

April 27, 2007

Mitsubishi Chemical Holdings Corporation

Mitsubishi Pharma Concluded Merger Agreement with Tanabe Seiyaku

Mitsubishi Chemical Holdings Corporation (“Mitsubishi Chemical Holdings”) (Head office: Minato-ku, Tokyo; President: Yoshimitsu Kobayashi) announced today that its wholly owned subsidiary, Mitsubishi Pharma Corporation (“Mitsubishi Pharma”) (Head office: Chuo-ku, Osaka; President: Takeshi Komine), and Tanabe Seiyaku Co., Ltd. (“Tanabe Seiyaku”) (Head office: Chuo-ku, Osaka; Representative Director and President, CEO: Natsuki Hayama), along with Mitsubishi Chemical Holdings have reached a final agreement on the merger between Mitsubishi Pharma and Tanabe Seiyaku, effective October 1, 2007. The Board of Directors of the three companies passed resolutions on this effect at the respective meetings held today and Mitsubishi Pharma and Tanabe Seiyaku have signed a final agreement concerning the merger. Attached news release jointly issued by Mitsubishi Pharma and Tanabe Seiyaku outlines the merger plan together with its background and objectives as well as providing information on the two companies.

The new company to be formed by the merger, Mitsubishi Tanabe Pharma Corporation, will become a consolidated subsidiary of Mitsubishi Chemical Holdings. The impact of the merger on the performance of Mitsubishi Chemical Holdings will be included in the financial performance projection for the year ending March 31, 2008 at the announcement of the financial results for the year ended March 31, 2007 on May 10, 2007.

Significance of the merger between Mitsubishi Pharma and Tanabe Seiyaku

Mitsubishi Chemical Holdings has positioned healthcare businesses (pharmaceuticals, diagnostics, clinical testing, safety assessment, drug discovery support) as one of the three business pillars in the mid-term management plan, “KAKUSHIN Plan: Phase 2”.

Mitsubishi Chemical Holdings Group is committed to scientific progress, advancement in medical care, and creation of innovative products both in pharmaceutical and diagnostics areas that benefit people’s health worldwide through Mitsubishi Pharma and other activities in the healthcare businesses in the Group. As a first step to realize our healthcare road map to personalized medicine and preventive medicine, in order to answer increasing new medical needs in society, we will strengthen our pharmaceutical business by accelerating overseas business development and combining pharmaceuticals and diagnostics, and will create new value in medicine. Mitsubishi Chemical Holdings strongly believes that the merger between Mitsubishi Pharma and Tanabe Seiyaku will accelerate our purpose of creating a distinctive global pharmaceutical company. As the major shareholder, Mitsubishi Chemical Holdings intends to fully support the new company and consequently to increase our corporate value.

For further information, please contact:

Public Relations and Investor Relations Office
Mitsubishi Chemical Holdings Corporation
TEL: +81-(0)3-6414-4870

April 27, 2007

Press Release

Tanabe Seiyaku Co., Ltd.
Mitsubishi Pharma Corporation

Tanabe Seiyaku Co., Ltd. and Mitsubishi Pharma Corporation
Execute Merger Agreement

Tanabe Seiyaku Co., Ltd. (Natsuki Hayama, President & Representative Director; hereinafter “Tanabe Seiyaku”) and Mitsubishi Pharma Corporation (Takeshi Komine, President & Representative Director; hereinafter “Mitsubishi Pharma”) have reached a definitive agreement on their merger as of October 1, 2007. After approval by each of the respective party’s Board of Directors today, the companies executed the merger agreement.

The companies share the goal of becoming a global research-driven company by pursuing business opportunities to respond to the changing medical environment while enhancing drug discovery capabilities and accelerating overseas business development. The companies understand that it is necessary to expand the business scale and strengthen business infrastructure so as to become one of the top pharmaceutical companies in Japan. Based on such common understandings, the two companies signed, on February 2, 2007, the basic agreement on this merger. They have established a merger preparatory committee, jointly headed by the presidents of the two companies, and have been promoting and preparing for the merger. Following the conclusion of the merger agreement today, the agenda for the approval of the agreement conclusion will be submitted at their respective annual general shareholders’ meetings to be held in June this year.

The outline of the merger agreement is as follows. The medium- to long-term business plan of the new company is currently being deliberated, and it is presently scheduled to be released on May 16, 2007.

1. Overview of the Merger

(1) Schedule of the Merger

February 2, 2007	Board approval of the Basic Agreement
February 2, 2007	Signing of the Basic Agreement
March 31, 2007	Record date for the general shareholders’ meeting

April 27, 2007	Board approval of the Merger Agreement
April 27, 2007	Signing of the Merger Agreement
June 22, 2007 (plan)	Mitsubishi Pharma's annual general shareholders' meeting for the approval of the Merger Agreement
June 26, 2007 (plan)	Tanabe Seiyaku's annual general shareholders' meeting for the approval of the Merger Agreement
October 1, 2007 (plan)	Effective date of the merger
October 1, 2007 (plan)	Delivery of share certificates

This schedule is subject to change upon mutual consultation between the parties as necessary in the course of the procedure of the merger or otherwise.

(2) Method of the Merger

The merger will be effected with Tanabe Seiyaku being the surviving company.

(3) Merger Ratio

Company Name	Tanabe Seiyaku (Surviving Company)	Mitsubishi Pharma (Dissolving Company)
Merger Ratio	1	0.69

(Note 1) Each share of Mitsubishi Pharma is to be converted into 0.69 share of common stock of Tanabe Seiyaku, and the new shares will be allotted and issued to the shareholders of Mitsubishi Pharma. (Ratio based on shareholder value: Tanabe Seiyaku : Mitsubishi Pharma = 43.64 : 56.36)

(Note 2) Number of new shares of common stock to be issued pursuant to the merger:

316,320,069 shares of common stock (Anticipated)

Tanabe Seiyaku will appropriate 22,500,000 shares from its treasury stock to the share allocation pursuant to the merger and issue 293,820,069 new shares.

(4) Basis for the Merger Ratio Calculation

1) Basis for Evaluation and Background

In connection with evaluating the fairness of the merger ratio, Tanabe Seiyaku appointed Merrill Lynch Japan Securities Co., Ltd. (hereinafter referred to as "Merrill Lynch") as its financial advisor, and Mitsubishi Pharma appointed Nomura Securities Co., Ltd. (hereinafter referred to as "Nomura Securities") as its financial advisor.

In its role as financial advisor to Tanabe Seiyaku, on April 27, 2007 Merrill Lynch delivered its written opinion to the board of directors of Tanabe Seiyaku that, based upon and subject to the factors and assumptions set forth below, as well as other factors and assumptions, as of such date, the merger ratio was fair, from a financial point of view, to the holders of Tanabe Seiyaku common shares.

In preparing its opinion and the analysis conducted for the base of the opinion, Merrill Lynch assumed and relied on the accuracy and completeness of all information supplied or otherwise made available to it, and Merrill Lynch has not undertaken an independent evaluation or appraisal of any of the assets or liabilities of Tanabe Seiyaku or Mitsubishi Pharma nor been furnished with any such evaluation or appraisal.

With respect to the financial forecast information and the expected synergies of the merger furnished by Tanabe Seiyaku or Mitsubishi Pharma, Merrill Lynch has assumed that they have been reasonably prepared and reflect the best currently available estimates and judgment of Tanabe Seiyaku's management as to the expected future financial performance of Tanabe Seiyaku, Mitsubishi Pharma and the expected synergies.

Merrill Lynch's opinion was necessarily based upon market, economic and other conditions as they existed and could be evaluated on, and on the information made available to Merrill Lynch as of, April 27, 2007.

In evaluating the terms and conditions of the merger, Merrill Lynch performed various analyses, including a discounted cash flow analysis, a comparable companies analysis, a comparable transactions analysis, a historical stock price average analysis, a contribution analysis, an analysis of previous integration cases, an evaluation of the pro form impact of the merger, and reviewed and considered such analyses as a whole in preparing its opinion. Some of the principal methods of evaluation and process of analyses utilized by Merrill Lynch in evaluating the merger ratio are **(Please read this summary in conjunction with Note 3)** :

- ① an indicative merger ratio evaluated based on a discounted cash flow method of Tanabe Seiyaku 1: Mitsubishi Pharma 0.71-0.75;
- ② an indicative merger ratio evaluated based on a comparable companies analysis of Tanabe Seiyaku 1: Mitsubishi Pharma 0.67-0.81;
- ③ a relative contribution analysis of Tanabe Seiyaku and Mitsubishi Pharma was performed; and
- ④ with respect to Tanabe Seiyaku, a historical stock price average analysis, a comparable transactions analysis, an evaluation of the pro forma impact of the merger taking into consideration the expected synergies and the analysis of previous integration cases were performed.

In its role as financial advisor, Nomura Securities presented the results of the merger ratio calculation shown below to Mitsubishi Pharma in advance of board approval of a final agreement.

In addition, on April 27, 2007, Nomura Securities delivered its written opinion to the board of directors of Mitsubishi Chemical Holdings Corporation (Yoshimitsu Kobayashi, President & Representative Director; hereinafter referred to as "Mitsubishi Chemical Holdings"), the wholly owning parent company of Mitsubishi Pharma, based upon and subject to the factors

and assumptions set forth in its written opinion, matters considered and limits of review set forth therein, as of such date, the merger ratio was fair, from a financial point of view, to the holders of Mitsubishi Chemical Holdings common shares.

Nomura Securities adopted the calculation methods including Market Share Price Analysis, Comparable Companies Analysis, Discounted Cash Flow (DCF) Analysis for Tanabe Seiyaku and Comparable Companies Analysis, DCF Analysis for Mitsubishi Pharma. With respect to DCF Analysis, the following two types of analysis were conducted:

- (1) Stand-Alone Basis Analysis: Analysis of the merger ratio calculated based on a stand-alone equity value of each party without considering integrated results.
- (2) Integrated Results Basis Analysis: Analysis of the merger ratio by comparing the stand-alone equity value of Mitsubishi Pharma with the equity value of Tanabe Seiyaku on integrated results basis. The equity value on integrated results basis is the sum of the stand-alone basis equity value of Tanabe Seiyaku and the additional value that would be derived from the integration.

The followings are the results of each merger ratio analysis.

	Tanabe Seiyaku	Mitsubishi Pharma	Merger ratio range
①	Comparable Companies Analysis		0.57 or more
②-(1)	DCF Analysis – Stand-Alone Basis		0.54 or more
②-(2)	DCF Analysis – Integrated Results Basis		0.36 or more
③	Market Share Price Analysis	Comparable Companies Analysis	0.70 or more
Merger ratio (the number of Tanabe Seiyaku shares for each share of Mitsubishi Pharma)			0.69

In analyzing the market price of Tanabe Seiyaku shares, six kinds of average closing prices shown below were taken:

(A) The average closing prices of the following three periods to the base date, January 17, 2007 (which is the day before both companies publicly admitted their negotiation on this merger):

(1) one week and (2) one month to the base date, and (3) the period from one business day after Tanabe Seiyaku's announcement of its semiannual business results ending 09/2006 to the base date (i.e. November 7, 2006 to January 17, 2007).

(B) The average of closing prices of the following three periods to the base date, April 25, 2007:

(1) one week and (2) one month to the base date, and (3) the period from one business day after the both companies announced that they had reached a basic agreement to merge to the base date (i.e. February 5 to April 25, 2007). For analyzing the merger ratio, Nomura Securities has used the information provided by each party as well as the publicly available information

without making independent verification in principle, by assuming all such information is accurate and complete. In addition, Nomura Securities has not made any independent valuation, appraisal or assessment of each of the assets or liabilities (including contingent liabilities) of either parties or their affiliates, nor has made any request to a third party for such appraisal or assessment. Nomura Securities assumes that the financial forecast of each party and the expected synergy effects provided by the management of Mitsubishi Pharma were prepared reasonably through use of the best possible predictions and judgments at this time. The value calculated by Nomura Securities reflects the obtained information and economic conditions up to and as of April 25, 2007.

Tanabe Seiyaku and Mitsubishi Pharma considered the merger ratio evaluated by Merrill Lynch, Nomura Securities, respectively, and the financial conditions or forecasts, stock price performance and other factors. After a series of discussions, there have been no material changes in the terms and conditions on which the merger ratio is based since they signed the basic agreement, both parties finally reached a conclusion that the abovementioned merger ratio is appropriate and agreed.

2) Relationship with Financial Advisors

Merrill Lynch Japan Securities Co., Ltd. does not correspond to the criteria “affiliate of Tanabe Seiyaku.”

Nomura Securities Co., Ltd. does not correspond to the criteria “affiliate of Mitsubishi Pharma.”

(5) Relationship with Mitsubishi Chemical Holdings

- The new company will become a consolidated subsidiary of Mitsubishi Chemical Holdings, which will hold the majority share of the new company, and will remain listed. Mitsubishi Chemical Holdings will, in principle, maintain its shareholding ratio in the new company for the next 10 years.
- The new company will be operated based on the principle of independent decisions and judgment as a publicly listed company.

(6) Treatment of Stock Option and Warrant Bond of the Dissolving Company

No options or warrants were issued.

2. Outline of the New Company

(1) Company Name

Mitsubishi Tanabe Pharma Corporation

(2) Business

Manufacturing and marketing of ethical drugs, OTC drugs, diagnostic agents, chemicals, etc.

(3) Address of Headquarters

2-10, 3-chome, Dosho-machi, Chuo-ku, Osaka

(4) Directors and Corporate Auditors

Representative Director	Natsuki Hayama (Current President & Representative Director of Tanabe Seiyaku)
Representative Director	Takeshi Komine (Current President & Representative Director of Mitsubishi Pharma)
Director	Michihiro Tsuchiya (Current Representative Director & Senior Executive Corporate Officer of Tanabe Seiyaku)
Director	Kunihiko Shimojuku (Current Representative Director, Executive Vice President of Mitsubishi Pharma)
Director	Toshinobu Kawata (Current Director & Managing Executive Officer of Mitsubishi Pharma)
Director	Ken-ichi Yanagisawa (Current Director & Corporate Officer of Tanabe Seiyaku)
Director	Junji Hamaoka (Current Corporate Officer of Tanabe Seiyaku)
Director	Kiyoshi Nakayama (Current Board Director of Mitsubishi Pharma, Managing Executive Officer of Mitsubishi Chemical Holdings and Managing Executive Officer of Mitsubishi Chemical Corporation)
Corporate Auditor	Hiroshi Matsumoto (Current Standing Corporate Auditor of Tanabe Seiyaku)
Corporate Auditor	Akihiro Narimatsu (Current Standing Corporate Auditor of Mitsubishi Pharma)
Corporate Auditor	Masanao Iechika (Current Corporate Auditor of Tanabe Seiyaku)
Corporate Auditor	Takashi Nishida (Current Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd.)
Substitute Corporate Auditors	Junichiro Kawanishi (Current Corporate Auditor of Mitsubishi Pharma)

(5) Capital, Shareholders' Equity, and Total Assets

Capital:	To be announced as soon as it is determined
Shareholders' Equity:	474,575 million yen (Consolidated basis; end of September 2006, simple sum of the two companies on stand-alone basis)
Total Assets:	601,565 million yen (Consolidated basis; end of September 2006, simple sum of the two companies on stand-alone basis)

(6) Fiscal Year End

March 31

(7) Outline of the Accounting Treatment of the Merger

This merger will be completed as an acquisition under the accounting standards for business combination, and the purchase method applies. As regards the goodwill resulting from the fair value valuation, the prospect of occurrence, amount, amortization period, and other details will be released on May 9, when the financial results are published.

(8) Impact on Performance

The business prospects after the merger are currently being reviewed at the Merger Preparatory Committee, and the outlook for the fiscal year ending March 2008 will be released on May 9, when the financial results are published, and the outlook for the fiscal year ending March 2011 will be released on May 16 when the business plan of the new company is published.

(Reference) Outline of Parties to Merge

(1) Company name	Tanabe Seiyaku (Surviving Company)		Mitsubishi Pharma (Dissolving Company)					
(2) Business & Products	Ethical drugs, OTC drugs, diagnostic agents, chemicals, etc.		Ethical drugs, mainly, and others					
(3) Date of Incorporation	December 15, 1933		August 1, 1940					
(4) Address of Headquarters	2-10, 3-chome, Dosho-machi, Chuo-ku, Osaka		6-9, 2-chome, Hiranomachi, Chuo-ku, Osaka					
(5) Representative	Natsuki Hayama, President & Representative Director		Takeshi Komine, President & Representative Director					
(6) Capital	44,261 million yen (End of Sept. 2006)		30,560 million yen (End of Sept. 2006)					
(7) Total Number of Shares Issued	267,597,847 shares (End of Sept. 2006)		458,434,883 shares (End of Sept. 2006)					
(8) Shareholders' Equity	227,093 million yen (End of Sept. 2006; Consolidated)		247,482 million yen (End of Sept. 2006; Consolidated)					
(9) Total Assets	290,841 million yen (End of Sept. 2006; Consolidated)		310,724 million yen (End of Sept. 2006; Consolidated)					
(10) Financial Year End	March 31		March 31					
(11) No. of Employees	4,608 (End of Sept. 2006; Consolidated)		5,963 (End of Sept. 2006; Consolidated)					
(12) Major Customers	SUZUKEN CO., LTD. Toho Pharmaceutical Co., Ltd. Mediceo Paltac Holdings Co., Ltd.		Mediceo Paltac Holdings Co., Ltd. Alfresa Corporation SUZUKEN CO., LTD.					
(13) Major Shareholders & Shareholding Ratio	Nippon Life Insurance Company 5.93% The Master Trust Bank of Japan, Limited 5.76% The Bank of Tokyo-Mitsubishi UFJ, Ltd. 4.52% (End of Sept. 2006)		Mitsubishi Chemical Holdings Corporation 100.00% (End of Sept. 2006)					
(14) Main Banks	The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Corporate Bank, Ltd.		The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corp. Mitsubishi UFJ Trust and Banking Corp.					
(15) Relationship between the parties to the merger	Capital Relationship		No applicable relationship exists.					
	Human Relationship		No applicable relationship exists.					
	Trade Relationship		Trading relation for portion of ethical drugs.					
	Applicable Relationships with Related Parties		No applicable relationship exists.					
(16) Performance for the Past Three Fiscal Years & Estimates for the Current Fiscal Year (in millions of yen; Consolidated Basis)								
	Tanabe Seiyaku				Mitsubishi Pharma			
Fiscal Year	March 2004 (A)	March 2005 (A)	March 2006 (A)	March 2007 (E)	March 2004 (A)	March 2005 (A)	March 2006 (A)	March 2007 (E)
Sales	173,613	171,984	171,552	176,500	235,431	234,244	236,207	228,000
Operating Profit	29,440	27,467	27,568	28,500	28,727	31,049	36,235	39,000
Ordinary Profit	28,539	27,585	27,107	29,500	27,118	29,959	36,020	38,500

Net Income	17,687	15,902	15,466	18,700	10,818	13,172	20,699	23,500
Net Income per Share (yen)	69.06	63.70	62.43	76.34	23.81	29.02	45.39	51.26
Dividend per Share (yen)	14.00	17.00	20.00	24.00	10.00	10.00	20.44	-
Shareholders' Equity per Share (yen)	775.48	822.43	890.21	-	435.90	454.94	505.01	-

(Note) Estimates are based on forecasts released when interim results were announced.

(Note 3)

In arriving at its opinion, Merrill Lynch made qualitative judgments as to the significance and relevance of each analysis and factor considered by it. Accordingly, Merrill Lynch believes that its analysis must be considered as a whole and that selecting portions of its analysis and factors, without considering all analysis and factors, could create an incomplete view of the processes underlying such analysis and its opinion. In its analysis, Merrill Lynch made numerous assumptions with respect to Tanabe Seiyaku, Mitsubishi Pharma, industry performance and regulatory environment, general business, economic, market and financial conditions, as well as other matters, many of which are beyond the control of Tanabe Seiyaku and involve the application of complex methodologies and educated judgment.

The preparation of a fairness opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analyses and the application of those methods to the particular circumstances and, therefore, such an opinion is not readily susceptible to partial analysis or summary description. No company, business or transaction used in those analyses as a comparison is identical to Tanabe Seiyaku, Mitsubishi Pharma or the merger, nor is an evaluation of the results of those analyses entirely mathematical; rather, it involves complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the transactions, public trading or other values of the companies, business segments or transactions being analyzed. The estimates contained in those analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual results or values or predictive of future results or values, which may be significantly more or less favorable than those suggested by those analyses. In addition, analyses relating to the value of businesses or securities are not appraisals and may not reflect the prices at which businesses, companies or securities actually may be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty

Merrill Lynch's opinion is for the use and benefit of the Board of Directors of Tanabe Seiyaku. Merrill Lynch's opinion does not address the merits of the underlying decision by Tanabe Seiyaku to engage in the merger and does not constitute a recommendation to any shareholder as to how such shareholder should vote on the proposed merger, including whether dissenting shareholders should exercise the right to redeem their shares. In addition, Tanabe Seiyaku did not ask Merrill Lynch to address, and Merrill Lynch's opinion does not address, the fairness to, or any other consideration of, the holders of any class of securities, creditors or other constituencies of Tanabe Seiyaku, other than the holders of Tanabe Seiyaku's common shares. Merrill Lynch does not express any opinion as to the prices at which the shares of Tanabe Seiyaku will trade following the announcement of the merger agreement or the consummation of the merger.

Contact for further information about this press release:

Corporate Communications Division

Tanabe Seiyaku Co., Ltd.

2-10, 3-chome, Dosho-machi, Chuo-ku, Osaka, JAPAN

Phone: +81-6-6205-5211

Public Relations and Investor Relations Department

Mitsubishi Pharma Corporation

6-9, 2-chome, Hiranomachi, Chuo-ku, Osaka, JAPAN

Phone: +81-6-6201-1696