility whatsoever.

• These materials are to make a general announcement to the media of the Memorandum of Understanding for the Management Integration and have not been prepared for the purpose of soliciting an offer to purchase or sell shares for the Tender Offer. In the event the Tender Offer is initiated, if shareholders wish to make an offer to sell their shares, they should first read the Explanatory Document for the Tender Offer prepared by MCHC, the party making the Tender Offer, and make their own decision.

• These materials contain information on the business outlook based on the views of MCHC and MRC. Actual results could differ significantly from forecasts due to numerous factors.

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