

May 13, 2014

To whom it may concern,

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Name of representative: Yoshimitsu Kobayashi
President & Chief Executive Officer
(TSE Code: 4188, First Section of the TSE)
Contact person: Hajime Takasaka, General Manager,
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Company name: Taiyo Nippon Sanso Corporation
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Notice Regarding Execution of an Agreement in connection with Tender Offer by Mitsubishi Chemical Holdings Corporation for Shares of Taiyo Nippon Sanso Corporation

Mitsubishi Chemical Holdings Corporation (“MCHC”) and Taiyo Nippon Sanso Corporation (“TNSC”, MCHC and TNSC are collectively referred to as the “Companies”) hereby announce that each company executed a master agreement (the “Agreement”) in order to further enhance the capital and business alliance relationship between the Companies and improve the corporate value of both Companies based on the resolution of their respective board of directors’ meetings held on May 13, 2014. MCHC will be taking steps to acquire a majority of voting rights of TNSC through a tender offer (the “Tender Offer”) for common shares of TNSC (the “TNSC Shares”).

At its board of directors’ meeting, TNSC resolved to (i) issue an opinion in support of the Tender Offer, and (ii) take a neutral position on whether to recommend that the shareholders of TNSC accept the Tender Offer and defer to the decision of each shareholder as to whether to accept the Tender Offer, if the Tender Offer commences.

MCHC and TNSC intend to maintain (i) the listing of the TNSC Shares and (ii) the autonomy of the management of TNSC after the consummation of the Tender Offer, based on their judgment that doing so would serve the interests of both Companies.

The Tender Offer will commence after certain conditions, such as the completion of procedures and responses required under domestic and foreign competition laws, are satisfied. Since it is anticipated that it will take about half a year to complete the procedures and responses required under domestic and foreign competition laws, the Companies expect that the Tender Offer will commence in early November 2014. The Companies intend to conduct the Tender Offer as soon as possible, and will announce the specific date once it is determined.

1. Background and Reason for Execution of the Agreement

MCHC has developed its business in a broad range of areas, such as performance products, health care, and industrial materials, through Mitsubishi Chemical Corporation (“Mitsubishi Chemical”), Mitsubishi Tanabe Pharma Corporation, Mitsubishi Plastics, Inc., and Mitsubishi Rayon Co., Ltd. as the core operating companies.

TNSC has been focusing primarily on air separation plants that produce industrial gases (oxygen, nitrogen, and argon), while working to advance a variety of technologies and develop its business as an industrial gas manufacturer, since it developed Japan's first oxygen generator in 1934. TNSC was formed in 2004 through the merger of Nippon Sanso Corporation and Taiyo Toyo Sanso Co., Ltd. ("Taiyo Toyo Sanso"). At that time, Taiyo Toyo Sanso was in an alliance relationship with Mitsubishi Chemical and engaged in the industrial gas manufacturing business through a joint venture of Taiyo Toyo Sanso and Mitsubishi Chemical, and Mitsubishi Chemical possessed 34.85% (the percentage of the total number of issued shares) of the Taiyo Toyo Sanso stock. As a result of the formation of TNSC, Mitsubishi Chemical became the largest shareholder of TNSC, holding 10.09% of the TNSC Shares. Mitsubishi Chemical continued to acquire the TNSC Shares thereafter through the market, and as a result, by the end of 2009, its shareholding percentage reached 15.12% (the percentage of the total number of issued shares).

MCHC, Mitsubishi Chemical's parent company, deeply understands the effectiveness of TNSC's business strategies, and the potential for improvement in TNSC. MCHC and TNSC therefore believed that they would be able to further expand their business opportunities by causing TNSC to establish a broad alliance relationship with the respective companies of the Mitsubishi Chemical Holdings Group, including Mitsubishi Chemical. As announced in the press release, "Notice Regarding the Capital and Business Alliance between Taiyo Nippon Sanso Corporation and Mitsubishi Chemical Holdings Corporation" dated September 26, 2013, the Companies thus agreed to create a business alliance relationship and executed a capital and business alliance agreement. As announced in TNSC's press release, "Notice Regarding Issuance of New Shares and Disposition of Treasury Shares by Way of Third-Party Allotment, and Change of the Principal Shareholder" dated September 26, 2013, for the purpose of making the business alliance even stronger to generate a synergistic effect, and also meeting its financial needs concerning future business development, including capital investment, TNSC has issued new shares and disposed of treasury shares by way of third-party allotment (collectively, the "Capital Increase by Third-Party Allotment") to MCHC. As a result, as of today MCHC holds 116,797,870 TNSC Shares (the holding ratio is 26.97%), including those held indirectly through Mitsubishi Chemical.

Afterward, based on the execution of the capital and business alliance agreement and the implementation of the third-party allotment, the Companies discussed and evaluated, among other things, as to the agreed-upon business alliance areas, the terms and conditions as well as the timing of implementation, and as to other areas, potential business alliances or business development. These discussions and evaluations were for the purpose of maximizing synergies between both corporate groups. In this process, MCHC and TNSC shared a common understanding that it is essential to further strengthen the foundation of their businesses in order to respond to changes in the global competitive environment, and for that purpose, it is necessary to create further business synergies through both Companies' cooperation as members of the same corporate group based on an enhanced capital relationship and through effective use of management resources of both Companies. In order to achieve this goal, the Companies agreed to strengthen the capital relationship and business alliance between both Companies through the Tender Offer. The Companies expect that TNSC's changing from an equity method affiliate of MCHC to a consolidated subsidiary of MCHC will create an even firmer alliance and a broad range of synergies through, inter alia, disclosure and supply of management resources that will serve as the foundation of their businesses. Both Companies believe that it will become possible for both Companies to cooperate more closely with each other than previously contemplated. Such cooperation will include, for instance, on-site cooperative business such as mutual utilization of both Companies' supply chains in and outside of Japan and TNSC's gas supply to the overseas manufacturing bases developed by MCHC, and joint research and development in certain advanced fields.

2. Outline and Manner of the Tender Offer

(1) Purposes of the Tender Offer

The Tender Offer is aimed at enhancing the capital and business alliance relationship between the Companies and improving the corporate value of both Companies, through MCHC’s acquiring a majority of voting rights of TNSC, and the reorganization of TNSC as a consolidated subsidiary through the Tender Offer.

The Companies will work on a detailed examination of promoting the mutual use of the respective Companies’ distribution channel. To be more specific, the Companies will consider the possibilities of cooperative business and transactions in every business segment, including the expansion of sales in TNSC’s medical care business (medical gases and related equipment) through MCHC’s distribution channel, and the utilization of TNSC’s distribution channels for MCHC’s artificial spa generators and CFRP pressure vessels.

TNSC has thus far supplied gases through the piping (on-site plant) method, mainly to large customers in Japan. From now on, TNSC intends to utilize its know-how for stably supplying gases, which it has fostered over years for major domestic customers, for new overseas manufacturing bases that will be planned by MCHC. By doing so, TNSC aims to further expand overseas business. TNSC will also procure the base load that is stable in the long term, by supplying gases through the piping method, and absorb demands for liquefied gases, cylinder gases, and gas-related equipment in neighboring markets, thereby aiming to expand its sales through the synergetic effect generated with existing products/business.

As stated in “(4) Number of the TNSC Shares to be purchased in the Tender Offer” below, since MCHC intends to maintain the listing of the TNSC Shares after the consummation of the Tender Offer, MCHC has set 104,079,476 shares (together with the TNSC Shares that MCHC and Mitsubishi Chemical hold as of today, the total holding percentage after the Tender Offer will be 51%) as the maximum number of shares to be purchased in the Tender Offer. On the other hand, MCHC has set 99,748,549 shares as the minimum number of shares to be purchased in the Tender Offer. The number of directors of TNSC appointed by MCHC will be raised to two (2) from one (1) after the consummation of the Tender Offer, but TNSC will continue to be managed on respect for its autonomy.

Moreover, as stated in “3.Outline of the Agreement, (4) Maintenance of ownership ratio after the consummation of the Tender Offer” below, MCHC and TNSC have agreed that MCHC will maintain its percentage of shareholding in TNSC after the Tender Offer. MCHC does not plan to acquire TNSC Shares additionally after the Tender Offer, and intends to maintain long-term ownership of all the TNSC Shares that are currently held by the MCHC Group (including Mitsubishi Chemical), as well as of all the TNSC Shares that may be acquired through the Tender Offer.

(2) Schedule of the Tender Offer

MCHC plans to commence the Tender Offer targeting the TNSC Shares in early November 2014, as soon as possible after certain conditions, such as the completion of procedures and responses required under domestic and foreign competition laws, are satisfied. The Companies will announce the specific date once it is determined.

(1)	Date of Board of Directors’ Resolutions	May 13, 2014 (Today)
(2)	Date of Entrance into the Agreement	May 13, 2014 (Today)
(3)	Date of Public Notice of Tender Offer Commencement	early November 2014 (Schedule)
(4)	Date of Submission of Tender Offer Registration Statement	early November 2014 (Schedule)

- (3) Tender Offer Price
- (i) Tender Offer Price and Rationale for Determination

The Tender Offer Price (the “Tender Offer Price”) is planned to be 1,030 yen per TNSC Share.

To ensure the appropriateness of the Tender Offer Price, the Companies appointed financial advisors independent of the Companies regarding financial analysis of the Tender Offer Price or the value of the TNSC shares, and MCHC hired J.P. Morgan Securities Japan Co., Ltd. (“J.P. Morgan”) and TNSC hired Mizuho Securities Co., Ltd. (“Mizuho Securities”) as their respective financial advisors, and requested a financial analysis of the Tender Offer Price or the value of the TNSC Shares. The Companies referred to share valuation reports received from the respective financial advisors and the results of due diligence on TNSC conducted by MCHC, and also took into consideration several elements comprehensively, including the respective financial and business situations and asset situations, the standards of premiums to market prices offered in previous similar equity tender offers by entities other than the issuers, the likelihood of obtaining the support of the TNSC’s board of directors’ for the Tender Offer, the market trend of the TNSC Share, the likely number of shareholders that would accept the Tender Offer, the future perspectives, and after studious negotiations and consultations between the Companies, the Companies reached an agreement that the Tender Offer Price would be 1,030 yen per share, and based on the board of directors’ resolutions at the board of directors’ meeting held today, the Companies concluded the Agreement. J.P. Morgan, the financial advisor of MCHC, and Mizuho Securities, that of TNSC, are not related parties of the Companies, and have no material interests that need to be stated regarding the Tender Offer.

The Tender Offer Price of 1,030 yen per share includes (a) a premium of 28.43% on 802 yen, which is the closing price of the TNSC Shares quoted on the Tokyo Stock Exchange on May 12, 2014, which is the business day immediately preceding the execution of the Agreement, (b) a premium of 26.38% on 815 yen, which is the simple average closing price of the TNSC Shares quoted for the past one (1) month period to May 12, 2014, (c) a premium of 31.04% on 786 yen, which is the simple average closing price of the TNSC Shares quoted for the last three (3) month period to May 12, 2014, and (d) a premium of 38.44% on 744 yen, which is the simple average closing price of the TNSC Shares quoted for the last six (6) month period to May 12, 2014.

- (ii) Obtaining share valuation reports from independent financial advisors

As stated above, in determining the Tender Offer Price, MCHC requested that J.P. Morgan, an independent third-party appraiser having no material interests in the Companies, calculate the value of the TNSC Shares. J.P. Morgan valued the TNSC Shares using the average market price method, the comparable company method, and the discounted cash flow (the “DCF”) method of analysis based on its assessment of valuation methods in relation to the value of the TNSC Shares, and submitted the Share Valuation Report Regarding the TNSC Shares (the “JPM Valuation Report”) to MCHC on May 13, 2014. Moreover, MCHC has received a fairness opinion from J.P. Morgan regarding the Tender Offer Price, which states that, subject to certain conditions, the Tender Offer Price is fair to MCHC from a financial perspective (the “JPM Fairness Opinion”).

J.P. Morgan, when preparing the JPM Valuation Report, performed a financial analysis including the average market price method, the comparable company method, and the DCF method of analysis regarding the TNSC Shares. The JPM Valuation Report was prepared only for the purpose of providing information and support when the MCHC’s board of directors considered the Tender Offer. J.P. Morgan did not recommend a specific tender offer price to MCHC or its board of directors, nor did it recommend any price as the only adequate tender offer price.

According to the JPM Valuation Report, the valuation methods used, and the valuation ranges derived from these methods, expressed as the price per TNSC Share, are as follows:

- a) Average Market Price Method: between 744 yen and 815 yen

With the average market price method based on public information, J.P. Morgan used May 12, 2014, as the base date, and the valuation was based on 802 yen, which is the closing share price on the base date, 815 yen, which is the simple average closing price for the past one (1) month, 786 yen, which is the simple average closing price for the last three (3) months, and 744 yen, which is the simple average closing price for the last six (6) months.

- b) Comparable Company Method: between 775 yen and 1,126 yen

With the comparable company method, J.P. Morgan used May 12, 2014, as the base date, and valued the TNSC Shares by selecting listed companies that, while not totally comparable to TNSC, are engaged in businesses that for purposes of analysis may be considered similar to TNSC, based on the comparison of financial indicators such as market share price, growth rate, and profitability

- c) DCF Method: between 895 yen and 1,192 yen

With the DCF method, J.P. Morgan's analysis was based on relevant factors such as TNSC's business plans and financial forecasts, approved for J.P. Morgan's use by MCHC, profit and investment projects in TNSC's business plans, the results of interviews and due diligence on TNSC, and other publicly available information. J.P. Morgan evaluated the share value by discounting the free cash flows that TNSC is expected to generate in the future by a range of discount rates to arrive at a range of present values. In addition, no significant increases or decreases in profit are anticipated in TNSC's business plans and financial forecasts, on which the DCF analysis was based.

(Note) The following is supplemental explanation of the assumptions, matters considered, and the limitations on the review undertaken by J.P. Morgan in connection with the JPM Fairness Opinion and the financial analyses of TNSC's equity, which were the basis for the opinion.

In providing the opinion contained in the JPM Fairness Opinion and conducting the financial analyses of TNSC's equity, which were the basis for the opinion, J.P. Morgan has relied upon and assumed the accuracy and completeness of all information that was publicly available or was furnished to or discussed with J.P. Morgan by MCHC and TNSC or otherwise reviewed by or for J.P. Morgan, and J.P. Morgan has not independently verified (nor has J.P. Morgan assumed responsibility or liability for independently verifying) any such information or its accuracy or completeness. J.P. Morgan has not conducted or been provided with any valuation or appraisal of any assets or liabilities of MCHC or TNSC, nor has J.P. Morgan evaluated the solvency of MCHC or TNSC under any laws relating to bankruptcy, insolvency or similar matters. In relying on financial analyses and forecasts provided to J.P. Morgan or derived therefrom, J.P. Morgan has assumed that they have been reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management of MCHC and TNSC as to the expected future results of operations and financial condition of MCHC and TNSC to which such analyses or forecasts relate. J.P. Morgan expresses no view as to such analyses or forecasts or the assumptions on which they were based. J.P. Morgan has also assumed that the Tender Offer and the other transactions contemplated by the Agreement will have all of the consequences described in discussions with, and materials furnished to J.P. Morgan by, representatives of MCHC, and will be consummated as described in the Agreement and that the definitive version of the Agreement will not differ in any material respects from the draft thereof furnished to J.P. Morgan. J.P. Morgan has also assumed that the representations and warranties made by MCHC and TNSC in the Agreement are and will be true and correct in all respects material to J.P. Morgan's analysis, and that MCHC will have no exposure under any indemnification obligations contained within the Agreement in any amount material to J.P. Morgan's analysis. J.P. Morgan is not a legal, regulatory, tax or accounting expert and has relied on the assessments made by advisors to MCHC with respect to such issues. J.P. Morgan has further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the Tender Offer will be obtained without any adverse effect on MCHC or TNSC or on the contemplated benefits of the Tender Offer.

The JPM Fairness Opinion and J.P. Morgan's financial analyses of TNSC's equity, which were the basis for the opinion, are necessarily based on economic, market and other conditions as in effect on, and the information made available to J.P. Morgan as of the date of the JPM Fairness Opinion. It should be understood that subsequent developments may affect such opinion and that J.P. Morgan does not have any obligation to update, revise, or reaffirm this opinion. The JPM Fairness Opinion is limited to the fairness to MCHC, from a financial point of view, of the Consideration to be paid by MCHC in the proposed Tender Offer and J.P. Morgan express no opinion as to the underlying decision by MCHC to engage in the Tender Offer. Furthermore, neither the JPM Fairness Opinion nor the financial analyses of TNSC's equity, which are the basis for the opinion, intend to suggest any specific tender offer price to MCHC or its board of directors or that any specific tender offer price constituted the only appropriate tender offer price for the Tender Offer.

J.P. Morgan has acted as financial advisor to MCHC with respect to the proposed Tender Offer and will receive a fee from MCHC for J.P. Morgan's services, a substantial portion of which will become payable only if the proposed Tender Offer is consummated. In addition, MCHC has agreed to indemnify J.P. Morgan for certain liabilities arising out of J.P. Morgan's engagement. During the two years preceding the date of the JPM Fairness Opinion, J.P. Morgan and its affiliates have had commercial or investment banking relationships with MCHC and TNSC for which J.P. Morgan and such affiliates have received customary compensation. Such services during such period have included acting in a financial advisory role to MCHC regarding capital and business alliance with TNSC in October 2013 and the acquisition of new shares of TNSC via third party allotment in connection therewith, in addition to providing financial advisory services to MCHC in connection with the Tender Offer. In the ordinary course of J.P. Morgan's businesses, J.P. Morgan and its affiliates may actively trade the debt and equity securities of MCHC or TNSC for J.P. Morgan's own account or for the accounts of customers and, accordingly, J.P. Morgan and its affiliates may at any time hold long or short positions in such securities.

Moreover, as stated above, as one of the measures to ensure fairness in the decision-making process regarding the Tender Offer Price, TNSC requested that Mizuho Securities, an independent third-party appraiser having no material interest in the Companies and an unrelated party of the Companies, calculate the value of the TNSC Shares, and TNSC received a share valuation report from Mizuho Securities on May 13, 2014. In addition, based on actual practices in similar cases, TNSC has not requested that Mizuho Securities issue any opinion stating that the Tender Offer Price is fair from a financial perspective (fairness opinion) because TNSC plans to take a neutral position on whether to recommend that the shareholders of TNSC accept the Tender Offer and defer to the decision of each shareholder as to whether to accept the Tender Offer.

Mizuho Securities analyzed the value of the TNSC Shares, upon certain conditions, based on the financial information and the financial forecasts, which TNSC had provided. Mizuho Securities calculated the value of the TNSC Shares using (i) the average market price method, since the TNSC Shares are listed on the Tokyo Stock Exchange and the market price of those shares is available there; (ii) the comparable company method, since there are multiple listed companies engaged in businesses relatively similar to the business of TNSC and accordingly it is possible to estimate the value of the TNSC Shares by comparing TNSC with those similar companies; and (iii) the DCF method, in order to reflect the performance of TNSC's future business activities on the valuation.

The valuation ranges per TNSC Share calculated by using the above methods are as follows, respectively:

Average Market Price Method:	between 744 yen and 815 yen.
Comparable Company Method:	between 777 yen and 1,064 yen.
DCF Method:	between 779 yen and 1,169 yen.

With the average market price method, Mizuho Securities used May 12, 2014, as the base date, and the valuation was based on 802 yen, which is the closing share price on the base date, 815 yen, which is the simple average closing price for the past one (1) month, 786 yen, which is the simple average closing price for the last three (3) months, and 744 yen, which is the simple average closing price for the last six (6) months.

With the comparable company method, Mizuho Securities valued the TNSC Shares through comparison with market share prices and financial metrics (indicating elements such as profitability) of listed companies engaged in businesses relatively similar to the business of TNSC.

With the DCF method, Mizuho Securities calculated the value of the TNSC Shares by discounting the free cash flows that TNSC is expected to generate in the future to present value using certain discount rates. It was based on assumptions derived from multiple sources, including profit and investment projects in TNSC's business plans, and publicly available information.

In addition, no significant increases or decreases in profit are anticipated in TNSC's business plans, on which the DCF analysis was based.

(4) Number of the TNSC Shares to be purchased in the Tender Offer

The TNSC Shares are listed on the Tokyo Stock Exchange First Section, and MCHC has a policy to strengthen the capital relationship, maintaining the TNSC Shares listing and the autonomy of TNSC regarding its management, continuously after the consummation of the Tender Offer. Therefore, MCHC has set a maximum number of shares (104,079,476) to be purchased in the Tender Offer (together with the TNSC Shares that MCHC and Mitsubishi Chemical hold as of today, the total holding percentage after the Tender Offer will be 51%), and if the total number of tendered shares exceeds the maximum number, MCHC will refrain from purchasing some or all of the excess tendered shares. In such an event, the transfer of shares and other settlements of the sale and purchase of the tendered shares will be conducted using the method of proportional distribution prescribed in Article 27-13, Paragraph 5, of the Financial Instruments and Exchange Act. On the other hand, MCHC has set a minimum number of shares (99,748,549) to be purchased in the Tender Offer, which would result in a voting rights ownership ratio for TNSC equivalent to a majority, by adding it to the number of shares that MCHC and Mitsubishi Chemical hold as of today, and if the total number of tendered shares is less than the minimum number, MCHC will not purchase any of the tendered shares in the Tender Offer.

(5) Other Conditions and Methods of Purchase

The method of settlement, the date of public notice of the Tender Offer commencement, the Tender Offer agent, and any other conditions and methods of purchase will be announced as soon as they are determined.

(6) Plans for Support of the Tender Offer by TNSC

As announced in the “Notice regarding the Capital and Business Alliance between Taiyo Nippon Sanso Corporation and Mitsubishi Chemical Holdings Corporation” dated September 26, 2013, the Companies have agreed to create a business alliance relationship, and have executed a capital and business alliance agreement.

Afterward, based on the execution of the capital and business alliance agreement and the implementation of the third-party allotment, the Companies discussed and evaluated, among other things, as to the agreed-upon business alliance areas, the terms and conditions as well as the timing of implementation, and as to other areas, potential business alliances or business development. These discussions and evaluations were for the purpose of maximizing synergies between both corporate groups. In this process, MCHC and TNSC shared a common understanding that it is necessary to further strengthen the foundation of their businesses in order to respond to changes in the global competitive environment, and for that purpose, it is necessary to create further business synergies through both Companies’ cooperation as members of the same corporate group based on an enhanced capital relationship and through effective use of management resources of both Companies. In order to achieve this goal, the Companies began consultations and negotiations regarding the Tender Offer Price and other conditions at the beginning of January 2014.

TNSC has appointed Mizuho Securities as its financial advisor and as a third-party appraiser, and Nishimura & Asahi as its legal advisor, and has held multiple consultations and negotiations with MCHC regarding the significance and purposes of the Tender Offer, the post-Tender Offer management policies, and the various conditions of the Tender Offer. Regarding the Tender Offer Price, after receiving a proposal regarding the Tender Offer Price from MCHC, TNSC obtained a share valuation report from Mizuho Securities as reference material for assessing the fairness of the proposed Tender Offer Price, as stated in “2.(3) (ii) Obtaining share valuation reports from independent financial advisors”, above.

Based on the contents of the share valuation report obtained from Mizuho Securities and on legal advice from Nishimura & Asahi, TNSC held a board of directors' meeting on May 13, 2014, and seriously considered the various conditions of the Tender Offer.

As a result, the board of directors of TNSC has resolved that if the Tender Offer commences, the board will: (i) issue an opinion in support of the Tender Offer, since TNSC has reached the conclusion that building an even firmer alliance with MCHC based on the stabilized capital relationship, which is subject to the consummation of the Tender Offer, will contribute to the enhancement of TNSC's corporate value, and eventually, its shareholder value, and (ii) take a neutral position on whether to recommend that the shareholders of TNSC accept the Tender Offer and defer to the decision of each shareholder as to whether to accept the Tender Offer, since the maximum number of shares to be purchased has been set in the Tender Offer and accordingly, the listing of the TNSC Shares is expected to be maintained continuously after the Tender Offer.

Meanwhile, TNSC considers that the Tender Offer Price is appropriate, in light of the share valuation report obtained from Mizuho Securities.

TNSC updated the "Measures against Large Volume Purchases of the Company Stock (Defensive Measures for Mergers)" in the seventh ordinary meeting of shareholders held on June 29, 2011, which had been introduced in the fourth ordinary meeting of shareholders held on June 27, 2008. Whereas TNSC intends to update the Defensive Measures for Mergers again at its 10th ordinary meeting of shareholders scheduled to be held in late June 2014, TNSC resolved at its board of directors' meeting held today to support the Tender Offer, admitting that the acquisition of the TNSC Shares by MCHC under the Tender Offer does not fall within the scope of the large volume purchases prescribed in the Defensive Measures for Mergers.

All of the above resolutions of TNSC's board of directors' meeting were adopted by a unanimous vote of all directors present, whereas Mr. Shotaro Yoshimura, who is an external director of TNSC, did not participate in the discussion and resolution of the board of directors' meeting stated above to enhance the fairness, the transparency and the objectivity in the process of decision-making regarding the Tender Offer and to avoid a conflict of interest, because he concurrently works as a director of MCHC. Further, all four corporate auditors of TNSC attended the above board of directors' meeting, and stated that they had no objections to the resolutions.

3. Outline of the Agreement

The following matters were substantially agreed under the Agreement, in addition to the matters described in "2. Outline and Manner of the Tender Offer", above:

(1) Purpose and outline of the Agreement

By aiming to further enhance the capital and business alliance relationship between the Companies and improve the corporate value of both Companies, in order to survive the global competition, which is predicted to become fiercer in the future, the Companies agreed to conduct the Tender Offer to achieve the said purposes.

(2) Launch of the Tender Offer by MCHC

MCHC will launch the Tender Offer subject to the satisfaction, as of the business day immediately preceding the commencement date of the Tender Offer, of the following conditions precedent: (a) TNSC's board of directors has resolved to express the Supporting Opinion as defined in (3) below and has announced the Supporting Opinion; (b) TNSC has not

violated any of its obligations under the Agreement to be performed by the time of commencement of the Tender Offer in any material respect; (c) TNSC's representations and warranties are true and correct in all material respects; (d) necessary licenses, approvals, and so on have been obtained or the relevant waiting period has expired without any objection being withheld, in relation to the procedures and responses required under domestic and foreign competition laws; (e) there is no judgment, decision, order, or similar obligation from a court or administrative agency that prohibits commencement of the Tender Offer or places restrictions on the Tender Offer; (f) no material adverse effect has occurred with respect to TNSC's business, assets, liabilities, financial conditions, operating results, cash flow status, or future earnings plan; and (g) there is no material fact or a Fact Concerning Tender Offer, etc. (as defined in Article 167(3) of the Financial Instruments and Exchange Act) that has not yet been announced regarding TNSC. If an event falling under (f) above has occurred by the time of commencement of the Tender Offer, the Companies will faithfully consult with each other regarding the responses to be taken regarding the Tender Offer, including revision of its conditions.

(3) Support and revocation of support of the Tender Offer by TNSC

TNSC shall express and announce its opinion approving the Tender Offer (the "Supporting Opinion") and shall maintain the Supporting Opinion until the expiration of the Tender Offer period. However, TNSC's expression of the Supporting Opinion shall be subject to the satisfaction, as of the business day immediately preceding the commencement date of the Tender Offer, of the following conditions precedent: (a) MCHC has not violated any of its obligations under the Agreement to be performed by the time of commencement of the Tender Offer in any material respect; (b) MCHC's representations and warranties are true and correct in all material respects; (c) no event has occurred that will materially affect the corporate value of TNSC and that will thus cause it to be reasonably decided to be inappropriate for TNSC to support the Tender Offer; and (d) there is no proposal for a tender offer of the TNSC Shares or any other large purchasing transaction, etc. of the TNSC Shares, etc. by a third party other than MCHC that proposes conditions that are superior to those of the Tender Offer (collectively, a "Competing Transaction") and that, due to expressing the Supporting Opinion despite the existence of such a Competing Transaction may, in reasonable judgment, cause TNSC's directors to be in violation of their duty to exercise the due care of a prudent manager.

(4) Maintenance of ownership ratio after the consummation of the Tender Offer

(i) MCHC shall maintain MCHC and its subsidiaries' (collectively, the "MCHC Group") collective ownership ratio in TNSC after the consummation of the Tender Offer.

(ii) After the Tender Offer, if TNSC intends to conduct any act that will result in the MCHC Group's ownership ratio of the TNSC Shares becoming less than the majority of the total number of issued TNSC Shares, then TNSC shall, upon consultation with MCHC, provide MCHC with a reasonably acceptable opportunity to maintain its ownership ratio of the TNSC Shares.

(5) Operation and maintenance of the listing of TNSC after the consummation of the Tender Offer

(i) TNSC shall manage its business pursuant to MCHC's "Internal Rules on the Group Management." Under the Group Management Rules, MCHC shall respect the autonomy of TNSC's management, and shall support and cooperate with TNSC in full force.

(ii) MCHC shall maintain the listing of the TNSC Shares, and shall not conduct any act intended to abolish their listing.

(iii) MCHC may nominate in principle two persons as candidates for TNSC's directors, out of whom MCHC may nominate a candidate for TNSC's representative director and chairman. TNSC may nominate a candidate for TNSC's representative director and president.

(iv) TNSC shall in principle maintain its corporate name and the location of its head office.

4. Outline of the Companies

(As of March 31, 2014, unless specifically indicated)

Corporate Name	Mitsubishi Chemical Holdings Corporation	Taiyo Nippon Sanso Corporation
Location	1-1-1, Marunouchi, Chiyoda-ku, Tokyo	1-3-26, Koyama, Shinagawa-ku, Tokyo
Title and Name of the Representative	Yoshimitsu Kobayashi President & Chief Executive Officer	Shinji Tanabe, President
Details of Business	Management and control of group companies (establishing strategies, distributing resources, and other matters for or in relation to the entire group)	Production and sale of industrial gases and related equipment/devices
Stated Capital	50,000 million yen	37,344 million yen
Date of Incorporation	October 3, 2005	July 19, 1918
Number of Issued Shares	1,506,288,107 shares	433,092,837 shares
Date of Settlement of the Account	March 31	March 31
Number of Employees	56,031 (consolidated); 104 (non-consolidated)	12,955 (consolidated); 1,366 (non-consolidated)
Major Customers	Mitsubishi Chemical Corporation Mitsubishi Tanabe Pharma Corporation Mitsubishi Plastics, Inc. Mitsubishi Rayon Co., Ltd.	Manufacturers inside and outside Japan
Major Transacting Banks	The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation Mizuho Bank, Ltd. The Norinchukin Bank	Mizuho Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd. The Norinchukin Bank
Major Shareholders and Shareholding Percentages	The Master Trust Bank of Japan, Ltd. (Trust Account) 4.73%	Mitsubishi Chemical Corporation 14.07 %
	Meiji Yasuda Life Insurance Company (Standing Proxy), Trust & Custody Services Bank, Ltd. 4.27%	Mitsubishi Chemical Holdings Corporation 12.90 %
	Japan Trustee Services Bank, Ltd. (Trust Account) 4.18%	JFE Steel Corporation 5.83 %
	Nippon Life Insurance Company 3.05%	Taiyo Nippon Sanso Corporation's shareholding association 4.82 %
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. 2.72%	Mizuho Bank, Ltd. 3.78 %
	Takeda Pharmaceutical Company Limited 2.54%	Meiji Yasuda Life Insurance Company 3.70 %
	Tokio Marine & Nichido Fire Insurance Co., Ltd. 1.98%	Master Trust Bank of Japan, Ltd. (Trust Account) 2.45 %
	TAIYO LIFE INSURANCE COMPANY 1.64%	The Norinchukin Bank 2.31 %

	Japan Trustee Services Bank, Ltd. (Trust Account 4)	1.54%	Japan Trustee Services Bank, Ltd. (Trust Account)	2.15 %		
	Mizuho Bank, Ltd.	1.17%	National Mutual Insurance Federation of Agricultural Cooperatives	2.00 %		
Relationship between the Parties						
Capital Relationship	MCHC holds 116,797,870 shares (including those held indirectly) of the stock of TNSC. TNSC holds 10,118,148 shares (including those held indirectly) of the stock of MCHC.					
Personnel Relationship	One (1) officer of MCHC concurrently serves as the external-director of TNSC.					
Transactional Relationship	There are no material transactional relationships to be specifically noted, between people or companies affiliated with TNSC, and those affiliated with MCHC. There are no material transactional relationships between TNSC and MCHC to be noted.					
Application as a Related Party	TNSC is an equity method affiliate of MCHC, and falls under the category of a related party.					
Operational Results and Financial Conditions for the Last 3 Fiscal Years						
Accounting Period	March 2012	March 2013	March 2014	March 2012	March 2013	March 2014
Net assets (consolidated)	1,144,954	1,203,316	1,314,870	219,611	224,253	298,475
Total assets (consolidated)	3,173,970	3,307,758	3,479,359	607,024	615,820	731,677
Net assets per share (consolidated; in yen)	522.77	553.54	611.95	506.02	525.38	633.69
Sales (consolidated)	3,208,168	3,088,577	3,498,834	477,451	468,387	522,746
Operating income (consolidated)	130,579	90,241	110,460	31,067	24,884	31,489
Ordinary income (consolidated)	133,614	87,054	103,092	29,730	23,060	30,546
Net income for the year (consolidated)	35,486	18,596	32,248	21,200	2,071	20,194
Net income per share for the year (consolidated; in yen)	24.06	12.61	21.89	53.33	5.25	49.42
Dividends per share (yen)	10.0	12.0	12.0	12.0	12.0	12.0

(in millions of yen, unless specifically indicated)

5. Future Prospects

The specific effect of the execution of the Agreement on the business results of each of the Companies is currently unknown. If any matters that should be disclosed arise, the Companies will promptly disclose the details thereof, as soon as they become aware of them. Please note that the Companies have agreed to maintain the listing of the TNSC Shares continuously after the consummation of Tender Offer, and have included provisions to that effect in the Agreement.

END