



MITSUBISHI GAS CHEMICAL COMPANY, INC.

December 17, 2002

For Immediate Release

Mitsubishi Gas Chemical Company Inc.
5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan
Representative: Hideki Odaka, President and Representative Director
Stock code: 4182
Stock listings: First section of Tokyo Stock Exchange, Osaka Securities
Exchange and Nagoya Stock Exchange
Contact: Jin Hata, General Manager, Corporate Communications Division
Telephone: +81 (3) 3293-5041

Fudow Co., Ltd.
20-5, Nishikamata 7-chome, Ota-ku, Tokyo, Japan
Representative: Katsuaki Sato, President and Representative Director
Stock code: 4209
Stock listings: Second section of Tokyo Stock Exchange and Osaka
Securities Exchange
Contact: Hiroshi Watanabe, Director and General Manager of
Administrative Division
Telephone: +81 (3) 3737-0611

Notice Regarding Making Fudow Co., Ltd. a Wholly Owned Subsidiary through a Stock Swap

Mitsubishi Gas Chemical Company Inc. (“MGC”) and Fudow Co., Ltd. (“Fudow”) have agreed to make Fudow a wholly owned subsidiary of MGC through a stock swap with the signing of a Stock Swap Agreement following resolutions of the boards of directors of the respective companies held on December 17, 2002. Details are as follows.

1. Purpose of Making Fudow a Wholly Owned Subsidiary through a Stock Swap

Fudow is a consolidated subsidiary of MGC primarily engaged in the businesses of manufacture and sale of plastics and molded plastic products, and sale and design of freezer, refrigeration and air



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conditioning equipment. Conditions in the plastics/molded plastic products and freezer/refrigeration/air conditioning equipment businesses have become increasingly difficult due to factors including a slump in consumption, a slowdown in exports and production adjustments against a backdrop of declining stock prices and product prices amid a prolonged economic slowdown.

Under these circumstances, Fudow has been working throughout the company to strengthen sales, improve productivity and cut costs. However, the company's inability to forestall a decrease in net sales raises the issues of restructuring its existing businesses and bolstering its financial base.

In light of these factors, with great importance being placed on consolidated management, both companies have agreed that MGC should make Fudow a wholly owned subsidiary to build a closer relationship between the companies and to strengthen their business foundation by raising management flexibility and swiftly improving earnings capabilities.

2. Major Provisions of the Stock Swap Agreement

(1) Procedure

MGC will become the sole parent company of Fudow, and Fudow will become a wholly owned subsidiary of MGC, by executing a stock swap following the procedure set forth in Articles 352 to 363, inclusive, of the Commercial Code of Japan.

(2) Stock Conversion Rate

Company Name	MGC	Fudow
Conversion rate	1	0.310



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Notes:

1. Stock Allocation Ratio

Stock will be allocated and delivered at a rate of 0.310 shares of MGC stock for each share of Fudow stock; provided, however, that stock of Fudow held by MGC (6,349,330 shares) will not be prorated.

2. Basis for Calculation of Conversion Rate

Calculation of the above conversion rate was agreed upon through discussion between the relevant parties, after giving consideration to a calculation requested from Nikko Cordial Securities Inc.

3. Calculation Result, Calculation Method and Basis for Calculation by a Third Party

Using a calculation date of December 13, 2002, Nikko Cordial Securities Inc. calculated a conversion ratio for MGC stock to Fudow stock of 1:0.2689~0.3512, using the market price method for MGC and the market price method, the adjusted book price/net assets method and the discount cash flow method for Fudow.

4. Issuance of New Shares Due to Stock Swap

In lieu of issuing new shares, all shares will be allocated and delivered from treasury stock held by MGC.

(3) Required Amount of Increase of Capital and Capital Reserve

The amounts by which MGC will increase its capital and capital reserve upon the stock swap are as follows.

(1) Capital No increase



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(2) Capital reserve MGC will increase its capital reserve in an amount equivalent to the amount of the net assets held by Fudow as of the date of the stock swap, multiplied by the proportion of total shares issued by Fudow that are transferred to MGC as a result of the stock swap, minus the total book value of the shares of treasury stock delivered to shareholders of record of Fudow by MGC; provided, however, that if such computation does not result in an increase, then capital reserve shall not be increased.

(4) Stock Swap Subsidy

No stock swap subsidy will be paid.

(5) Term of Office of Directors and Auditors of MGC

The term of office of directors and auditors of MGC who have assumed their post before the stock swap shall continue for the remainder of their designated terms in the event the stock swap is not carried out.

3. Stock Swap Schedule

Dec. 17, 2002	Approval of stock swap agreement by boards of directors
	Signing of stock swap agreement
Late Feb. 2003	Extraordinary general meeting of shareholders at Fudow (approval of stock swap agreement)
April 1, 2003	Stock swap date



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Note: In accordance with the provisions of Article 358 of the Commercial Code of Japan (Simplified Stock Swaps), MGC does not plan to seek approval for its resolution for the general meeting of shareholders.



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4. Profile of Parties to the Stock Swap

(1) Company name	Mitsubishi Gas Chemical Company Inc. (sole parent company)	Fudow Co., Ltd. (wholly owned subsidiary)																				
(2) Type of business	Manufacture and sale of inorganic and organic chemical products and petrochemical products, etc.	Manufacture, processing and sale of chemicals																				
(3) Date of establishment	April 21, 1951	February 3, 1935																				
(4) Head office	Chiyoda-ku, Tokyo	Ota-ku, Tokyo																				
(5) Representative	Hideki Odaka, President and Representative Director	Katsuaki Sato, President and Representative Director																				
(6) Paid-in capital	¥41,970 million	¥1,058 million																				
(7) Shares outstanding	483,478,398	14,300,000																				
(8) Shareholders' equity	¥123,368 million	¥1,416 million																				
(9) Total assets	¥309,225 million	¥12,383 million																				
(10) Fiscal term	April 1 – March 31	April 1 – March 31																				
(11) Number of employees	3,231	205																				
(12) Principal customers	Mitsubishi Corp. Itochu Chemical Frontier Corp. Marubeni Corp. Mitsubishi Chemical Corp. and others	Mitsubishi Electric Corp. Mitsubishi Engineering-Plastics Corp. Okuma Corp. and others																				
(13) Principal shareholders and percentage of total shares outstanding	<table border="0"> <tr> <td>Nippon Life Insurance Company</td> <td>6.4%</td> </tr> <tr> <td>The Mitsubishi Trust & Banking Corp.</td> <td>4.7%</td> </tr> <tr> <td>The Bank of Tokyo-Mitsubishi, Ltd.</td> <td>4.5%</td> </tr> <tr> <td>Meiji Life Insurance Company</td> <td>3.9%</td> </tr> <tr> <td>Japan Master Bank (trust account)</td> <td>3.5%</td> </tr> </table>	Nippon Life Insurance Company	6.4%	The Mitsubishi Trust & Banking Corp.	4.7%	The Bank of Tokyo-Mitsubishi, Ltd.	4.5%	Meiji Life Insurance Company	3.9%	Japan Master Bank (trust account)	3.5%	<table border="0"> <tr> <td>Mitsubishi Gas Chemical Company Inc.</td> <td>44.4%</td> </tr> <tr> <td>Fudow Customers Special Stock Association</td> <td>4.5%</td> </tr> <tr> <td>JSP Corp.</td> <td>2.9%</td> </tr> <tr> <td>The Mitsubishi Trust & Banking Corp.</td> <td>2.2%</td> </tr> <tr> <td>Sumitomo Mitsui Banking Corp.</td> <td>2.1%</td> </tr> </table>	Mitsubishi Gas Chemical Company Inc.	44.4%	Fudow Customers Special Stock Association	4.5%	JSP Corp.	2.9%	The Mitsubishi Trust & Banking Corp.	2.2%	Sumitomo Mitsui Banking Corp.	2.1%
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(14) Major banks	The Bank of Tokyo-Mitsubishi, Ltd. The Mitsubishi Trust & Banking Corp. and others	Sumitomo Mitsui Banking Corp. The Mitsubishi Trust & Banking Corp. and others																				
(15) Relationships between parties	Capital	MGC holds 44.4% of the outstanding shares of Fudow																				
	Personnel	3 former directors/employees of MGC hold the posts of President and Directors of Fudow																				
	Transactions	MGC supplies products to Fudow																				

Note: The above figures are current as of September 30, 2002.



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(16) Business Results for the Last Three Terms

(Unit: Millions of yen)

Year ended March 31,	Mitsubishi Gas Chemical Company Inc. (non-consolidated)			Fudow Co., Ltd. (non-consolidated)		
	2000	2001	2002	2000	2001	2002
Net sales	209,503	228,817	193,840	19,682	21,410	16,822
Ordinary income (loss)	3,843	4,593	(2,678)	(387)	21	(618)
Net income (loss)	2,458	2,355	(3,363)	(459)	(35)	763
Net income (loss) per share (¥)	4.95	4.87	(6.98)	(32.10)	(2.42)	53.36
Cash dividends per share* (¥)	5	4	3	-	-	-
Shareholders' equity per share (¥)	272.78	273.65	271.42	69.50	67.32	119.15
Payout ratio (%)	100.1	82.1	-	-	-	-

* Cash dividends per share includes interim dividends.

5. Effect on Business Results

Since Fudow is already a consolidated subsidiary of MGC, the effect of the stock swap on consolidated results is expected to be insignificant.