



August 5, 2016

To whom it may concern,

Company name: The Nippon Synthetic Chemical Industry Co., Ltd.

Representative: Katsumi Kimura

Representative Director, Member of the Board, President
(TSE code: 4201, the First Section of the Tokyo Stock
Exchange Inc.)

Contact: Keiichi Takahashi

Member of the Board, Managing Executive Officer
General Manager of General Affairs and Human
Resources Department

Phone: 06-7711-5400

**Notice regarding Implementation of the Tender Offer of Our Shares by
Mitsubishi Chemical Corporation which is Our Controlling Shareholder and Mitsubishi Chemical
Europe GmbH and the Recommendation of the Tender thereto**

The Nippon Synthetic Chemical Industry Co., Ltd. (the “Company”) hereby announces that, at its board of directors’ meeting held on the date hereof, the Company resolved to state an opinion supporting a tender offer (the “Tender Offer”) to be conducted by Mitsubishi Chemical Corporation (the parent company) (“Mitsubishi Chemical”), the controlling shareholder of the Company, and Mitsubishi Chemical Europe GmbH (“Mitsubishi Chemical Europe”; “Mitsubishi Chemical” and “Mitsubishi Chemical Europe” are hereinafter collectively referred to as the “Tender Offerors”) targeting the shares of common stock of the Company (the “Company Shares”), as well as to recommend that the shareholders of the Company accept the Tender Offer. The resolution of the board of directors’ meeting was passed on the assumption that (i) the Tender Offerors intend to limit the shareholders of the Company to the Tender Offerors by way of the Tender Offer and a series of procedures to be implemented thereafter, and (ii) the Company Shares are to be delisted.

1. Description of the Tender Offerors

(1) Description of Mitsubishi Chemical

a. Company Name	Mitsubishi Chemical Corporation
b. Address of Head Office	1-1-1, Marunouchi, Chiyoda-ku, Tokyo
c. Title and Name of the Representative	President & Chief Executive Officer Hiroaki Ishizuka
d. Business Purposes	(i) Manufacturing and sales of basic petrochemicals and chemical products; (ii) Manufacturing and sales of synthetic resins; (iii) Manufacturing and sales of electronics and information products; (iv) Manufacturing and sales of materials for batteries and precision chemicals; and (v) Manufacturing and sales of carbon products.

e.	Paid-in Capital	50,000,000,000 yen (as of August 5, 2016)
f.	Date of incorporation	June 1, 1950
g.	Major Shareholder and Shareholding Percentage	Mitsubishi Chemical Holdings Corporation: 100%
h.	Relationship between the Company and Mitsubishi Chemical	
	Capital Relationship	Mitsubishi Chemical holds 50,154,159 shares of its own shares (Share Holding Ratio 51.49%) as of the date hereof.
	Personnel Relationship	One directors of the Company is concurrently taking the office of a director of Mitsubishi Chemical as of the date hereof.
	Transactional Relationship	The Company and Mitsubishi Chemical have a transactional relationship whereby Mitsubishi Chemical sells raw materials to the Company.
	Status as a Related Party	Mitsubishi Chemical is the parent company of the Company and falls under the related party of the Company.

(2) Description of Mitsubishi Chemical Europe

a.	Company Name	Mitsubishi Chemical Europe GmbH
b.	Address of Head Office	Willstaetterstr. 30, 40549 Duesseldorf, Germany
c.	Title and Name of the Representative	Managing Director Yasuo Semba
d.	Business Purposes	Marketing and sales in the European market
e.	Paid-in Capital	1,022,583.76 euro (as of August 5, 2016)
f.	Date of incorporation	October 9, 1989
g.	Major Shareholder and Shareholding Percentage	Mitsubishi Chemical: 100%
h.	Relationship between the Company and Mitsubishi Chemical Europe	
	Capital Relationship	Not applicable.
	Personnel Relationship	Not applicable.
	Transactional Relationship	Not applicable.
	Status as a Related Party	Not applicable.

2. Tender Offer Price

910 yen by per share of common stock (the “Tender Offer Price”)

3. Contents of the Opinion on the Tender Offer, and the Grounds and Reasons therefor

(1) Contents of the Opinion

Upon the Company’s careful review and discussion of the Tender Offer at its board of directors’ meeting held on the date hereof, based on the grounds and reasons as stated in “(2) Grounds and Reasons for the Opinion on the Tender Offer” below, the Company resolved to state an opinion in support of the Tender Offer, as well as to recommend that the shareholders of the Company accept the Tender Offer.

The abovementioned resolution of the board of directors’ meeting was made by way of the procedures as stated in “(v) Unanimous Approval by all of the Non-Interested Directors of the Company and Opinion of

No Objection by all of the Corporate Auditors of the Company” of “(6) Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest” below.

- (2) Grounds and Reasons for Opinion on the Tender Offer
- (a) Overview of the Tender Offer

As of the date hereof, Mitsubishi Chemical holds 50,154,159 shares (Share Holding Ratio (Note 1): 51.49%) of the common stock of the Company that are listed on the First Section of the Tokyo Stock Exchange Inc. (“TSE”) (the relevant Company Shares held by Mitsubishi Chemical is hereinafter referred to as the “Shares Held by Mitsubishi Chemical”), and the Company is a consolidated subsidiary of Mitsubishi Chemical.

(Note 1) “Share Holding Ratio” means a holding ratio to the number of shares (i.e., 97,396,908 shares) obtained by deducting (i) the number of treasury shares held by the Company as of June 30, 2016 (i.e., 972,278 shares), as set forth in the First Quarterly Earnings Release for FY 2016 (IFRS) (Consolidated) disclosed by the Company on July 28, 2016 from (ii) the total issued shares of the Company as of June 30, 2016 (i.e., 98,369,186 shares), as set forth in the 134th Business Period First Quarterly Report filed by the Company as of August 4, 2016 (which percentage is rounded to the nearest hundredth).

The Tender Offerors determined to enter into a joint purchase agreement on August 5, 2016 (the “Joint Purchase Agreement”) and as a part of the series of the transactions for the purpose of the delisting of the Company (the “Transactions”), determined to jointly make the Tender Offer under the Joint Purchase Agreement. In particular, after the approval of the Transactions on August 4, 2016 by way of the resolution at the board of directors’ meeting of Mitsubishi Chemical and by way of the unanimous agreement by two (2) directors of Mitsubishi Chemical Europe, the Tender Offer was approved on August 5, 2016 at the management meeting (Note 2) of Mitsubishi Chemical Holdings Corporation (“MCHC”), which is the wholly owning parent company of the Tender Offerors.

(Note 2) The management meeting is held approximately twice a month and consists of the President executive officer, other executive officers and the Presidents of the major directly owned subsidiaries. The management meeting is an organ to support the decision making of the President executive officer and to discuss management related material matters (e.g., material business execution such as investment and loan, compliance, risk management, environment and safety, improvement of human rights and social contribution) of MCHC and the MCHC Group (both as defined in “(b) Background, Purpose and Determination Process for the Tender Offer, and Management Policy after the Tender Offer” below). The President executive officer makes decisions after the discussions held at the management meeting.

Since the Tender Offerors do not establish the maximum and minimum number of shares to be purchased in the Tender Offer, the Tender Offerors will purchase all of the shares that are tendered in the Tender Offer (the “Tendered Shares, Etc.”). In addition, the Tender Offerors assume that, through the Transactions, Mitsubishi Chemical will have 95% of the voting rights of the Company and Mitsubishi Chemical Europe will have 5% thereof. Mitsubishi Chemical Europe will purchase all of the Company Shares up to the number at which the voting rights ratio of Mitsubishi Chemical Europe reaches 5% (4,869,846 shares) and Mitsubishi Chemical will purchase all of the remaining Company Shares exceeding the 5% ratio described above.

The Tender Offerors plan to make the Company delisted through the Transactions and, if the Tender Offerors cannot acquire all of the Company Shares (excluding the Shares Held by Mitsubishi Chemical and the treasury shares held by the Company), a series of proceedings is planned to be taken after the completion of the Tender Offer so that the shareholders of the Company consist only of the Tender Offerors. For further details, please refer to “(5) Policy on Reorganization etc. after the Tender Offer (Matters Relating to the So-Called Two-Stage Takeover)” below.

(b) Background, Purpose and Determination Process for the Tender Offer, and Management Policy after the Tender Offer

Mitsubishi Chemical was formed in October 1994, as a result of a merger between Mitsubishi Kasei Corporation (incorporated in August 1934 and listed on the TSE in June 1950) and Mitsubishi Petrochemical Co., Ltd. (incorporated and listed on the TSE in April 1956). Subsequently, in October 2005, Mitsubishi Chemical executed a joint share transfer with its subsidiary Mitsubishi Pharma Corporation and at the same time a new company was incorporated to be Mitsubishi Chemical’s 100% parent company, MCHC, and, as a result, Mitsubishi Chemical was delisted. As of the date hereof, Mitsubishi Chemical is one of the six operating companies (i.e., Mitsubishi Chemical, Mitsubishi Tanabe Pharma Corporation, Mitsubishi Plastics, Inc. (“Mitsubishi Plastics”), Mitsubishi Rayon Co. Ltd. (“Mitsubishi Rayon”), Life Science Institute, Inc. and Taiyo Nippon Sanso Corporation) included among MCHC’s 581 subsidiaries (as of March 31, 2016) and 168 affiliates (as of March 31, 2016) (collectively, “MCHC Group”), and is a general chemical manufacturing company providing a broad range products and services with consolidated sales of approximately 1.7 trillion yen (FY 2015). Mitsubishi Chemical engages (x) in the information and electronics business, core products of which are recording materials (e.g., optical recording media), electronic related products (e.g., display materials and advanced cleaners for semiconductors) and information equipment (e.g., OPC and toner), and the performance chemical business, core products of which are food ingredients (e.g., emulsifier), battery materials (e.g., electrolyte for li-ion batteries and negative electrode material), fine chemical products (e.g., ion exchange resins) and inorganic chemical products (e.g., synthetic quartz powder), and (y) in the manufacturing and sales of products such as petrochemicals/chemical products (e.g., ethylene and propylene), carbon products (e.g., coke) and synthetic resin products (e.g., polyolefin, phenol polycarbonate chain) in the area of industrial materials.

Mitsubishi Chemical Europe, a European subsidiary of Mitsubishi Chemical, started as a Dusseldorf office of Mitsubishi Chemical (formerly Mitsubishi Chemical Industries Limited) in February 1961 and was incorporated as limited liability company in Germany in 1989. As of the date hereof, Mitsubishi Chemical Europe primarily engages in the import and sale of products of MCHC Group companies (including Mitsubishi Chemical). Mitsubishi Chemical Europe also provides administrative services including accounting and HR related services to MCHC Group companies in Dusseldorf, Germany, as well as engaging in the polycarbonate business (business concerning sales of materials of high performance plastics) and conducting market research in Europe. Mitsubishi Chemical Europe performs an important function for the overall MCHC Group in Europe.

In December 2015, MCHC, the parent company of Mitsubishi Chemical, launched a new medium-term management plan named “APTSIS 20” for the period from FY 2016 to FY 2020. The plan stated MCHC’s goal for 2020 that “by increasing profitability, pursuing innovation, and contributing to sustainability, MCHC will establish the foundation to become THE KAITEKI COMPANY being recognized on a truly global level”. The medium-term management plan sets out MCHC’s intention to enhance the profitability of its domestic and foreign businesses with a view to pursue synergies and optimize the capital relationship among the group companies by having the following items as its basic

policy:

- i) enhancement of sustainable growth and profitability through portfolio management;
- ii) improvement of profitability of overseas businesses;
- iii) making new energy businesses competitive sooner;
- iv) promotion of generating synergies in the MCHC group; and
- v) enhancement of competitiveness by the integration of three chemical operating companies.

With respect to the integration of three chemical operating companies, as a result of an analysis made by MCHC which started in July 2015, Mitsubishi Chemical, Mitsubishi Plastics and Mitsubishi Rayon, all consolidated subsidiaries of MCHC, are scheduled to merge on April 1, 2017. Mitsubishi Plastics engages in the high performance film, environment & life materials and the high performance molded products businesses in the area of performance products, with consolidated sales of 480 billion yen (FY 2015). Mitsubishi Rayon engages in the fibers, carbon fibers and aqua businesses in the area of performance products and in the chemical and plastics businesses (especially, MMA (methyl methacrylate) business) in the area of industrial materials, with consolidated sales of 550 billion yen (FY2015).

MCHC Group believes that, in order for the chemical businesses of Mitsubishi Chemical, Mitsubishi Plastics and Mitsubishi Rayon to survive in the market and make future development, it is necessary to accelerate business development and globalization with the use of the management resources, including human resources, technologies and information, to the maximum extent by reorganizing and integrating the business units, technology platforms, distribution channels and duplicate organs/functions of the three companies. With respect to the area of performance products, which is one of the business area of Mitsubishi Chemical as well as of the Company, in the new medium-term management plan (APTSIS 20), MCHC proposes as its policy to promote, on a global basis, expansion of the high performance and the high-value added products and solution businesses by accelerating growth through collaboration and integration.

The Company was incorporated in 1927 for the purpose of manufacturing synthetic acetic acid and was listed on the TSE in May 1949. As of the date hereof, the core businesses of the Company are the manufacturing, processing and sale of the products such as functional resin, functional films, IT and electronic products, adhesives, fine chemicals and acetyl chemicals. The core products include “OPL Film”, an optical film (Note 1), EVOH resin “Soarnol” (Note 2). Other products which are expected to develop as new core products of the Company include high functionality and high-value added such as “Hi-selon” (Note 3), specialty polymers (Note 6) such as adhesives “Coponyl” (Note 4) and UV curable resin “Shikoh” (Note 5), sodium acetate used for food additives and dialysis, BVOH resin “Nichigo G-Polymer” (Note 7). In particular, “OPL Film” and “Soarnol” have been acquiring firm worldwide market share (both have the second largest worldwide market share in their respective markets with “OPL Film” having worldwide share of approximately of 30% and “Soarnol” having worldwide share of approximately 40% (based on the estimates of the Company))and the Company recognizes itself as playing an important role as a core company within the performance product area and performance chemical segment of Mitsubishi Chemical group (a group of companies which consist of Mitsubishi Chemical, as the parent company, with 142 subsidiaries (as of March 31, 2016) and 40 affiliates (as of March 31, 2016, hereinafter the same) and the MCHC Group.

- (Note 1) “OPL Film” means PVOH (polyvinyl alcohol) film products used for liquid crystal display polarizers, hereinafter the same.
- (Note 2) “Soarnol” means ethylene-vinyl alcohol copolymer resin products used for food packing materials, petrol tanks and floor heating pipes, hereinafter the same
- (Note 3) “Hi-selon” means water soluble film made from PVOH (polyvinyl alcohol) used for packaging agricultural chemicals and medicines, sanitary materials, transfer printing on curved surface and base fabric for wigs and embroideries, hereinafter the same
- (Note 4) “Coponyl” means copolymer resin made from acrylic acid ester used for products such as label seals, tapes including double-sided tapes, form, protective films, hereinafter the same.
- (Note 5) “Shikoh” means UV curable resin, hereinafter the same.
- (Note 6) “specialty polymers” means a group of products including coatings and adhesives manufactured by the Company, hereinafter the same.
- (Note 7) “Nichigo G-Polymer” means butenediol vinylalcohol copolymer used for products such as gas barrier packaging materials, water-soluble binders for electronic materials, binders for medical materials and cosmetics, fibers and nonwoven fabric materials, emulsifier, and suspension agents, hereinafter the same.

Approximately 58% of the total sales of the Company in FY 2015 were generated in overseas markets. In its new medium-term management plan “NICHIGO 20”, the Company stated that “we aim to maintain a visible presence on the global market” and it recognized acceleration and enhancement of foreign expansion to be important issues. The Company aims to raise the share of overseas sales up to approximately 60% of its total sales by 2020. In Asia, where the Company expects to achieve the highest amount of growth, it expects to increase its sales ratio up to 29%; however it expects to have a sales ratio of 16% in Europe. In Europe, the Company expects to enhance the business development of its core product “Soarnol” and believes that there is the possibility of expanding the sales of “Hi-selon”, specialty PVOH and “Nichigo G-Polymer”, which are expected to become solid core products in the expansion of its business portfolio.

In 1963, Mitsubishi Chemical (formerly Mitsubishi Kasei Corporation) incorporated, jointly with the Company, Mizushima Gohsei Kagaku Kogyo Co., Ltd. (which subsequently merged with the Company in 1971 and is currently the operator of the Company’s Mizushima Plant). Mitsubishi Chemical also became a shareholder of the Company and formed a long term alliance with the Company. In September 2009, in order to enhance the alliance with the Company, Mitsubishi Chemical acquired additional Company Shares through on-market purchases and made the Company a consolidated subsidiary of Mitsubishi Chemical (with a holding ratio of 40.04% (rounding to the nearest hundredth) of the voting rights of the Company at that time). Moreover, in order to further enhance the alliance with the Company, Mitsubishi Chemical acquired additional Company Shares through on-market purchases and, as a result, the holding ratio of the voting rights exceeded a majority in February 2013, and by adding the Company Shares acquired through off-market purchase in August 2015, as of the date hereof, Mitsubishi Chemical owns 50,154,159 shares (with a holding ratio of 51.49%) of the Company.

In May 2011, the Company launched a medium-term management plan named “Double 15” with the

goal of achieving consolidated sales of 130 billion yen and an operating income of 20 billion yen in FY 2015 (under Japanese GAAP). The Company endeavored to achieve this goal with the following four basic strategies: i) aggressive expansion of its core businesses, ii) establishment of new core businesses and enhancement of new product development, iii) enhancement of competitiveness, and iv) further expansion of foreign development. Since the Company became a consolidated subsidiary of Mitsubishi Chemical in September 2009, Mitsubishi Chemical had been supporting the Company to enhance and develop their mutual relationship while taking due care in respect of the independence of the Company as a listed company and any conflicts of interest with the Company's minority shareholders, and, after the launch of the Company's "Double 15" medium-term management plan, Mitsubishi Chemical supported the Company's efforts to achieve "Double 15" including seconding officers to the Company. However, although the Company steadily took various measures in accordance with the basic policy and strategies under "Double 15", including implementation of large-sized capital investments, the Company only achieved consolidated sales of 104.6 billion yen and an operating income of 13.5 billion yen in FY 2015 (under Japanese GAAP) due to various reasons such as delays in the expansion of demand for high-value added area, delays to the application development and to the establishment of new core businesses and the enhancement of new product development, and delays to the expansion of foreign operations.

In November 2015, the Company launched a new medium-term management plan named "NICHIGO 20" which is intended to incorporate the remaining issues under the previous "Double 15" plan. Under the "NICHIGO 20" plan, the Company has been implementing the following three basic strategies for the purpose of achieving a consolidated sales of 140 billion yen and an operating income of 20 billion yen in FY 2020 and has a full-year estimate for FY 2016 with a consolidated sales of 104.6 billion yen and operating income of 13.5 billion yen (under Japanese GAAP):

- a. further expansion, selection and concentration of the existing businesses and enhancement of business portfolios by new product development through the "further expansion of core businesses", "establishment of new core businesses", "acceleration of new product development" and "expansion of the scope and scale of business with a possibility of business alliances and M&A";
- b. enhancement of corporate competitiveness with a medium- to long-term view through "reorganization of domestic plants", "expansion of businesses in Asian market", "globally stable procurement of basic raw materials" and "development of human resources"; and
- c. development of further social trust through "efforts for the environment and safety", "further enhancement of the quality assurance system", "continuation of compliance" and "efforts in CSR activities".

Although the sales of the Company's core product "OPL Film" is increasing due to the expansion of a liquid crystal display market, more active capital investment and R&D are needed in the current market environment where the market prices of liquid crystal displays are continuously decreasing, organic EL displays are expanding and the risk of new entry competitors is increasing. Thus, the Company is in need of large-size investment in order to succeed in an environment where the market environment and management environment differ greatly. In order for the Company to survive the competition by achieving "NICHIGO 20" and by reacting to such market environment and management environment in a flexible manner, Mitsubishi Chemical and MCHC believe that further enhancement of business foundation and improvement of profitability are urgent issues of the Company.

Under such environment, in order to solve the abovementioned issues of the Company and to improve its

corporate value from a medium- to long-term view, Mitsubishi Chemical, as a company participating in the merger to form a new chemical merged company, has reached a conclusion that it is important to strengthen the relationships between the Company and each company of the Mitsubishi Chemical group/MCHC Group and maximize each company's performance. In other words, Mitsubishi Chemical believes that, in order to strongly support the Company in solving its issues, which include the establishment of new core businesses and development of new products, it is important to mutually use, in an efficient manner, each of their information regarding technologies and customers for purposes such as joint development and joint marketing, and pursue cooperation not only with Mitsubishi Chemical but also with Mitsubishi Plastics and Mitsubishi Rayon in the business fields where there are certain business relationships. Mitsubishi Chemical also believes that, in order to aggressively and promptly take such measures, it is crucial to reorganize the capital structure of the Company to allow it to make prompt decisions. In order to take such measures in a situation where the Company's performance heavily depends on "OPL Film" and "Soarnol" and where the Company's performance could be affected strongly by the surrounding management environment, Mitsubishi Chemical reached the conclusion that it is desirable to make the Company its wholly owned subsidiary so that the Company will be able to expand its business in an active manner from a medium- to long-term view by using the overall group resources of MCHC without having the general shareholders of the Company incurring the risk of fluctuation in its performance due to causes such as future technological innovation and changes in the market environment.

Thus, in mid-August 2015, Mitsubishi Chemical contacted the Company and made a preliminary proposal that Mitsubishi Chemical and the Company start a discussion on the transaction in which the Company becomes a wholly owned subsidiary of Mitsubishi Chemical.

After the contact and proposal from Mitsubishi Chemical, Mitsubishi Chemical and the Company continued their discussions and analysis diligently. During the discussions and analysis, Mitsubishi Chemical decided that it is desirable, in order to enhance the competitiveness of the Company's overseas business, to further discuss and analyze the most appropriate acquisition structure to maximize the synergies to be generated from the affiliation with each company of Mitsubishi Chemical group/MCHC Group, including the possibility of a joint acquisition by Mitsubishi Chemical and a partner that would help expand the Company's business.

Considering the basic policies to increase the profitability of overseas businesses and to promote group collaboration and integration which are included in MCHC's medium-term management plan "APTISIS 20", Mitsubishi Chemical and the Company continued their discussions with the simple idea of improving the management issues of the Company by pursuing cooperation with the overall MCHC Group.

In Europe where the Company makes the highest overseas sales second to Asia, NIPPON GOHSEI UK Ltd. ("NIPPON GOHSEI UK") in UK manufactures and sells "Soarnol", a core product of the Company. NIPPON GOHSEI UK is an important base for the Company's business development in Europe. On the other hand, NIPPON GOHSEI Europe GmbH ("NIPPON GOHSEI Europe") in Dusseldorf, Germany, engages in sales and market research regarding the Company group's overall products in overall Europe. Although the Company intends to expand its business scope and scale with the possibility of business alliances and M&A in business areas other than "Soarnol", the European business of the abovementioned two foreign subsidiaries is still highly dependent on "Soarnol". Considering such situation, Mitsubishi Chemical believes that the enhancement of the Company's business in Europe is an important key factor to increasing the Company's corporate value. Thus, Mitsubishi Chemical decided

to fundamentally solve the following business issues and pursue synergies by enhancing the alliance between Mitsubishi Chemical Europe and the Company and by actively participating in the Company's business in Europe in the following ways:

- i) further enhance the competitiveness of the "Soarnol" business;
- ii) expand sales and enhance marketing of "Hi-selon", "Nichigo G-Polymer", "Coponyl", "Shikoh" and specialty PVOH (polyvinyl alcohol); and
- iii) pursue efficient business operations in Europe.

Mitsubishi Chemical decided that, after taking the past business relationships between the Company and NIPPON GOHSEI UK/NIPPON GOHSEI Europe into consideration, the establishment of a relationship to allow Mitsubishi Europe to be involved, as a shareholder, in the management of the Company by Mitsubishi Chemical Europe becoming a shareholder of the Company (a relationship which results in more involvement of Mitsubishi Chemical Europe than that of being a mere brother company (Note 8) of NIPPON GOHSEI UK and NIPON GOHSEI Europe in Europe) would contribute to the realization of the synergies in Europe and the increase of the Company's corporate value. Accordingly, in December 2015, Mitsubishi Chemical made a proposal (the "Proposal") that the Company discuss with Mitsubishi Chemical on the possibility of a joint acquisition of the Company by Mitsubishi Chemical and Mitsubishi Chemical Europe.

(Note 8) NIPPON GOHSEI UK and NIPPON GOHSEI Europe are both subsidiaries of the Company and the Company is a subsidiary of Mitsubishi Chemical. Because NIPPON GOHSEI UK and NIPPON GOHSEI Europe are second-generation subsidiaries of Mitsubishi Chemical and Mitsubishi Chemical Europe is a subsidiary of Mitsubishi Chemical, the three companies are substantially in brother company relationships.

The process of the discussion and analysis on the joint acquisition of the Company by the Tender Offerors took place as follows: Mitsubishi Chemical made contact with the Company; the Company had an internal discussion on the Proposal and made a response that the Company was willing to proceed with doing the analysis from their standpoint; and, in February 2016, Mitsubishi Chemical proposed that Mitsubishi Chemical Europe participate in the joint acquisition. Mitsubishi Chemical Europe accepted such proposal and started formal discussions and analysis on the joint acquisition.

Subsequently, from mid-April 2016, the Tender Offerors, with the Company's approval, conducted due diligence on the Company (which completed in early June 2016) and continued discussions with the Company on matters such as the schedules and detailed structures to implement the Proposal. In late June 2016, the Tender Offerors again made a proposal to the Company regarding the Transactions and discussed and negotiated on the Tender Offer Price. From early July 2016, as stated in "(iii). Establishment of the Third-Party Committee by the Company" of "(6) Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest" below, an independent committee was established by the Company and the Tender Offerors explained to the independent committee a number of relevant matters including the purpose of the Transactions and the management policy after the Transactions.

While having the abovementioned discussions and negotiations, the Company and the Tender Offerors, after mutually confirming the purpose, meaning and basic policy of the Transactions, continued

discussions on the increase of future corporate value in order to pursue synergies which would contribute to the expansion and growth of the businesses of the overall MCHC Group (including the Company and the Tender Offerors). As a result, the Company and the Tender Offerors reached a decision that the following synergies are expected to be generated from the Transactions and the Transactions will contribute to the increase of the corporate value of the MCHC Group overall, including the Company and the Tender Offerors:

- i) Synergies expected to be generated with respect to the Company and the MCHC/Mitsubishi Chemical
 - a. increase in sales of the Company and the MCHC Group due to joint development and sales promotion of new products with each company of the MCHC Group regarding the Company products (e.g., high gas barrier resin);
 - b. increase in sales of the Company and the MCHC Group due to application development and sales promotion by the MCHC Group using the materials and components of the Company products (e.g., “Nichigo G-Polymer” and “Soarnol”);
 - c. steadying of any increase or decrease in the Company’s costs by conducting outsourcing to Mitsubishi Chemical group and wide utilization of employees of Mitsubishi Chemical group; and
 - d. decrease in costs of the MCHC Group by sharing infrastructure facilities.
- ii) Synergies expected to be generated with respect to the Company and Mitsubishi Chemical Europe
 - a. new sales promotion of the Company’s priority strategic products including “Hi-selon”, “Nichigo G-Polymer”, “Copoly”, “Shikoh” and specialty PVOH (polyvinyl alcohol);
 - b. analysis and implementation of inexpensive purchasing of vinyl acetate monomer (VAM) (decrease in material costs); and
 - c. making the management of the Company and Mitsubishi Chemical Europe more efficient by enhancing the alliance including exchange of information in Europe and outsourcing of services.
- iii) Synergies expected to be generated primarily with respect to the Company
 - a. increase in the sales of the Company due to changing the suppliers of the materials and components used to manufacture the MCHC Group products from the existing suppliers to the Company; and
 - b. decrease in the purchasing costs for the materials and components that the Company procures in Japan by using the purchasing powers of Mitsubishi Chemical.

After the discussions and analysis mentioned above, each of the Tender Offerors have individually determined that the implementation of the Transactions would be economically rational. As of August 5, 2016, the Tender Offerors entered into the Joint Purchase Agreement and decided to jointly launch the Tender Offer as part of the Transactions. On August 4, 2016, Mitsubishi Chemical’s board of directors approved the Transactions, both of the two directors of Mitsubishi Chemical Europe unanimously approved the Transactions, and, on August 5, 2016, the management meeting of the MCHC, the Tender Offerors wholly owning parent company, approved the Transactions.

With respect to the management policy after the Transactions, the Tender Offerors intend to continue its management which will contribute to further increase the corporate value of the Company and other group companies of the Tender Offerors and intend to strengthen the Company's business by having management which will fully utilize the character of the Company's business and the Company's strengths. In addition, in order to achieve the abovementioned synergies after the Transactions, the Tender Offerors intend to further enhance the alliance between the Company and each company of the Mitsubishi Chemical group/MCHC Group, strengthen the business foundation and profitability of the Company, and further strengthen the competitiveness of the Company's overseas business by enhancing the alliance between Mitsubishi Chemical Europe and the Company. The MCHC Group, to which the Tender Offerors belong, has a vision that by contributing to resolving social issues, the MCHC Group intends to build a sustainable society together with stakeholders toward the realization of KAITEKI. MCHC respects all of its stakeholders that support its corporate activities including customers, shareholders/investors, communities, employees and business partners, and, with respect to the management of the Company after the Transactions, MCHC will endeavor to implement the sustainable increase in corporate value of the overall MCHC Group, including the Company, with due care so as not to unfairly disadvantage its stakeholders.

As of the date hereof, out of the eight directors and four statutory auditors of the Company, one director concurrently works for Mitsubishi Chemical as a director and employee, and three directors and one statutory auditor are originally from Mitsubishi Chemical. The Tender Offerors plan to build an appropriate organization, including the members of its board, that is capable of achieving the potential future business synergies between the Company and the Tender Offerors.

(c) Process that Company decided to Support and Recommend Shareholders to Accept the Tender Offer, and Reasons therefor

Since December 2015 when the Company received the Proposal (including the Tender Offer proposal) from the Tender Offerors, the Company has been receiving advice from its financial advisor, Mizuho Securities Co., Ltd. ("Mizuho Securities"), a third party organization independent from the Company, and Nishimura & Asahi, legal counsel independent from the Company, analyzing and discussing on how to react to the proposal of the Transactions and on the prospects of continuous growth and medium- to long term increase in its corporate value that could result from the synergies to be generated among the Company and the Tender Offerors. As a result, the Company has come to the conclusion that enhancement of the competitiveness in the Europe area in alliance with Mitsubishi Chemical Europe, increase in operational efficiency, and sales/marketing expansion and enhancement, in addition to achievement of the Company's medium-term management plan "NICHIGO 20", will be achieved by further tightening the alliance with the Tender Offerors and implementation of various policy. Additionally, in response to the request by the Tender Offerors for discussions and negotiations regarding the Tender Offer Price and other terms and conditions, the Company held several instances of discussion and negotiation with the Tender Offerors equivalent to a discussion and negotiation under an arm's length transaction.

Based on the above-mentioned reviews and negotiations, the Company's board of directors has come to a conclusion that, by making Mitsubishi Chemical become a wholly owning parent company of the Company by way of the Transaction (including an indirect holding), and making Mitsubishi Chemical Europe become a shareholder with holding of 5% of the Company, they has concluded that the corporate value of the Company will be enhanced by way of the Transaction including the Tender Offer, whereby

they are able to improve the competitiveness in expanding their overseas business and fully make use of the benefits resulting from pursuit of synergy through the alliance with each company of the Mitsubishi Chemical Group and MCHC Group. Further, in light of the following fact that the Tender Offer Price: (i), according to the valuation results of the share value of the Company Share provided by Mizuho Securities set forth in “(3) Matters regarding Valuation” below, exceeds the upper limit of the valuation results under a market average price method and is also within the ranges of the valuation results under the DCF Method; (ii) is considered to be within reasonable bounds with the following premiums in comparison with the past similar transactions (i.e., a transaction in which a parent company intended to make its subsidiary a wholly owned subsidiary): a) 50.17% premium (rounded to the second decimal place; the same shall apply hereinafter in the calculation of the premium ratio) to the regular transaction closing price of the Company Shares on the TSE on August 4, 2016 (606 yen), which is the business day immediately preceding the announcement date of the Tender Offer by the Tender Offerors; b) 59.37 % premium to the simple average of the closing prices for the last one (1)- month period (571 yen); c) 52.43 % premium to the simple average of the regular transaction closing prices for the last three (3) month period (597 yen); and (d) 42.63 % premium to the simple average of the regular transaction closing prices for the last six (6) month period (638 yen), respectively.; (iii) is recognized to take into consideration the benefit to the minority shareholders, such as measures taken in order to ensure the fairness of the Tender Offer Price set forth in “(6) Measures to ensure the fairness of the Tender Offer such as to ensure the fairness of the Tender Offer Price and to avoid conflict of interest”; and (iv) is a price determined upon several instances of discussion and negotiation between the Company and the Tender Offerors equivalent to a discussion and negotiation under an arm’s length transaction after taking measures to ensure the fairness of the Tender Offer Price, the board of directors of the Company determined that the Tender Offer would provide the shareholders of the Company with a reasonable opportunity to sell their shares.

Accordingly, at the board of directors’ meeting of the Company held on the date hereof, the board of directors, exclusive of Mr. Masayuki Waga, a director of the Company, unanimously represented their approval for the Tender Offer and resolved to recommend that the shareholders of the Company tender their shares in the Tender Offer.

Mr. Masayuki Waga, a director of the Company, is concurrently taking the office of a director of Mitsubishi Chemical and, accordingly, due to the potential of any conflict of interest with the Company in respect of the Transaction, he, as a person with special interests, did not attend any of the deliberations and resolutions for the agenda concerning the Transaction including the Tender Offer at the above-mentioned board of directors’ meetings of the Company.

In addition, all of the corporate auditors of the Company, including the outside corporate auditors attended the above-mentioned board of directors’ meeting and stated no objection to the resolution of (i) representation of the support for the Tender offer by the board of directors of the Company and (ii) recommendation that the shareholders of the Company to accept the Tender Offer.

(3) Matters regarding Valuation

In order to ensure the fairness of the decision-making process for the Tender Offer Price presented by the Tender Offerors, the Company requested Mizuho Securities, a third-party valuation institution independent from the Company and the Tender Offerors, to conduct a valuation of the Company Shares, and received the share valuation report stating the analysis results thereof (the “Company’s Share Valuation Report”) from Mizuho Securities on August 4, 2016. Mizuho Securities is not an affiliated party of the Company and the Tender Offerors and does not have any material interest in the Tender

Offer. The Company has not obtained any opinion on the fairness of the Tender Offer Price (a fairness opinion) from Mizuho Securities.

Mizuho Securities conducted the valuation of the Company Shares by using the average market price method and the DCF Method respectively. The ranges of the per share values of the Company Shares, as calculated under each of the abovementioned methods, are as follows:

Average market price method: 571 yen - 638 yen
 DCF Method: 780 yen - 953 yen

In the average market price method, the base date was set as of August 4, 2016, on which the Company's Share Valuation Report was completed, and the price range of per share value of the Company Shares was calculated to be 571 yen to 638 yen based upon the closing price of the Company Shares on the TSE on the base date (606 yen), as well as the simple average closing prices for one (1) month, three (3) months and six (6) months immediately prior to the base date (571 yen, 597 yen and 638 yen, respectively).

In the DCF Method, the base date was set as of the end of March, 2016, and the price range of per share value of the Company Shares was calculated to be 780 yen to 953 yen, by calculating the corporate value and share value by discounting the free cash flows that the Company is expected to generate in the future to the present value by using a certain discount rate based on the profit projections of the Company formulated for the three (3) fiscal years from the fiscal year ending March 31, 2017 to the fiscal year ending March 31, 2019. For the discount rate under the said analysis, 6.50% to 7.00% was applied, and in calculating the going concern values, the permanent growth rate method was used and the perpetual growth rate was set at -0.25% to 0.25%.

The consolidated financial projections (Japan GAAP) on the basis of the Company's business plan, based on which Mizuho Securities conducted the valuation under the DCF Method, are as follows. A substantial increase or decrease in profits is not forecasted in the business plan based on which the financial projection is made. In addition, the following financial projections are made without taking into consideration the synergetic effect that is expected to be realized through the implementation of the Transactions due to the difficulty of making a specific estimate at this moment.

(Unit: millions of yen)

	Fiscal Year Ending March 2017	Fiscal Year Ending March 2018	Fiscal Year Ending March 2019
Sales amount	104,000	114,866	119,721
Operating income	12,900	13,097	13,836
EBITDA	22,700	25,709	28,124
FCFFree cash flow	5,870	121	1,920

In providing the Company's Share Valuation Report, Mizuho Securities used, among other things, the information provided by the Company and other publicly available information based upon the premise that all of such information and materials were accurate and complete, and, therefore, did not, individually, verify the accuracy and completeness of the information and materials. Additionally, with respect to the Company's financial projections, Mizuho Securities conducted its analysis upon the premise that such financial projections were reasonably prepared by the management of the Company based on the most appropriate projections and decisions that could be obtained at that time, and, with the Company's consent, certain amendments and revisions were made thereon considering the financial and

economic situation as of the date of the Company's Share Valuation Report. The Company's Share Valuation Report has been prepared based on the financial, economic and market situation that exists and is assessable as of the date of the Company's Share Valuation Report and relies on the information that Mizuho Securities obtained as of the said date. Accordingly, if any change or effect occurs in the facts on and after the date of the Company's Share Valuation Report, based on which the Company's Share Valuation Report was reviewed or assessed, it is possible that the valuation results of the Company's Share Valuation Report will be affected by such change or effect. However, in such situation, Mizuho Securities is not responsible to amend, revise, supplement or reconfirm the substance of the Company's Share Valuation Report.

(4) Possibility of and Reasons for Delisting

The Company Shares are presently listed on the First Section of the TSE, but the Tender Offerors have not set the maximum number of shares to be purchased through Tender Offer. Accordingly, depending on the results of the Tender Offer, the Company Shares may be delisted after the prescribed procedures are completed, in accordance with the TSE listing rules. Even if the requirements of the delisting rules are not met by the completion of the Tender Offer, the Tender Offerors plan to proceed to acquire all of the Company Shares (excluding the shares owned by the Tender Offerors and the treasury shares owned by the Company) in the manner outlined in "(5) Policy on Reorganization etc. after the Tender Offer (Matters Relating to the So-Called Two-Stage Takeover)" below. In such case, the Company Shares will be delisted in accordance with the Tokyo Stock Exchange listing rules. The Company Shares cannot be traded at the First Section of the TSE if they are delisted.

(5) Policy on Reorganization etc. after the Tender Offer (Matters Relating to the So-Called Two-Stage Takeover

The Tender Offerors will make the Tender Offer with the ultimate goal of purchasing all of the Company Shares (excluding shares owned by Mitsubishi Chemical and treasury shares owned by the Company). In the event that all of the Company Shares are not purchased in the Tender Offer, the Tender Offerors plan to undertake a set of procedures for the Tender Offerors to become the only shareholders of the Company by means of the following measures:

Provided that upon completion of the Tender Offer the total number of voting rights of the Company owned by the Tender Offerors amounts to 90% or more of the voting rights of all shareholders of the Company, and Mitsubishi Chemical becomes a special controlling shareholder as set forth in Article 179, Paragraph 1 of the Companies Act (Act No. 86 of 2005, as amended, the "Companies Act"), the Tender Offerors plan to demand that all shareholders of the Company (excluding the Company and the Tender Offerors) sell all of their Company Shares in accordance with the provisions of Part II, Chapter II, Section 4-2 of the Companies Act promptly after the completion of the settlement of the Tender Offer ("Demand for Sale of Shares").

When exercising the Demand for Sale of Shares, the Tender Offerors will set a cash amount equal to the Tender Offer Price to be paid to the shareholders of the Company (excluding the Company and the Tender Offerors) as per-share consideration for the Company Shares. At the same time, Mitsubishi Chemical will notify the Company such intention and ask the Company to approve the Demand for Sale of Shares. Provided the Company approves the Demand for Sale of Shares through a board of directors' resolution, Mitsubishi Chemical will purchase all of the Company Shares owned by all shareholders of the Company (excluding the Company and the Tender Offerors) by following procedures set forth in the relevant laws and regulations, without obtaining the consent of individual shareholders of the Company, as of the date specified in the Demand for Sale of Shares. Mitsubishi Chemical then will pay cash to the

shareholders in an amount equal to the Tender Offer Price as per-share consideration for the number of Company Shares they own. In the event that the Company receives notification from the Tender Offerors concerning the matters prescribed in each Item of Paragraph 1 of Article 179-2 of the Companies Act, with the intention to Demand for Sale of Shares, the board of directors of the Company plans to approve such Demand for Sale of Shares.

The Companies Act has a provision which intends to protect the rights of minority shareholders relating to the Demand for Sale of Shares and Article 179-8 of the Companies Act and other relevant laws and regulations provide that the shareholders of the Company who do not tender their shares in the Tender Offer may file a motion with the court to determine the sale/purchase price of the shares of the Company they own. In case this motion is filed, the sale/purchase price will be ultimately ruled by the court.

On the other hand, if the total number of voting rights of the Company owned by the Tender Offerors is less than 90% of the voting rights of all shareholders of the Company after the Tender Offer is completed, the Tender Offerors intend to request promptly after completing the settlement of the Tender Offer that the Company hold an extraordinary meeting of shareholders (“Extraordinary Shareholders’ Meeting”) at which the Company will present proposals to approve the consolidation of the Company Shares (the “Share Consolidation”) and, subject to the Share Consolidation becoming effective, abolish the article in the Articles of Incorporation concerning the number of shares per share unit, and the Tender Offerors will vote in favor of these proposals at the Extraordinary Shareholders’ Meeting. Even if the number of voting rights owned by the Tender Offerors following the Tender Offer does not reach two-thirds of the total voting rights of the Company, the Tender Offerors, in principle, plan to make such request and execute the Share Consolidation without acquiring any additional shares of the Company from the shareholders of the Company (excluding the Tender Offerors). However, if doing so would fall under a care where it is reasonably recognized to be a breach of fiduciary duty by the directors of the Company such as a case where the number of tenders made by shareholders is extremely few and there is a high possibility of negatively affecting the interests of minority shareholders, the Tender Offerors might not make such request to the Company.

In the event that the proposed Share Consolidation is approved at the Extraordinary Shareholders’ Meeting, the shareholders of the Company will own a proportionate number of the Company Shares in accordance with the Share Consolidation ratio approved by the Extraordinary Shareholders’ Meeting. The shareholders of the Company will be paid for the fractional shares that they will be allocated as a result of the Share Consolidation, if any, with the cash to be paid for the sale of the Company Shares in a number equivalent to the total number of such fractional shares (any fractions of the total number will be rounded down; the same applies hereinafter.) to the Company or the Tender Offerors, in accordance with the procedure prescribed in Article 235 of the Companies Act and other relevant laws and regulations. With regard to the sale price of the Company Shares for a number equivalent to the total number of such fractional shares, the Tender Offerors plan to request that the Company file a motion with the court to permit a voluntary sale, after calculating the amount to be paid to the shareholders of the Company who do not tender their shares in the Tender Offer (excluding the Company and the Tender Offerors) by multiplying the Tender Offer Price by the number of the Company Shares they own respectively.

While the consolidation ratio of the Share Consolidation has not yet been determined as of the date hereof, the Tender Offerors will determine the number of the Company Shares to be owned by the shareholders who do not tender their shares in Tender Offer (excluding the Company and the Tender Offerors) to be less than one share so that only the Tender Offerors will own the Company Shares (excluding the treasury shares owned by the Company) after the Share Consolidation. If the proposed

Share Consolidation is rejected at the Extraordinary Shareholders' Meeting, the Share Consolidation will not be executed.

If the Share Consolidation is to be executed and if there turn out to be shareholders of the Company who own the same or more number of the Company Shares as Mitsubishi Chemical Europe does following the Tender Offer, the Tender Offerors may not be able to become the sole shareholders of the Company even after the completion of the Share Consolidation under such circumstances. In such case, the Tender Offerors will take measures to ensure they become the sole shareholders of the Company following the Share Consolidation, such as the transfer of the Company Shares between Mitsubishi Chemical and Mitsubishi Chemical Europe prior to the Share Consolidation. In addition, although the Tender Offerors assume that the Transactions will result in the ratio of voting rights of the Company owned by Mitsubishi Chemical and Mitsubishi Chemical Europe being 95% and 5%, respectively, if the Tender Offerors choose to execute the Share Consolidation, such 95:5 holding ratio of Mitsubishi Chemical and Mitsubishi Chemical Europe may not be achieved depending on the number of the shares of the Company owned by the Tender Offerors and the other shareholders after the Tender Offer. In such case, the Tender Offerors intend to calculate the consolidation ratio of the Share Consolidation to make the resulting ratio of voting rights of each Tender Offeror be approximately the same as the ratio originally planned.

The Companies Act has a provision to protect the rights of minority shareholders relating to the Share Consolidation. In the event of the Share Consolidation, if there are any fractional shares resulting from the Share Consolidation, the shareholders of the Company may demand that the Company purchase of all of their fractional shares at fair prices and may file a motion with the court to determine the fair price of the Company Shares, in accordance with Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations. As stated above, the numbers of the Company Shares to be allocated to the shareholders of the Company who do not tender their shares in the Tender Offer (excluding the Company and the Tender Offerors) are intended to become fractions as a result of the Share Consolidation, and, thus, the shareholders of the Company who oppose to the Share Consolidation will be able to file a motion to determine the price under Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations. If this motion is filed, the purchase price will be ultimately ruled by the court.

Depending on the relevant matters such as the revisions of the relevant laws and regulations and their interpretation by the authorities, and the ownership ratio of shares by the Tender Offerors and the status of ownership of the Company Shares by the other shareholders of the Company after the Tender Offer, the above procedures may require a longer time or may be replaced with other measures having equivalent effects.

However, even in such cases, the Tender Offerors intend to take a measure to eventually pay cash to shareholders of the Company who do not tender their shares in Tender Offer (excluding the Company and the Tender Offerors). The amount of cash to be paid to the respective shareholders in that event is planned to be equal to an amount calculated by multiplying the Tender Offer Price by the number of the Company Shares each shareholder owns. Specific procedures and the schedule thereof in such cases will be announced by the Company as soon as they have been determined.

Please note that the Tender Offer is not intended to persuade the shareholders of the Company to agree to the proposals in the Extraordinary Shareholders' Meeting. In addition, regarding the treatment of the Tender Offer or any of the above procedures under tax rules, please consult with your tax experts if as

necessary.

(6) Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest

In consideration that the Company is a consolidated subsidiary of Mitsubishi Chemical as of the date hereof and structural conflicts of interests may occur to the Company in course of examination regarding the Transactions, the Company and the Tender Offerors have implemented the following measures respectively in order to ensure the fairness of the Tender Offer (In addition, the following descriptions of measures, etc. taken by the Tender Offerors are based on explanations received from the Tender Offerors).

In addition, the Tender Offerors reached the conclusion that, although the Tender Offerors do not establish the minimum of the number of shares to be purchased of so-called “Majority of Minority” in the Tender Offer, since the Company and the Tender Offerors implement the measures (i) through (vi) below, the interests of the minority shareholders of the Company can be reasonably considered.

(i) Procurement by the Mitsubishi Chemical of a Share Valuation Report from an Independent Third-Party Valuation Institution

In determining the Tender Offer Price, Mitsubishi Chemical requested Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (“Mitsubishi UFJ Morgan Stanley Securities”), acting in the capacity of a third-party valuation institution independent from both the Company and the Tender Offerors, to conduct financial analysis of the Company’s stock value. Mitsubishi UFJ Morgan Stanley Securities is not an affiliated party of the Company and the Tender Offerors and does not have a material interest in respect of the Tender Offer.

Mitsubishi UFJ Morgan Stanley Securities conducted a valuation of the Company Shares by using the market price analysis, the comparable company analysis, and the discounted cash flow analysis respectively (the “DCF Analysis”), and Mitsubishi Chemical obtained a share valuation report (the “Mitsubishi UFJ Morgan Stanley Securities’ Share Valuation Report”) from Mitsubishi UFJ Morgan Stanley Securities on August 3, 2016. Mitsubishi Chemical has not obtained any opinion on the fairness of the Tender Offer Price (a fairness opinion).

The ranges of the per share values of the Company Shares, as calculated under each of the abovementioned analysis, are as follows:

Market price analysis:	567 yen - 639 yen
Comparable company analysis:	815 yen – 1,163 yen
DCF Analysis:	718 yen – 1,185 yen

In the market price analysis, the base date was established as August 3, 2016, and the price range of per share value of the Company Shares was analyzed to be 567 yen to 639 yen based upon the regular transaction closing price of the Company Shares on the TSE on the base date (596 yen), as well as the simple average of the regular transaction closing prices (the amount less than one yen has been rounded to the nearest one yen; the same shall apply hereinafter in the calculation of simple average closing prices) for; the last one (1) month (from July 4, 2016 through August 3, 2016) (567 yen); the last three (3) months (from May 6, 2016 through August 3, 2016) (596 yen); and the last six (6) months (from February 4, 2016 through August 3, 2016) (639 yen).

The comparable company analysis resulted in a per share value of the Company Shares ranging from 815 yen to 1,163 yen by evaluating the equity value of the Company through a comparison with financial indexes indicating, among other data, share prices and profitability of listed companies operating a relatively similar business to that of the Company.

In the DCF Analysis, the price range of per share value of the Company Shares was analyzed to be 718 yen to 1,185 yen, by evaluating the corporate value and share value by discounting the free cash flows that the Company is expected to generate after the fiscal year ending March 2020 by using a certain discount rate based on the earnings forecast in and after the fiscal year ending March 2017 (taking into consideration various factors including business plans for the period of the fiscal year ending March 2017 to the fiscal year ending March 2019 of the Company, up-to-date trends of the Company's business performance, publicly available information and the effects which could occur by the implementation of the Transactions) (Note).

(Note) In valuation of the Company Shares, Mitsubishi UFJ Morgan Stanley Securities, as a general rule, used information furnished by Mitsubishi Chemical and the Company and publicly available information or other materials as is, without any amendment thereto, based on the assumption that all such information is accurate and complete, and, therefore, did not, individually, verify the accuracy and completeness of the information and materials. Additionally, Mitsubishi UFJ Morgan Stanley Securities did not conduct independent valuation and assessment of the assets and liabilities of the Company and the Company's affiliated companies (including off-balance-sheet assets and liabilities or other contingent liability) or request a third party institution to conduct any appraisal or assessment thereof. Furthermore, Mitsubishi UFJ Morgan Stanley Securities assumed that the information regarding the Company's financial projections was reasonably prepared based on the best estimates and judgment available from the Company and Mitsubishi Chemical at the time. The valuation provided by Mitsubishi UFJ Morgan Stanley Securities reflects the abovementioned information as of August 3, 2016.

Based on the statement and analysis results in the Mitsubishi UFJ Morgan Stanley Securities' Share Valuation Report obtained from Mitsubishi UFJ Morgan Stanley Securities, through the exchange of views with Mitsubishi Chemical Europe, Mitsubishi Chemical made a comprehensive review of, among other factors, whether the proposal of the Tender Offer will possibly be approved at a board of directors' meeting of the Company, the results of the due diligence conducted with respect to the Company, and the price performance trend of the Company Shares within last 6 months, and, considering the results of the consultations and negotiations with the Company, concluded that the Tender Offer Price was finally determined to be 910 yen per share at the board of directors' meeting held on August 4, 2016.

Mitsubishi Chemical Europe, based on the views of Mitsubishi Chemical, which has obtained the Mitsubishi UFJ Morgan Stanley Securities' Share Valuation Report, made a comprehensive review of, among other factors, whether the proposal of the Tender Offer will possibly be approved at a board of directors' meeting of the Company, the results of the due diligence conducted with respect to the Company, and the price performance trend of the Company Shares within last 6 months, and, considering the results of the consultations and negotiations with the Company, concluded that the Tender Offer Price was finally and unanimously determined to be 910 yen per share by two (2) directors on August 4, 2016.

The Tender Offer Price of 910 yen per share is the price that can be obtained by adding (1) 50.17% premium to the regular transaction closing price of the Company Shares on the TSE on August 4, 2016 (606 yen), which is the business day immediately preceding the announcement date of the Tender Offer by the Tender Offerors; (2) 59.37 % premium to the simple average of the regular transaction closing prices for the last one (1) month period (from July 5, 2016 to August 4, 2016) (571 yen); (3) 52.43 % premium to the simple average of the regular transaction closing prices for the last three (3) month period (from May 6, 2016 to August 4, 2016) (597 yen); and (4) 42.63 % premium to the simple average of the regular transaction closing prices for the last six (6) month period (from February 5, 2016 to August 4, 2016) (638 yen), respectively.

(ii) Procurement by the Company of a Share Valuation Report from an Independent Third-Party Valuation Institution

In order to ensure the fairness of the decision-making process for the Tender Offer Price presented by the Tender Offerors, the Company received the Company's Share Valuation Report from Mizuho Securities, a third-party valuation institution independent from the Company and the Tender Offerors. For the outline of the Company's Share Valuation Report, please refer to "(3) Matters regarding Valuation" above.

(iii) Establishment of a Third-Party Committee by the Company

In order to eliminate arbitrariness from the decision making in relation to the Tender Offer and to secure fairness, transparency and objectivity in the Company's decision-making process, the Company, as of July 1, 2016, established a third-party committee consisting of committee members that are independent from the board of directors of the Company and the Tender Offerors, i.e., Mr. Hitoshi Kumagai, outside corporate director of the Company, who is registered as an independent officer as stipulated in the regulations of the TSE (a certified public accountant, licensed tax accountant and representative director of Trustees FAS Kabushiki Kaisha), Mr. Takayoshi Yoshino, outside corporate auditor of the Company who is registered as an independent officer as stipulated in the regulations of the TSE (an attorney at law), and Mr. Kimi Koinuma (an attorney at law, Partner of Asahi Law Office) (the members of the third-party committee have not been replaced from the establishment of the third-party committee), and the Company consulted with the third-party committee on the consideration of following matters (a) and b) are collectively referred to as the "Consulted Matters") and entrusted them to prepare their written report in response to each of the Consulted Matters and submit such written report to the board of directors of the Company; (x) the legitimacy and rationality of the purpose of the Transactions, considering whether or not the Transactions will contribute to the enhancement of the Company's corporate value; (y) the fairness and appropriateness of the terms and conditions of the Transactions (including the Tender Offer Price and the consideration for the secondary acquisition to be conducted subsequent to the Tender Offer); and (z) from the view point of the fairness of the procedures of the Transactions including the Tender Offer ((x) through (z) are collectively referred to as the "Assumptions relating to the Consulted Matters"), a) the opinion regarding whether or not the Transactions including the Tender Offer would be disadvantageous to the minority shareholders of the Company, and b) the propriety that the Company's board of directors will state an opinion in support of the Tender Offer, and will recommend that the Company's shareholders should accept the Tender Offer.

During the period from July 5, 2016 to August 5, 2016, the third-party committee met a total of five times and carefully examined the Assumptions related to the Consulted Matters and the Consulted Matters. In particular, the third-party committee received explanations from the Company's financial

advisor, Mizuho Securities, on the terms of the Tender Offer included in the Transactions, the contents of the two-stage takeovers and other details of the Transactions, and the nature of the negotiation of the Tender Offer Price that took place between the Tender Offerors and the Company. The third-party committee sent questionnaires to the Company twice and held Q&A sessions, and received further explanation from the Company on matters such as the Company's business plan/ business environment and the impact that the Transactions could have on the Company's business. In addition, the third-party committee also sent questionnaires to Mitsubishi Chemical three times and held Q&A sessions, and received further explanation from Mitsubishi Chemical and its financial advisor, Mitsubishi UFJ Morgan Stanley Securities, on matters such as the status and business environment of the Tender Offerors, the purpose and background of the Transactions, the management policy after the Transactions, the terms of the Tender Offer concerning the Proposal (including the Tender Offer Price) and existence of any concerns regarding the structure of the Transactions. Further, the third-party committee held Q&A sessions and received explanations from i) Mizuho Securities, a third-party valuation institution, on the result of Mizuho Securities' valuation of the Company Shares and Mizuho Securities' opinion as a third-party valuation institution on the Tender Offer Price, and ii) Nishimura & Asahi on matters such as the decision making process of the Company's board of directors regarding the Tender Offer.

The third-party committee has, as a result of careful examination and discussion on the Assumptions relating to the Consulted Matters and the Consulted Matters, after taking the abovementioned examinations and discussions into consideration, reached a decision as follows: i) the Transactions would contribute to the increase of the Company's corporate value and the purpose of the Transactions is legitimate and reasonable, because no specifically unreasonable issues have been found in the background of the Tender Offer or the process of the Tender Offerors deciding to initiate the Tender Offer jointly; there is good reason to believe that the enhancement of the alliance between the Company and each company of the MCHC Group, and active capital investment and R&D under a mid-to long term plan as a wholly owned subsidiary of the MCHG Group, would contribute to the increase of the Company's corporate value; and, as to the synergies expected to be generated from the Transactions, no specifically unreasonable issues have been found; ii) the terms of the Transactions (including the Tender Offer Price and the price to be paid in the second stage acquisition) are fair and reasonable because (a) when comparing Mizuho Securities' valuation range of the Company Shares in respect of premiums included in the Tender Offer Price against the regular transaction closing price of the Company Shares on the TSE on the date immediately before the third-party committee report was submitted (606 yen), as well as against the simple average of the regular transaction closing prices for: the last one (1) month (571 yen); the last three (3) months (597 yen); and the last six (6) months (638 yen), and against the past similar transactions (i.e., a transaction in which a parent company intended to make its subsidiary a wholly owned subsidiary), the Tender Offer Price can be deemed to be generally not disadvantageous to shareholders of the Company; the Tender Offer Price is a price that has been agreed after frequent discussions and negotiations between the Company and the Tender Offerors and has been determined after sincere negotiations where adequate measures were taken to solve conflict of issue concerns and, accordingly, the Tender Offer Price is fair and reasonable; (b) the consideration expected to be paid in the second stage acquisition is also fair and reasonable because it will be the same as the Tender Offer Price; and (c) the terms of the transactions other than the Tender Offer Price are also fair and reasonable; and iii) the process taken with respect to the Transactions including the Tender Offer is fair because the discussions, examinations and negotiations regarding the Transactions took place without involving any Company director with a special interest in the Transactions, in addition to information barriers being set up, independent financial advisor and legal counsels were retained, and the Company received a valuation report from an independent third-party valuation institute. The third-party committee has decided that, based on the decisions stated in i) through iii) above,(x) the Transactions including the

Tender Offer are not disadvantageous to minority shareholders of the Company and (y) it is appropriate for the Company's board of directors to state an opinion in support of the Tender Offer and to recommend that the Company's shareholders accept the Tender Offer.

As of today, the third-party committee has submitted to the Company's board of directors a report (the "Report") stating its opinion on the Consulted Matters and the Assumptions relating to the Consulted Matters with the unanimous approval of all the members of the third-party committee. The Report states that i) the Transactions will contribute to the increase of the Company's corporate value and the purpose of the Transactions is legitimate and reasonable, ii) the terms of the Transactions (including the Tender Offer Price and the price to be paid in the second stage acquisition) are fair and reasonable, and iii) the process taken with respect to the Transactions including the Tender Offer is fair; and, based on the analysis stated in i) through iii) above, (x) the Transactions including the Tender Offer are not disadvantageous to minority shareholders of the Company and (y) it is appropriate for the Company's board of directors to state an opinion in support of the Tender Offer and to recommend that the Company's shareholders accept the Tender Offer.

(iv) Advice from the Company's Independent Legal Advisor

In order to ensure transparency and appropriateness in the decision-making process regarding the Transactions including the Tender Offer, the Company appointed Nishimura & Asahi as a legal advisor independent from the Company and the Tender Offerors, and obtained its legal advice as necessary for the decision-making process and the decision-making methods with respect to the Transactions including the Tender Offer, and other issues to be considered for decision making with respect to the Tender Offer.

Nishimura & Asahi is not an affiliated party of the Company and the Tender Offerors and does not have any material interest.

(v) Unanimous Approval by all of the Non-Interested Directors of the Company and Opinion of No Objection by all of the Corporate Auditors of the Company

The board of directors of the Company, in light of the statement of the Company's Share Valuation Report and the legal advice from Nishimura & Asahi, and according maximum respect to the content of the Report submitted by the third-party committee, carefully discussed and reviewed the Transactions including the Tender Offer in respect of a series of the procedures therefor and the terms and conditions of the Tender Offer.

As a result, the Company's board of directors has come to the conclusion that i) the corporate value of the Company is expected to be enhanced by way of the Transactions including, and ii) the Tender Offer Price and other terms and conditions of the Tender Offer are appropriate for the shareholders of the Company, therefore, the Tender Offer will provide the reasonable opportunity for the shareholders of the Company to sell their shares (for the details of process of the decision, please refer to "(c) Process that Company decided to Support and Recommend Shareholders to Accept the Tender Offer, and Reasons therefor" of "(2) Grounds and Reasons for Opinion on the Tender Offer" above). Accordingly, at the board of directors' meeting of the Company held on the date hereof, the board of directors, exclusive of Mr. Masayuki Waga, a director of the Company, unanimously represented their approval for the Tender Offer and resolved to recommend that the shareholders of the Company accept the Tender Offer.

Mr. Masayuki Waga, a director of the Company, is concurrently taking the office of a director of

Mitsubishi Chemical and, accordingly, due to the potential of any conflict of interest with the Company in respect of the Transactions, he, as a person with special interests, did not attend any of the deliberations and resolutions for the agenda concerning the Transactions including the Tender Offer at the abovementioned board of directors' meetings of the Company.

In addition, all of the corporate auditors of the Company including the outside corporate auditors attended the abovementioned board of directors' meeting and stated no objection to the resolution of i) the representation of the approval for the Tender Offer by the board of directors of the Company and ii) recommendation that the shareholders of the Company accept the Tender Offer.

(vi) Measures to Secure an Opportunity for Others to Make any Competing Offers

The Tender Offerors set the tender offer period for the Tender Offer at 30 business days, which is longer than the statutory minimum period of 20 business days. By making the tender offer period relatively long, the Tender Offerors contemplate assuring the fairness of the Tender Offer Price through providing all of the shareholders of the Company with an appropriate opportunity to consider and decide whether or not to tender their shares in the Tender Offer and through securing an opportunity for any potential tender offerors other than the Tender Offerors to acquire the Company Shares.

The Company has not entered into any agreement with the Tender Offerors that may restrict the Company from contacting the persons proposing the competing purchase, including an agreement providing a transaction protection clause that may restrict the Company from contacting the persons proposing the competing purchase.

4. Matters regarding Material Agreements pertaining to Tendering Shares in Tender Offer between the Tender Offerors and the Shareholders and Directors, etc. of the Company

Not applicable

5. Details of the Provision of Benefits by the Tender Offerors or Special Related Parties of the Tender Offerors

Not applicable

6. Measures on the Basic Policy on Control of the Company

Not applicable

7. Questions to the Tender Offerors

Not applicable

8. Request for Extension of the Tender Offer Period

Not applicable

9. Future Outlook

Please refer to “3. Contents of the Opinion on the Tender Offer, and the Grounds and Reasons therefor”, “(2) Grounds and Reasons of Opinion on the Tender Offer”, “(c) Process that Company decided to Support and Recommend Shareholders to Accept the Tender Offer, and Reasons therefor”, “(4) Possibility and Reasons for Delisting” and “(5) Policy on Reorganization etc. after the Tender Offer (Matters Relating So-Called Two-Stage Takeover)”.

10. Matters regarding Transactions, etc. with the Controlling Shareholder

- (1) Conformity with Transactions, etc. with the Controlling Shareholder and Compliance with Policy for the Protection of Minority Shareholders

Since Mitsubishi Chemical is the controlling shareholder (the parent company) of the Company, the expression of an opinion concerning the Tender Offer falls under a transaction with a controlling shareholder. Compliance in the Tender Offer with “Policy for the Protection of Minority Shareholders in Transactions, etc. with the Controlling Shareholder” in its corporate governance report released on June 21, 2016 is as follows.

As described in “(6) Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest” of “3. Details, Grounds and Reasons of the Opinion on the Tender Offer”, the Company took measures to secure fairness and avoid any conflict of interest such as procuring the Report from the third-party committee stating that the Transactions are not contrary to the interests of the minority shareholders of the Company, procuring the Share Valuation Report from Mizuho Securities, which is an independent third-party valuation institution, and obtaining legal advice from Nishimura & Asahi. Through all of these, the Company protects the minority shareholders by making reasonable decisions with its autonomy and independence same as in transactions with a third party, without influence from Mitsubishi Chemical, its controlling shareholder. The Company believes that the above demonstrates its compliance with its policy detailed in its corporate governance report.

- (2) Matters regarding Measures to Ensure the Fairness of the Tender Offer and Measures to Avoid a Conflict of Interest”

Please refer to “3. Details, Grounds and Reasons of the Opinion on the Tender Offer”, “(6) Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest”.

- (3) Summary of Statement procured from a Third-Party Independent from the Controlling Shareholder relating to the Fact that the Transactions, etc. are not Contrary to the Interests of Minority Shareholders

The Company procured a statement from the third-party committee related to the fact that the Transactions, etc. are not contrary to the interests of minority shareholders. Please refer to “3. Details, Grounds and Reasons of the Opinion on the Tender Offer”, “(6) Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest”, “(iii) Establishment of a Third-party Committee by the Company” for detail.

11. Others

As announced in the “Announcement regarding Revision of the Expected Dividends for the Fiscal Year ending March 2017” dated August 5, 2016, the Company has resolved in the Board of Directors held on this date, that the Company will not distribute interim dividends and year-end dividends for the Fiscal Year 2016, on condition that the Tender Offer is successfully completed.

References:

“Announcement Concerning Commencement of Tender Offer for Shares of The Nippon Synthetic Chemical Industry Co., Ltd. (TSE code: 4201)” dated August 5, 2016

To whom it may concern,

Company name: Mitsubishi Chemical Corporation
Name of representative: Hiroaki Ishizuka
President & Chief Executive Officer

Company name: Mitsubishi Chemical Europe GmbH
Name of representative: Yasuo Semba
Managing Director

Announcement of Commencement of Tender Offer for Shares of The Nippon Synthetic Chemical Industry Co., Ltd. (TSE Code: 4201)

Mitsubishi Chemical Corporation (“Mitsubishi Chemical”) and Mitsubishi Chemical Europe GmbH (“Mitsubishi Chemical Europe”) (Mitsubishi Chemical and Mitsubishi Chemical Europe shall each be referred to as the “Tender Offeror” and jointly be referred to as the “Tender Offerors”) hereby announce that, as of the date hereof, they have determined to jointly launch a tender offer (the “Tender Offer”) to acquire the shares of the common stock of The Nippon Synthetic Chemical Industry Co., Ltd. (the “Target Company”) (the “Target Company Shares”) in accordance with the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended, the “Act”).

1. Purpose of Tender Offer

(1) Overview of the Tender Offer

As of the date hereof, Mitsubishi Chemical holds 50,154,159 shares (Share Holding Ratio (Note): 51.49%) of the common stock of the Target Company that are listed on the First Section of the Tokyo Stock Exchange Inc. (“TSE”) (the “Target Company Shares”) (the relevant Target Company Shares held by Mitsubishi Chemical is hereinafter referred to as the “Shares Held by Mitsubishi Chemical”), and the Target Company is a consolidated subsidiary of Mitsubishi Chemical.

(Note 1) “Share Holding Ratio” means a holding ratio to the number of shares (i.e., 97,396,908 shares) obtained by deducting (i) the number of treasury shares held by the Target Company as of June 30, 2016 (i.e., 972,278 shares), as set forth in the First Quarterly Earnings Release for FY 2016 (IFRS) (Consolidated) disclosed by the Target Company on July 28, 2016 (the “Target Company’s FY 2016 First Quarterly Earnings Release”) from (ii) the total issued shares of the Target Company as of June 30, 2016 (i.e., 98,369,186 shares), as set forth in the 134th Business Period First Quarterly Report filed by the Target Company as of August 4, 2016 (the “Target Company’s 134th Business Period First Quarterly Report”) (which percentage is rounded to the nearest hundredth).

The Tender Offerors determined to enter into a joint purchase agreement as of the date hereof (the “Joint Purchase Agreement”) and as a part of the series of the transactions for the purpose of the delisting of the Target Company (the “Transactions”), determined to jointly make the Tender Offer under the Joint Purchase Agreement. In particular, after the approval of the Transactions on August 4, 2016 by way of the resolution at the board of directors’ meeting of Mitsubishi Chemical and by way of the unanimous agreement by two (2) directors of Mitsubishi Chemical Europe, the Tender Offer was approved today at the

management meeting (Note 2) of Mitsubishi Chemical Holdings Corporation (“MCHC”), which is the wholly owning parent company of the Tender Offerors.

(Note 2) The management meeting is held approximately twice a month and consists of the President executive officer, other executive officers and the Presidents of the major directly owned subsidiaries. The management meeting is an organ to support the decision making of the President executive officer and to discuss management related material matters (e.g., material business execution such as investment and loan, compliance, risk management, environment and safety, improvement of human rights and social contribution) of MCHC and the MCHC Group (both as defined in “ (2) Background, Purpose and Determination Process for the Tender Offer, and Management Policy after the Tender Offer” below). The President executive officer makes decisions after the discussions held at the management meeting.

Since the Tender Offerors do not establish the maximum and minimum number of shares to be purchased in the Tender Offer, the Tender Offerors will purchase all of the shares that are tendered in the Tender Offer (the “Tendered Shares, Etc.”). In addition, the Tender Offerors assume that, through the Transactions, Mitsubishi Chemical will have 95% of the voting rights of the Target Company and Mitsubishi Chemical Europe will have 5% thereof. Mitsubishi Chemical Europe will purchase all of the Target Company Shares up to the number at which the voting rights ratio of Mitsubishi Chemical Europe reaches 5% (4,869,846 shares) and Mitsubishi Chemical will purchase all of the remaining Target Company Shares exceeding the 5% ratio described above.

The Tender Offerors plan to make the Target Company delisted through the Transactions and, if the Tender Offerors cannot acquire all of the Target Company Shares (excluding the Shares Held by Mitsubishi Chemical and the treasury shares held by the Target Company), a series of proceedings is planned to be taken after the completion of the Tender Offer so that the shareholders of the Target Company consist only of the Tender Offerors. For further details, please refer to “Policy on Reorganization etc. after the Tender Offer (Matters Relating to the So-Called Two-Stage Take over)” below.

According to the Target Company’s press release, “Notice regarding Implementation of the Tender Offer of Our Shares by Mitsubishi Chemical Corporation which is Our Controlling Shareholder and Mitsubishi Chemical Europe GmbH and the Recommendation of the Tender thereto” as of the date hereof (the “Notice by the Target Company”), the Target Company resolved at its board of directors’ meeting on August 5, 2016 that the Target Company would issue an opinion in support of the Tender Offer and recommend that the shareholders of the Target Company accept the Tender Offer. As to the details of the Target Company’s decision-making process, please refer to “2.Description of the Tender Offer”, “(3) Tender Offer Price,” the “Background of Calculation,” “(Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest),” “(v) Unanimous Approval by all of the Non-Interested Directors of the Target Company and Opinion of No Objection by all of the Corporate Auditors of the Target Company” below.

(2) Background, Purpose and Determination Process for the Tender Offer, and Management Policy after the Tender Offer

(a) Background, Purpose and Determination Process for the Tender Offer

(i) Background of the Tender Offer

Mitsubishi Chemical was formed in October 1994, as a result of a merger between Mitsubishi Kasei Corporation (incorporated in August 1934 and listed on the TSE in June 1950) and Mitsubishi Petrochemical Co., Ltd. (incorporated and listed on the TSE in April 1956). Subsequently, in October 2005, Mitsubishi Chemical executed a joint share transfer with its subsidiary Mitsubishi Pharma Corporation and at the same time a new company was incorporated to be Mitsubishi Chemical's 100% parent company, MCHC, and, as a result, Mitsubishi Chemical was delisted. As of the date hereof, Mitsubishi Chemical is one of the six operating companies (i.e., Mitsubishi Chemical, Mitsubishi Tanabe Pharma Corporation, Mitsubishi Plastics, Inc. ("Mitsubishi Plastics"), Mitsubishi Rayon Co. Ltd. ("Mitsubishi Rayon"), Life Science Institute, Inc. and Taiyo Nippon Sanso Corporation) included among MCHC's 581 subsidiaries (as of March 31, 2016) and 168 affiliates (as of March 31, 2016) (collectively, "MCHC Group"), and is a general chemical manufacturing company providing a broad range products and services with consolidated sales of approximately 1.7 trillion yen (FY 2015). Mitsubishi Chemical engages (x) in the information and electronics business, core products of which are recording materials (e.g., optical recording media), electronic related products (e.g., display materials and advanced cleaners for semiconductors) and information equipment (e.g., OPC and toner), and the performance chemical business, core products of which are food ingredients (e.g., emulsifier), battery materials (e.g., electrolyte for li-ion batteries and negative electrode material), fine chemical products (e.g., ion exchange resins) and inorganic chemical products (e.g., synthetic quartz powder), and (y) in the manufacturing and sales of products such as petrochemicals/chemical products (e.g., ethylene and propylene), carbon products (e.g., coke) and synthetic resin products (e.g., polyolefin, phenol polycarbonate chain) in the area of industrial materials.

Mitsubishi Chemical Europe, a European subsidiary of Mitsubishi Chemical, started as a Dusseldorf office of Mitsubishi Chemical (formerly Mitsubishi Chemical Industries Limited) in February 1961 and was incorporated as limited liability company in Germany in 1989. As of the date hereof, Mitsubishi Chemical Europe primarily engages in the import and sale of products of MCHC Group companies (including Mitsubishi Chemical). Mitsubishi Chemical Europe also provides administrative services including accounting and HR related services to MCHC Group companies in Dusseldorf, Germany, as well as engaging in the polycarbonate business (business concerning sales of materials of high performance plastics) and conducting market research in Europe. Mitsubishi Chemical Europe performs an important function for the overall MCHC Group in Europe.

In December 2015, MCHC, the parent company of Mitsubishi Chemical, launched a new medium-term management plan named "APTSIS 20" for the period from FY 2016 to FY 2020. The plan stated MCHC's goal for 2020 that "by increasing profitability, pursuing innovation, and contributing to sustainability, MCHC will establish the foundation to become THE KAITEKI COMPANY being recognized on a truly global level". The medium-term management plan sets out MCHC's intention to enhance the profitability of its domestic and foreign businesses with a view to pursue synergies and optimize the capital relationship among the group companies by having the following items as its basic policy:

- i) enhancement of sustainable growth and profitability through portfolio management;
- ii) improvement of profitability of overseas businesses;
- iii) making new energy businesses competitive sooner;
- iv) promotion of generating synergies in the MCHC group; and
- v) enhancement of competitiveness by the integration of three chemical operating companies.

With respect to the integration of three chemical operating companies, as a result of an analysis made by MCHC which started in July 2015, Mitsubishi Chemical, Mitsubishi Plastics and Mitsubishi Rayon, all consolidated subsidiaries of MCHC, are scheduled to merge on April 1, 2017. Mitsubishi Plastics engages in the high performance film, environment & life materials and the high performance molded products businesses in the area of performance products, with consolidated sales of 480 billion yen (FY 2015). Mitsubishi Rayon engages in the fibers, carbon fibers and aqua businesses in the area of performance products and in the chemical and plastics businesses (especially, MMA (methyl methacrylate) business) in the area of industrial materials, with consolidated sales of 550 billion yen (FY2015).

MCHC Group believes that, in order for the chemical businesses of Mitsubishi Chemical, Mitsubishi Plastics and Mitsubishi Rayon to survive in the market and make future development, it is necessary to accelerate business development and globalization with the use of the management resources, including human resources, technologies and information, to the maximum extent by reorganizing and integrating the business units, technology platforms, distribution channels and duplicate organs/functions of the three companies. With respect to the area of performance products, which is one of the business area of Mitsubishi Chemical and is also the business area of the Target Company, in the new medium-term management plan (APTSIS 20), MCHC proposes as its policy to promote, on a global basis, expansion of the high performance and the high-value added products and solution businesses by accelerating growth through collaboration and integration.

The Target Company was incorporated in 1927 for the purpose of manufacturing synthetic acetic acid and was listed on the TSE in May 1949. As of the date hereof, the core businesses of the Target Company are the manufacturing, processing and sale of the products such as functional resin, functional films, IT and electronic products, adhesives, fine chemicals and acetyl chemicals. The core products include “OPL Film”, an optical film (Note 1), EVOH resin “Soarnol” (Note 2). Other products which are expected to develop as new core products of the Target Company include high functionality and high-value added such as “Hi-selon” (Note 3), specialty polymers (Note 6) such as adhesives “Copoly” (Note 4) and UV curable resin “Shikoh” (Note 5), sodium acetate used for food additives and dialysis, BVOH resin “Nichigo G-Polymer” (Note 7). In particular, “OPL Film” and “Soarnol” have been acquiring firm worldwide market share (both each have the second largest worldwide market share in their respective markets with “OPL Film” having worldwide share of approximately of 30% and “Soarnol” having worldwide share of approximately 40% (based on the estimates of the Target Company)) and the Target Company plays an important role as a core company within the performance product area and performance chemical segment of Mitsubishi Chemical group (a group of companies which consist of Mitsubishi Chemical, as the parent company, with 142 subsidiaries (as of March 31, 2016) and 40 affiliates (as of March 31, 2016, hereinafter the same) and the MCHC Group.

(Note 1) “OPL Film” means PVOH (polyvinyl alcohol) film products used for liquid crystal display polarizers, hereinafter the same.

(Note 2) “Soarnol” means ethylene-vinyl alcohol copolymer resin products used for food packing materials, petrol tanks and floor heating pipes, hereinafter the same

(Note 3) “Hi-selon” means water soluble film made from PVOH (polyvinyl alcohol) used for packaging agricultural chemicals and medicines, sanitary materials, transfer printing on curved surface and base fabric for wigs and embroideries, hereinafter the same

- (Note 4) “Copolymer” means copolymer resin made from acrylic acid ester used for products such as label seals, tapes including double-sided tapes, form, protective films, hereinafter the same.
- (Note 5) “Shikoh” means UV curable resin, hereinafter the same.
- (Note 6) “specialty polymers” means a group of products including coatings and adhesives manufactured by the Target Company, hereinafter the same.
- (Note 7) “Nichigo G-Polymer” means butenediol vinylalcohol copolymer used for products such as gas barrier packaging materials, water-soluble binders for electronic materials, binders for medical materials and cosmetics, fibers and nonwoven fabric materials, emulsifier, and suspension agents, hereinafter the same.

Approximately 58% of the total sales of the Target Company in FY 2015 were generated in overseas markets. In its new medium-term management plan “NICHIGO 20”, the Target Company stated that “we aim to maintain a visible presence on the global market” and it recognized acceleration and enhancement of foreign expansion to be important issues. The Target Company aims to raise the share of overseas sales up to approximately 60% of its total sales by 2020. In Asia, where the Target Company expects to achieve the highest amount of growth, it expects to increase its sales ratio up to 29%; however it expects to have a sales ratio of 16% in Europe. In Europe, the Target Company expects to enhance the business development of its core product “Soarnol” and believes that there is the possibility of expanding the sales of “Hi-selon”, specialty PVOH (polyvinyl alcohol) and “Nichigo G-Polymer”, which are expected to become solid core products in the expansion of its business portfolio.

In 1963, Mitsubishi Chemical (formerly Mitsubishi Kasei Corporation) incorporated, jointly with the Target Company, Mizushima Gohsei Kagaku Kogyo Co., Ltd. (which subsequently merged with the Target Company in 1971 and is currently the operator of the Target Company’s Mizushima Plant). Mitsubishi Chemical also became a shareholder of the Target Company and formed a long term alliance with the Target Company. In September 2009, in order to enhance the alliance with the Target Company, Mitsubishi Chemical acquired additional Target Company Shares through on-market purchases and made the Target Company a consolidated subsidiary of Mitsubishi Chemical (with a holding ratio of 40.04% (rounding to the nearest hundredth) of the voting rights of the Target Company at that time). Moreover, in order to further enhance the alliance with the Target Company, Mitsubishi Chemical acquired additional Target Company Shares through on-market purchases and, as a result, the holding ratio of the voting rights exceeded a majority in February 2013, and by adding the Target Company Shares acquired through off-market purchase in August 2015, as of the date hereof, Mitsubishi Chemical owns 50,154,159 shares (with a holding ratio of 51.49%) of the Target Company.

In May 2011, the Target Company launched a medium-term management plan named “Double 15” with the goal of achieving consolidated sales of 130 billion yen and an operating income of 20 billion yen in FY 2015 (under Japanese GAAP). The Target Company endeavored to achieve this goal with the following four basic strategies: i) aggressive expansion of its core businesses, ii) establishment of new core businesses and enhancement of new product development, iii) enhancement of competitiveness, and iv) further expansion of foreign development. Since the Target Company became a consolidated subsidiary of Mitsubishi Chemical in September 2009, Mitsubishi Chemical had been supporting the Target Company to enhance and develop their mutual relationship while taking due care in respect of the independence of the Target Company as a listed company and any conflicts of interest with the Target Company’s minority shareholders, and, after the launch of the Target Company’s “Double 15” medium-term management plan, Mitsubishi Chemical

supported the Target Company's efforts to achieve "Double 15" including seconding officers to the Target Company. However, although the Target Company steadily took various measures in accordance with the basic policy and strategies under "Double 15", including implementation of large-sized capital investments, the Target Company only achieved consolidated sales of 104.6 billion yen and an operating income of 13.5 billion yen in FY 2015 (under Japanese GAAP) due to various reasons such as delays in the expansion of demand for high-value added area, delays to the application development and to the establishment of new core businesses and the enhancement of new product development, and delays to the expansion of foreign operations.

In November 2015, the Target Company launched a new medium-term management plan named "NICHIGO 20" which is intended to incorporate the remaining issues under the previous "Double 15" plan. Under the "NICHIGO 20" plan, the Target Company has been implementing the following three basic strategies for the purpose of achieving a consolidated sales of 140 billion yen and an operating income of 20 billion yen in FY 2020 and has a full-year estimate for FY 2016 with a consolidated sales of 104.6 billion yen and operating income of 13.5 billion yen (under Japanese GAAP):

- a. further expansion, selection and concentration of the existing businesses and enhancement of business portfolios by new product development through the "further expansion of core businesses", "establishment of new core businesses", "acceleration of new product development" and "expansion of the scope and scale of business with a possibility of business alliances and M&A";
- b. enhancement of corporate competitiveness with a medium- to long-term view through "reorganization of domestic plants", "expansion of businesses in Asian market", "globally stable procurement of basic raw materials" and "development of human resources"; and
- c. development of further social trust through "efforts for the environment and safety", "further enhancement of the quality assurance system", "continuation of compliance" and "efforts in CSR activities".

Although the sales of the Target Company's core product "OPL Film" is increasing due to the expansion of a liquid crystal display market, more active capital investment and R&D are needed in the current market environment where the market prices of liquid crystal displays are continuously decreasing, organic EL displays are expanding and the risk of new entry competitors is increasing. Thus, the Target Company is in need of large-size investment in order to succeed in an environment where the market environment and management environment differ greatly. In order for the Target Company to survive the competition by achieving "NICHIGO 20" and by reacting to such market environment and management environment in a flexible manner, Mitsubishi Chemical and MCHC believe that further enhancement of business foundation and improvement of profitability are urgent issues of the Target Company.

Under such environment, in order to solve the abovementioned issues of the Target Company and to improve its corporate value from a medium- to long-term view, Mitsubishi Chemical, as a company participating in the merger to form a new chemical merged company, has reached a conclusion that it is important to strengthen the relationships between the Target Company and each company of the Mitsubishi Chemical group/MCHC Group and maximize each company's performance. In other words, Mitsubishi Chemical believes that, in order to strongly support the Target Company in solving its issues, which include the establishment of new core businesses and development of new products, it is important to mutually use, in an efficient manner, each of their information regarding technologies and customers for purposes such as joint development and joint marketing, and pursue cooperation not only with Mitsubishi Chemical but also with

Mitsubishi Chemical also believes that, in order to aggressively and promptly take such measures, it is crucial to reorganize the capital structure of the Target Company to allow it to make prompt decisions. In order to take such measures in a situation where the Target Company's performance heavily depends on "OPL Film" and "Soarnol" and where the Target Company's performance could be affected strongly by the surrounding management environment, Mitsubishi Chemical reached the conclusion that it is desirable to make the Target Company its wholly owned subsidiary so that the Target Company will be able to expand its business in an active manner from a medium- to long-term view by using the overall group resources of MCHC without having the general shareholders of the Target Company incurring the risk of fluctuation in its performance due to causes such as future technological innovation and changes in the market environment.

Thus, in mid-August 2015, Mitsubishi Chemical contacted the Target Company and made a preliminary proposal that Mitsubishi Chemical and the Target Company start a discussion on the transaction in which the Target Company becomes a wholly owned subsidiary of Mitsubishi Chemical.

(ii) Background as to how Mitsubishi Chemical and Mitsubishi Chemical Europe decided to implement joint Tender Offer

After the contact and proposal from Mitsubishi Chemical, Mitsubishi Chemical and the Target Company continued their discussions and analysis diligently. During the discussions and analysis, Mitsubishi Chemical decided that it is desirable, in order to enhance the competitiveness of the Target Company's overseas business, to further discuss and analyze the most appropriate acquisition structure to maximize the synergies to be generated from the affiliation with each company of Mitsubishi Chemical group/MCHC Group, including the possibility of a joint acquisition by Mitsubishi Chemical and a partner that would help expand the Target Company's business. Considering the basic policies to increase the profitability of overseas businesses and to promote group collaboration and integration which are included in MCHC's medium-term management plan "APTISIS 20", Mitsubishi Chemical and the Target Company continued their discussions with the simple idea of improving the management issues of the Target Company by pursuing cooperation with the overall MCHC Group.

In Europe where the Target Company makes the highest overseas sales second to Asia, NIPPON GOHSEI UK Ltd. ("NIPPON GOHSEI UK") in UK manufactures and sells "Soarnol", a core product of the Target Company. NIPPON GOHSEI UK is an important base for the Target Company's business development in Europe. On the other hand, NIPPON GOHSEI Europe GmbH ("NIPPON GOHSEI Europe") in Dusseldorf, Germany, engages in sales and market research regarding the Target Company group's overall products in overall Europe. Although the Target Company intends to expand its business scope and scale with the possibility of business alliances and M&A in business areas other than "Soarnol", the European business of the abovementioned two foreign subsidiaries is still highly dependent on "Soarnol". Considering such situation, Mitsubishi Chemical believes that the enhancement of the Target Company's business in Europe is an important key factor to increasing the Target Company's corporate value. Thus, Mitsubishi Chemical decided to fundamentally solve the following business issues and pursue synergies by enhancing the alliance between Mitsubishi Chemical Europe and the Target Company and by actively participating in the Target Company's business in Europe in the following ways:

- i) further enhance the competitiveness of the "Soarnol" business;
- ii) expand sales and enhance marketing of "Hi-selon", "Nichigo G-Polymer", "Coponyl", "Shikoh" and specialty PVOH (polyvinyl alcohol); and
- iii) pursue efficient business operations in Europe.

Mitsubishi Chemical decided that, after taking the past business relationships between the Target Company and NIPPON GOHSEI UK/NIPPON GOHSEI Europe into consideration, the establishment of a relationship to allow Mitsubishi Europe to be involved, as a shareholder, in the management of the Target Company by Mitsubishi Chemical Europe becoming a shareholder of the Target Company (a relationship which results in more involvement of Mitsubishi Chemical Europe than that of being a mere brother company (Note 8) of NIPPON GOHSEI UK and NIPON GOHSEI Europe in Europe) would contribute to the realization of the synergies in Europe and the increase of the Target Company's corporate value. Accordingly, in December 2015, Mitsubishi Chemical made a proposal (the "Proposal") that the Target Company discuss with Mitsubishi Chemical on the possibility of a joint acquisition of the Target Company by Mitsubishi Chemical and Mitsubishi Chemical Europe.

(Note 8) NIPPON GOHSEI UK and NIPPON GOHSEI Europe are both subsidiaries of the Target Company and the Target Company is a subsidiary of Mitsubishi Chemical. Because NIPPON GOHSEI UK and NIPPON GOHSEI Europe are second-generation subsidiaries of Mitsubishi Chemical and Mitsubishi Chemical Europe is a subsidiary of Mitsubishi Chemical, the three companies are substantially in brother company relationships.

The process of the discussion and analysis on the joint acquisition of the Target Company by the Tender Offerors took place as follows: Mitsubishi Chemical made contact with the Target Company; the Target Company had an internal discussion on the Proposal and made a response that the Target Company was willing to proceed with doing the analysis from their standpoint; and, in February 2016, Mitsubishi Chemical proposed that Mitsubishi Chemical Europe participate in the joint acquisition. Mitsubishi Chemical Europe accepted such proposal and started formal discussions and analysis on the joint acquisition.

Subsequently, from mid-April 2016, the Tender Offerors, with the Target Company's approval, conducted due diligence on the Target Company (which completed in early June 2016) and continued discussions with the Target Company on matters such as the schedules and detailed structures to implement the Proposal. In late June 2016, the Tender Offerors again made a proposal to the Target Company regarding the Transactions and discussed and negotiated on the tender offer price to be proposed in the Tender Offer (the "Tender Offer Price"). From early July 2016, as stated in "2.Description of the Tender Offer", "(4) Basis of Calculation of Tender Offer Price", "b. Background of Calculation", "Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest", "c. Establishment of the Third-Party Committee by the Target Company" below, an independent committee was established by the Target Company and the Tender Offerors explained to the independent committee a number of relevant matters including the purpose of the Transactions and the management policy after the Transactions.

(iii) Synergies Expected to Generate from the Transactions

While having the abovementioned discussions and negotiations, the Tender Offerors and the Target Company, after mutually confirming the purpose, meaning and basic policy of the Transactions, continued discussions on the increase of future corporate value in order to pursue synergies which would contribute to the expansion and growth of each of their businesses (including the businesses of the overall MCHC Group). As a result, the Tender Offerors and the Target Company reached a decision that the following synergies are expected to be generated from the Transactions and the Transactions will contribute to the increase of the corporate value of the MCHC Group overall, including the Tender Offerors and the Target Company:

- i) Synergies expected to be generated with respect to the MCHC/Mitsubishi Chemical and the Target Company
 - a. increase in sales of the MCHC Group and the Target Company due to joint development and sales promotion of new products with each company of the MCHC Group regarding the Target Company products (e.g., high gas barrier resin);
 - b. increase in sales of the MCHC Group and the Target Company due to application development and sales promotion by the MCHC Group using the materials and components of the Target Company products (e.g., “Nichigo G-Polymer” and “Soarnol”);
 - c. steadying of any increase or decrease in the Target Company’s costs by conducting outsourcing to Mitsubishi Chemical group and wide utilization of employees of Mitsubishi Chemical group; and
 - d. decrease in costs of the MCHC Group by sharing infrastructure facilities.
- ii) Synergies expected to be generated with respect to Mitsubishi Chemical Europe and the Target Company
 - a. new sales promotion of the Target Company’s priority strategic products including “Hi-selon”, “Nichigo G-Polymer”, “Copoly”, “Shikoh” and specialty PVOH (polyvinyl alcohol);
 - b. analysis and implementation of inexpensive purchasing of vinyl acetate monomer (VAM) (decrease in material costs); and
 - c. making the management of the Target Company and Mitsubishi Chemical Europe more efficient by enhancing the alliance including exchange of information in Europe and outsourcing of services.
- iii) Synergies expected to be generated primarily with respect to the Target Company
 - a. increase in the sales of the Target Company due to changing the suppliers of the materials and components used to manufacture the MCHC Group products from the existing suppliers to the Target Company; and
 - b. decrease in the purchasing costs for the materials and components that the Target Company procures in Japan by using the purchasing powers of Mitsubishi Chemical.

(iv) Decision Making Processes of Tender Offerors and Target Company

After the discussions and analysis mentioned above, each of the Tender Offerors have individually determined that the implementation of the Transactions would be economically rational. As of August 5, 2016, the Tender Offerors entered into the Joint Purchase Agreement and decided to jointly launch the Tender Offer as part of the Transactions. On August 4, 2016, Mitsubishi Chemical’s board of directors approved the Transactions, both of the two directors of Mitsubishi Chemical Europe unanimously approved the Transactions, and, on August 5, 2016, the management meeting of the MCHC, the Tender Offerors wholly owning parent company, approved the Transactions.

According to the Target Company, since December 2015 when the Target Company received the

Proposal (including the Tender Offer proposal) from the Tender Offerors, the Target Company has been receiving advice from its financial advisor, Mizuho Securities Co., Ltd. (“Mizuho Securities”), a third party organization independent from the Target Company, and Nishimura & Asahi, legal counsel independent from the Target Company, analyzing and discussing on how to react to the Proposal and on the prospects of continuous growth and medium- to long term increase in its corporate value that could result from the synergies to be generated among the Target Company and the Tender Offerors.

As a result, the Target Company determined that the Transactions including the Tender Offer would contribute to the growth of its corporate value and that the Tender Offer provides the shareholders of the Target Company with a reasonable opportunity to sell their shares. At the board of directors’ meeting of the Target Company held on August 5, 2016, it was resolved that the Target Company would issue an opinion to support the Tender Offer and make a recommendation that the shareholders of the Target Company accept the Tender Offer. Please refer to “2. Description of the Tender Offer”, “b. Background of Calculation”, “Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest”, “(v) Unanimous Approval by all of the Non-Interested Directors of the Target Company and Opinion of No Objection by all of the Corporate Auditors of the Target Company” for more details on the decision making process of the Target Company.

(b) Management Policy after the Tender Offer

With respect to the management policy after the Transactions, the Tender Offerors intend to continue its management which will contribute to further increase the corporate value of the Target Company and other group companies of the Tender Offerors and intend to strengthen the Target Company’s business by having management which will fully utilize the character of the Target Company’s business and the Target Company’s strengths. In addition, in order to achieve the synergies stated in (a)(iii) above after the Transactions, the Tender Offerors intend to further enhance the alliance between the Target Company and each company of the Mitsubishi Chemical group/MCHC Group, strengthen the business foundation and profitability of the Target Company, and further strengthen the competitiveness of the Target Company’s overseas business by enhancing the alliance between Mitsubishi Chemical Europe and the Target Company. The MCHC Group, to which the Tender Offerors belong, has a vision that by contributing to resolving social issues, the MCHC Group intends to build a sustainable society together with stakeholders toward the realization of KAITEKI. MCHC respects all of its stakeholders that support its corporate activities including customers, shareholders/investors, communities, employees and business partners, and, with respect to the management of the Target Company after the Transactions, MCHC will endeavor to implement the sustainable increase in corporate value of the overall MCHC Group, including the Target Company, with due care so as not to unfairly disadvantage its stakeholders.

As of the date hereof, out of the eight directors and four statutory auditors of the Target Company, one director concurrently works for Mitsubishi Chemical as a director and employee, and three directors and one statutory auditor are originally from Mitsubishi Chemical. The Tender Offerors plan to build an appropriate organization, including the members of its board, that is capable of achieving the potential future business synergies between the Tender Offerors and the Target Company.

(3) Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest

In consideration that the Target Company is a consolidated subsidiary of Mitsubishi Chemical as of the date hereof and structural conflicts of interests may occur to the Target Company in course of examination

regarding the Transactions, the Tender Offerors and the Target Company have implemented the following measures respectively in order to ensure the fairness of the Tender Offer.

In addition, although the Tender Offerors do not establish the minimum of the number of shares to be purchased of so-called “Majority of Minority” in the Tender Offer, since the Tender Offerors and the Target Company implement the measures a. through f. below, the interests of the minority shareholders of the Target Company can be reasonably considered.

- a. Procurement by Mitsubishi Chemical of a Share Valuation Report from an Independent Third-Party Valuation Institution
- b. Procurement by the Target Company of a Share Valuation Report from an Independent Third-Party Valuation Institution
- c. Establishment of a third-party committee by the Target Company
- d. Advice from the Target Company’s Independent Legal Advisor
- e. Unanimous Approval by all of the Non-Interested Directors of the Target Company and Opinion of No Objection by all of the Corporate Auditors of the Target Company
- f. Measures to Secure an Opportunity for Others to Make any Competing Offers

For the details of the items above, please refer to “2 Description of the Tender Offer”, “(4) Basis of Calculation of Tender Offer Price”, “a. Basis of Calculation” and “b. Background of Calculation” below.

(4) Policy on Reorganization etc. after the Tender Offer (Matters Relating to the So-Called Two-Stage Takeover

The Tender Offerors will make the Tender Offer with the ultimate goal of purchasing all of the Target Company Shares (excluding shares owned by Mitsubishi Chemical and treasury shares owned by the Target Company). In the event that all of the Target Company Shares are not purchased in the Tender Offer, the Tender Offerors plan to undertake a set of procedures for the Tender Offerors to become the only shareholders of the Target Company by means of the following measures:

Provided that upon completion of the Tender Offer the total number of voting rights of the Target Company owned by the Tender Offerors amounts to 90% or more of the voting rights of all shareholders of the Target Company, and Mitsubishi Chemical becomes a special controlling shareholder as set forth in Article 179, Paragraph 1 of the Companies Act (Act No. 86 of 2005, as amended, the “Companies Act”), the Tender Offerors plan to demand that all shareholders of the Target Company (excluding the Target Company and the Tender Offerors) sell all of their Target Company Shares in accordance with the provisions of Part II, Chapter II, Section 4-2 of the Companies Act promptly after the completion of the settlement of the Tender Offer (“Demand for Sale of Shares”).

When exercising the Demand for Sale of Shares, the Tender Offerors will set a cash amount equal to the Tender Offer Price to be paid to the shareholders of the Target Company (excluding the Target Company and the Tender Offerors) as per-share consideration for the Target Company Shares. At the same time, Mitsubishi Chemical will notify the Target Company such intention and ask the Target Company to approve the Demand for Sale of Shares. Provided the Target Company approves the Demand for Sale of Shares through a board of directors’ resolution, Mitsubishi Chemical will purchase all of the Target Company Shares owned by all shareholders of the Target Company (excluding the Target Company and the Tender Offerors) by following procedures set forth in the relevant laws and regulations, without obtaining the consent of individual shareholders of the Target Company, as of the date specified in the Demand for Sale of Shares. Mitsubishi Chemical then will pay cash to the shareholders in an amount equal to the Tender Offer Price as per-share

consideration for the number of Target Company Shares they own. According to the Target Company's press release, in the event that it receives notification from the Tender Offerors concerning the matters prescribed in each Item of Paragraph 1 of Article 179-2 of the Companies Act, with the intention to Demand for Sale of Shares, the board of directors of the Target Company plans to approve such Demand for Sale of Shares.

The Companies Act has a provision which intends to protect the rights of minority shareholders relating to the Demand for Sale of Shares and Article 179-8 of the Companies Act and other relevant laws and regulations provide that the shareholders of the Target Company who do not tender their shares in the Tender Offer may file a motion with the court to determine the sale/purchase price of the shares of the Target Company they own. In case this motion is filed, the sale/purchase price will be ultimately ruled by the court.

On the other hand, if the total number of voting rights of the Target Company owned by the Tender Offerors is less than 90% of the voting rights of all shareholders of the Target Company after the Tender Offer is completed, the Tender Offerors intend to request promptly after completing the settlement of the Tender Offer that the Target Company hold an extraordinary meeting of shareholders ("Extraordinary Shareholders' Meeting") at which the Target Company will present proposals to approve the consolidation of the Target Company Shares (the "Share Consolidation") and, subject to the Share Consolidation becoming effective, abolish the article in the Articles of Incorporation concerning the number of shares per share unit, and the Tender Offerors will vote in favor of these proposals at the Extraordinary Shareholders' Meeting. Even if the number of voting rights owned by the Tender Offerors following the Tender Offer does not reach two-thirds of the total voting rights of the Target Company, the Tender Offerors, in principle, plan to make such request and execute the Share Consolidation without acquiring any additional shares of the Target Company from the shareholders of the Target Company (excluding the Tender Offerors). However, if doing so would fall under a care where it is reasonably recognized to be a breach of fiduciary duty by the directors of the Target Company such as a case where the number of tenders made by shareholders is extremely few and there is a high possibility of negatively affecting the interests of minority shareholders, the Tender Offerors might not make such request to the Target Company.

In the event that the proposed Share Consolidation is approved at the Extraordinary Shareholders' Meeting, the shareholders of the Target Company will own a proportionate number of the Target Company Shares in accordance with the Share Consolidation ratio approved by the Extraordinary Shareholders' Meeting. The shareholders of the Target Company will be paid for the fractional shares that they will be allocated as a result of the Share Consolidation, if any, with the cash to be paid for the sale of the Target Company Shares in a number equivalent to the total number of such fractional shares (any fractions of the total number will be rounded down; the same applies hereinafter.) to the Target Company or the Tender Offerors, in accordance with the procedure prescribed in Article 235 of the Companies Act and other relevant laws and regulations. With regard to the sale price of the Target Company Shares for a number equivalent to the total number of such fractional shares, the Tender Offerors plan to request that the Target Company file a motion with the court to permit a voluntary sale, after calculating the amount to be paid to the shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Target Company and the Tender Offerors) by multiplying the Tender Offer Price by the number of the Target Company Shares they own respectively.

While the consolidation ratio of the Share Consolidation has not yet been determined as of the date hereof, the Tender Offerors will determine the number of the Target Company Shares to be owned by the shareholders who do not tender their shares in Tender Offer (excluding the Target Copmay and the Tender Offerors) to be less than one share so that only the Tender Offerors will own the Target Company Shares (excluding the treasury shares owned by the Target Company) after the Share Consolidation. If the proposed Share Consolidation is rejected at the Extraordinary Shareholders' Meeting, the Share Consolidation will not be executed.

If the Share Consolidation is to be executed and if there turn out to be shareholders of the Target Company who own the same or more number of the Target Company Shares as Mitsubishi Chemical Europe does following the Tender Offer, the Tender Offerors may not be able to become the sole shareholders of the Target Company even after the completion of the Share Consolidation under such circumstances. In such case, the Tender Offerors will take measures to ensure they become the sole shareholders of the Target Company following the Share Consolidation, such as the transfer of the Target Company Shares between Mitsubishi Chemical and Mitsubishi Chemical Europe prior to the Share Consolidation. In addition, although the Tender Offerors assume that the Transactions will result in the ratio of voting rights of the Target Company owned by Mitsubishi Chemical and Mitsubishi Chemical Europe being 95% and 5%, respectively, if the Tender Offerors choose to execute the Share Consolidation, such 95:5 holding ratio of Mitsubishi Chemical and Mitsubishi Chemical Europe may not be achieved depending on the number of the shares of the Target Company owned by the Tender Offerors and the other shareholders after the Tender Offer. In such case, the Tender Offerors intend to calculate the consolidation ratio of the Share Consolidation to make the resulting ratio of voting rights of each Tender Offeror be approximately the same as the ratio originally planned.

The Companies Act has a provision to protect the rights of minority shareholders relating to the Share Consolidation. In the event of the Share Consolidation, if there are any fractional shares resulting from the Share Consolidation, the shareholders of the Target Company may demand that the Target Company purchase of all of their fractional shares at fair prices and may file a motion with the court to determine the fair price of the Target Company Shares, in accordance with Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations. As stated above, the numbers of the Target Company Shares to be allocated to the shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Target Company and the Tender Offerors) are intended to become fractions as a result of the Share Consolidation, and, thus, the shareholders of the Target Company who oppose to the Share Consolidation will be able to file a motion to determine the price under Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations. If this motion is filed, the purchase price will be ultimately ruled by the court.

Depending on the relevant matters such as the revisions of the relevant laws and regulations and their interpretation by the authorities, and the ownership ratio of shares by the Tender Offerors and the status of ownership of the Target Company Shares by the other shareholders of the Target Company after the Tender Offer, the above procedures may require a longer time or may be replaced with other measures having equivalent effects.

However, even in such cases, the Tender Offerors intend to take a measure to eventually pay cash to shareholders of the Target Company who do not tender their shares in Tender Offer (excluding the Target Company and the Tender Offerors). The amount of cash to be paid to the respective shareholders in that event is planned to be equal to an amount calculated by multiplying the Tender Offer Price by the number of the Target Company Shares each shareholder owns. Specific procedures and the schedule thereof in such cases will be announced by the Target Company as soon as they have been determined.

Please note that the Tender Offer is not intended to persuade the shareholders of the Target Company to agree to the proposals in the Extraordinary Shareholders' Meeting. In addition, regarding the treatment of the Tender Offer or any of the above procedures under tax rules, please consult with your tax experts if as necessary.

(5) Possibility of and Reasons for Delisting

The Target Company Shares are presently listed on the First Section of the TSE, but the Tender Offerors have not set

the maximum number of shares to be purchased through Tender Offer. Accordingly, depending on the results of the Tender Offer, the Target Company Shares may be delisted after the prescribed procedures are completed, in accordance with the TSE listing rules. Even if the requirements of the delisting rules are not met by the completion of the Tender Offer, the Tender Offerors plan to proceed to acquire all of the Target Company Shares (excluding the shares owned by the Tender Offerors and the treasury shares owned by the Target Company) in the manner outlined in “(4) Policy on Reorganization etc. after the Tender Offer (Matters Relating to the So-Called Two-Stage Takeover)” above. In such case, the Target Company Shares will be delisted in accordance with the Tokyo Stock Exchange listing rules. The Target Company Shares cannot be traded at the First Section of the TSE if they are delisted.

(6) Matters relating to Important Agreements with respect to the Tender Offer

The Tender Offerors executed the Joint Purchase Agreement dated as of the date hereof, as described in “(1) Overview of the Tender Offer” above. Under the Joint Purchase Agreement, (i) the Tender Offerors agree to jointly launch the Tender Offer, (ii) the Tender Offerors agree that, through the Transactions, Mitsubishi Chemical intends to own 95% of the voting rights of the Target Company and Mitsubishi Chemical Europe intends to own 5% thereof, Mitsubishi Chemical Europe will purchase all of the Target Company Shares up to the number at which the voting right ratio of Mitsubishi Chemical Europe reaches 5% (4,869,846 shares) and Mitsubishi Chemical will purchase all of the remaining Target Company Shares exceeding the 5% ratio described above, (iii) after the completion of the Tender Offer, the Tender Offerors agree to undertake a series of procedures to ensure that they become the sole shareholders of the Target Company, (iv) fees or other expenses occurred in connection with the Transactions will be borne by each of the Tender Offerors in accordance with the ratio separately determined by consultation between the Tender Offerors, and (v) if matters that are not stipulated in the Joint Purchase Agreement or questions regarding the interpretation of terms of the Joint Purchase Agreement arise, Mitsubishi Chemical and Mitsubishi Chemical Europe will engage in good faith consultation and undertake efforts to resolve such matters.

2. Description of the Tender Offer

(1) Description of the Target Company

a. Company Name	The Nippon Synthetic Chemical Industry Co., Ltd.	
b. Address of Head Office	2-4 Komatsubara-cho, Kita-ku, Osaka-City	
c. Title and Name of the Representative	Representative Director, Member of the Board, President Katsumi Kimura	
d. Business Purposes	Manufacturing, processing and sale of the products such as functional resin, functional films, IT and electronic products, drug substance/intermediate, fine chemicals, and industrial chemicals	
e. Paid-in Capital	JPY 17,989,000,000 (as of March 31, 2016)	
f. Date of Incorporation	March 30, 1927	
g. Major Shareholders and Shareholding Percentage (as of March 31, 2016)	Mitsubishi Chemical Corporation	50.98%
	Japan Trustee Services Bank, Ltd	6.19%
	NORTHERN TRUST CO.(AVFC)RE-HCR00 (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited)	2.28%
	RBC ISB S/A DUB NON RESIDENT/TREATY RATE UCITS-CLIENTS ACCOUNT (Standing Proxy: Citibank Japan Ltd.)	1.47%
	State Street Bank and Trust Company (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited)	1.20%
	Mizuho Bank, Ltd.	1.17%
	Mizuho Bank, Ltd.	1.14%
	State Street Bank and Trust Company 505223 (Standing Proxy: Mizuho Bank, Ltd.)	1.13%
	The Master Trust Bank of Japan ,Ltd.	1.01%
	Marubeni Corporation	1.00%
	The Bank of NewYork Mellon SANV 10 (Standing Proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	
h. Relationship between the Tender Offerors and the Target Company		
Capital Relationship	Mitsubishi Chemical holds 50,154,159 shares (shareholding ratio: 51.49%) of the Target Company Shares. There is no capital relationship between Mitsubishi Chemical Europe and the Target Company.	
Personnel Relationship	One director of Mitsubishi Chemical is concurrently taking the office of a director of the Target Company. There is no personnel relationship between Mitsubishi Chemical Europe and the Target Company.	
Transactional Relationship	Mitsubishi Chemical and the Target Company have a transactional relationship whereby Mitsubishi Chemical sells raw materials to the Target Company. There is no transactional relationship between Mitsubishi Chemical Europe and the Target Company.	
Status as a Related Party	The Target Company is a consolidated subsidiary of Mitsubishi Chemical and falls under the related party of Mitsubishi Chemical.	

(Note) The description of shareholding percentage in "Major Shareholders and Shareholding Percentage (as of March 31, 2016)" is calculated based on the shareholding percentage to the total issued shares of the Target Company (which percentage is rounded to the nearest hundredth).

(2) Schedule etc.

a. Schedule

Date of Board of Directors's Resolutions	August 4, 2016 (Thursday)
Scheduled Date of Public Notice of the Tender Offer	August 8, 2016 (Monday) Public disclosure will be made electronically, and a notice of such disclosure will be published in the <i>Nihon Keizai Shimbun</i> . EDINET (electronic disclosure for investors' network): http://disclosure.edinet-fsa.go.jp/
Scheduled Date of Submission of the Tender Offer Registration Statement (the "Registration Statement")	August 8, 2016 (Monday)

- b. Tender Offer Period as of the time of filing of the Registration statement
From August 8, 2016 (Monday) to September 20, 2016 (Tuesday (30 business days in Japan))
- c. Possible extension of the Tender Offer Period based on the Target Company's request
N/A

(3) Tender Offer Price

910 yen per share of common stock

(4) Basis of Calculation of Tender Offer Purchase Price

a. Basis of Calculation

(Basis of Calculation Conducted By Mitsubishi Chemical)

In determining the Tender Offer Price, Mitsubishi Chemical requested Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ("Mitsubishi UFJ Morgan Stanley Securities"), acting in the capacity of a third-party valuation institution independent from both the Tender Offerors and the Target Company, to conduct financial analysis of the Target Company's stock value. Mitsubishi UFJ Morgan Stanley Securities is not an affiliated party of the Tender Offerors and the Target Company and does not have a material interest in respect of the Tender Offer.

Mitsubishi UFJ Morgan Stanley Securities conducted a valuation of the Target Company Shares by using each of the market price analysis, the comparable company analysis, and the discounted cash flow analysis (the "DCF Analysis"), and Mitsubishi Chemical obtained a share valuation report (the "Share Valuation Report") from Mitsubishi UFJ Morgan Stanley Securities on August 3, 2016. Mitsubishi Chemical has not obtained any opinion on the fairness of the Tender Offer Price (a fairness opinion).

The ranges of per share values of the Target Company Shares, as calculated under each of the abovementioned analysis, are as follows:

Market price analysis:	567 yen - 639 yen
Comparable company analysis:	815 yen - 1,163 yen
DCF Analysis:	718 yen - 1,185 yen

In the market price analysis, the base date was established as August 3, 2016 and the price range of per share value of the Target Company Shares was calculated to be 567 yen to 639 yen based upon the regular transaction closing price of the Target Company Shares on the TSE on the base date (596 yen), as well as the simple average of the regular transaction closing prices (the amount less than one yen has been rounded to the nearest one yen; the same shall apply hereinafter in the calculation of simple average closing prices) for: the last one (1) month (from July 4, 2016 through August 3, 2016) (567 yen); the last three (3) months (from May 6, 2016 through August 3, 2016) (596 yen); and the last six (6) months (from February 4, 2016 through August 3, 2016) (639 yen).

The comparable company analysis resulted in a per share value of the Target Company Shares ranging from 815 yen to 1,163 yen by evaluating the equity value of the Target Company through a comparison with financial indexes indicating, among other data, share prices and profitability of listed companies operating a relatively similar business to that of the Target Company.

In the DCF Analysis, the price range of per share value of the Target Company Shares was calculated to be 718 yen to 1,185 yen, by calculating the corporate value and share value by discounting the free cash flow that the Target Company is expected to generate after the fiscal year ending March 2020 by using a certain discount rate based on the earnings forecast in and after the fiscal year ending March 2017 (taking into consideration various factors including business plans for the period of the fiscal year ending March 2017 to the fiscal year ending March 2019 of the Target Company, up-to-date trends of the Target Company's business performance, publicly available information and the effects which could occur by the implementation of the Transactions) (Note).

(Note) In valuation of the Target Company Shares, Mitsubishi UFJ Morgan Stanley Securities, as a general rule, used information furnished by Mitsubishi Chemical and the Target Company and publicly available information or other materials as is, without any amendment thereto, based on the assumption that all such information is accurate and complete, and did not perform independent verification of its accurate and complete, and, therefore, did not, individually, verify the accuracy and completeness of the information and materials. Additionally, Mitsubishi UFJ Morgan Stanley Securities did not conduct independent valuation and assessment of the assets and liabilities of the Target Company's affiliates (including off-balance-sheet assets and liabilities or other contingent liability) or request a third party institution to conduct any appraisal or assessment thereof. Furthermore, Mitsubishi UFJ Morgan Stanley Securities assumed that the information regarding the Target Company's financial projections was reasonably prepared based on the best estimates and judgment available from the Target Company and Mitsubishi Chemical at the time. The valuation provided by Mitsubishi UFJ Morgan Stanley Securities reflects the abovementioned information as of August 3, 2016.

Based on the statement and analysis results in the Share Valuation Report obtained from Mitsubishi UFJ Morgan Stanley Securities, through the exchange of views with Mitsubishi Chemical Europe, Mitsubishi Chemical made a comprehensive review of, among other factors,

whether the proposal of the Tender Offer will possibly be approved at a board of directors' meeting of the Target Company, the results of the due diligence conducted with respect to the Target Company, and the price performance trend of the Target Company Shares within last 6 months, and, considering the results of the consultations and negotiations with the Target Company, concluded that the Tender Offer Price was finally determined to be 910 yen per share at the board of directors' meeting held on August 4, 2016.

(Basis for the Calculation Conducted by Mitsubishi Chemical Europe)

Mitsubishi Chemical Europe, based on the views of Mitsubishi Chemical, which has obtained the Share Valuation Report, made a comprehensive review of, among other factors, whether the proposal of the Tender Offer will possibly be approved at a board of directors' meeting of the Target Company, the results of the due diligence conducted with respect to the Target Company, and the price performance trend of the Target Company Shares within last 6 months, and, considering the results of the consultations and negotiations with the Target Company, concluded that the Tender Offer Price was finally and unanimously determined to be 910 yen per share by two (2) directors on August 4, 2016.

(Premium to the Tender Offer Price Reflecting the Market Values)

The Tender Offer Price of 910 yen per share is the price that can be obtained by adding (i) 50.17% premium (rounded to the second decimal place; the same shall apply hereinafter in the calculation of the premium ratio) to the regular transaction closing price of the Target Company Shares on the TSE on August 4, 2016 (606 yen), which is the business day immediately preceding the announcement date of the Tender Offer by the Tender Offerors; (ii) 59.37 % premium to the simple average of the regular transaction closing prices for the last one (1) month period (from July 5, 2016 to August 4, 2016) (571 yen); (iii) 52.43 % premium to the simple average of the regular transaction closing prices for the last three (3) month period (from May 6, 2016 to August 4, 2016) (597 yen); and (iv) 42.63 % premium to the simple average of the regular transaction closing prices for the last six (6) month period (from February 5, 2016 to August 4, 2016) (638 yen), respectively.

b. Background of Calculation

(Background of the determination of the Tender Offer Price)

Mitsubishi Chemical decided that, after taking the past business relationships between the Target Company and NIPPON GOHSEI UK/NIPPON GOHSEI Europe into consideration, the establishment of a relationship to allow Mitsubishi Europe to be involved, as a shareholder, in the management of the Target Company by Mitsubishi Chemical Europe becoming a shareholder of the Target Company (a relationship which results in more involvement of Mitsubishi Chemical Europe than that of being a mere brother company of NIPPON GOHSEI UK and NIPON GOHSEI Europe in Europe) would contribute to the realization of the synergies in Europe and the increase of the Target Company's corporate value. Accordingly, in December 2015, Mitsubishi Chemical made the Proposal that the Target Company discuss with Mitsubishi Chemical on the possibility of a joint acquisition of the Target Company by Mitsubishi Chemical and Mitsubishi Chemical Europe.

The process of the discussion and analysis on the joint acquisition of the Target Company by the Tender Offerors took place as follows: Mitsubishi Chemical made contact with the Target

Company; the Target Company had an internal discussion on the Proposal and made a response that the Target Company was willing to proceed with doing the analysis from their standpoint; and, in February 2016, Mitsubishi Chemical proposed that Mitsubishi Chemical Europe participate in the joint acquisition. Mitsubishi Chemical Europe accepted such proposal and started formal discussions and analysis on the joint acquisition.

Subsequently, from mid-April 2016, the Tender Offerors, with the Target Company's approval, conducted due diligence on the Target Company (which completed in early June 2016) and continued discussions with the Target Company on matters such as the schedules and detailed structures to implement the Proposal. In late June 2016, the Tender Offerors again made a proposal to the Target Company regarding the Transactions and discussed and negotiated on the Tender Offer Price. From early July 2016, as stated in "Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest", "(iii) Establishment of the Third-Party Committee by the Target Company" below, an independent committee was established by the Target Company and the Tender Offerors explained to the independent committee a number of relevant matters including the purpose of the Transactions and the management policy after the Transactions.

While having the abovementioned discussions and negotiations, the Tender Offerors and the Target Company, after mutually confirming the purpose, meaning and basic policy of the Transactions, continued discussions on the increase of future corporate value in order to pursue synergies which would contribute to the expansion and growth of each of their businesses (including the businesses of the overall MCHC Group). As a result, the Tender Offerors and the Target Company reached a decision that the following synergies are expected to be generated from the Transactions and the Transactions will contribute to the increase of the corporate value of the MCHC Group overall, including the Tender Offerors and the Target Company.

After the discussions and analysis mentioned above, each of the Tender Offerors have individually determined that the implementation of the Transactions would be economically rational. As of August 5, 2016, the Tender Offerors entered into the Joint Purchase Agreement and decided to jointly launch the Tender Offer as part of the Transactions. On August 4, 2016, Mitsubishi Chemical's board of directors approved the Transactions, both of the two directors of Mitsubishi Chemical Europe unanimously approved the Transactions, and, on August 5, 2016, the management meeting of the MCHC, the Tender Offerors wholly owning parent company, approved the Transactions. In addition, the Tender Offerors determined the Tender Offer Price in accordance with the following process respectively.

(Mitsubishi Chemical's Decision-making Process on Tender Offer Price)

- (i) Name of third party that provided an opinion regarding the calculation

In determining the Tender Offer Price, Mitsubishi Chemical requested Mitsubishi UFJ Morgan Stanley Securities to conduct financial analysis of the valuation of the shares of the Target Company.

- (ii) Summary of opinion

Mitsubishi UFJ Morgan Stanley Securities conducted a valuation analysis of the Target Company Shares by using each of a market price analysis, a comparable company

analysis and a DCF Analysis and Mitsubishi Chemical obtained the Share Valuation Report from Mitsubishi UFJ Morgan Stanley Securities on August 3, 2016. Mitsubishi Chemical has not obtained any opinion on the fairness of the Tender Offer Price (fairness opinion). The per share value ranges of the Target Company Shares calculated by each of the above analysis are as follows:

Market price analysis:	567 yen - 639 yen
Comparable company analysis:	815 yen - 1,163 yen
DCF Analysis:	718 yen - 1,185 yen

(iii) Background of the determination of the Tender Offer Price based on the opinion

Based on the statement and analysis results in the Share Valuation Report obtained from Mitsubishi UFJ Morgan Stanley Securities, through the exchange of views with Mitsubishi Chemical Europe, Mitsubishi Chemical made a comprehensive review of, among other factors, whether the proposal of the Tender Offer will possibly be approved at a board of directors' meeting of the Target Company, the results of the due diligence conducted with respect to the Target Company, and the price performance trend of the Target Company Shares within last 6 months, and, considering the results of the consultations and negotiations with the Target Company, concluded that the Tender Offer Price was finally determined to be 910 yen per share at the board of directors' meeting held on August 4, 2016.

(Mitsubishi Chemical Europe's Decision-Making Process Concerning Tender Offer Price)

Mitsubishi Chemical Europe, based on the views of Mitsubishi Chemical, which has obtained the Share Valuation Report, made a comprehensive review of, among other factors, whether the proposal of the Tender Offer will possibly be approved at a board of directors' meeting of the Target Company, the results of the due diligence conducted with respect to the Target Company, and the price performance trend of the Target Company Shares within last 6 months, and, considering the results of the consultations and negotiations with the Target Company, concluded that, the Tender Offer Price was finally and unanimously determined to be 910 yen per share by two (2) directors on August 4, 2016.

(Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflict of Interest)

In consideration that the Target Company is a consolidated subsidiary of Mitsubishi Chemical as of the date of hereof and structural conflicts of interests may occur to the Target Company in course of examination regarding the Transactions, the Tender Offerors and the Target Company have implemented the following measures respectively in order to ensure the fairness of the Tender Offer.

In addition, the Tender Offerors reached the conclusion that, although the Tender Offerors do not establish the minimum of the number of shares to be purchased of so-called "Majority of Minority" in the Tender Offer, since the Tender Offerors and the Target Company implement the measures (i) through (vi) below, the interests of the minority shareholders of the Target Company can be reasonably considered.

- (i) Procurement by the Mitsubishi Chemical of a Share Valuation Report from an Independent Third-Party Valuation Institution

In determining the Tender Offer Price, Mitsubishi Chemical has obtained the Share Valuation Report from Mitsubishi UFJ Morgan Stanley Securities, a financial advisor acting in the capacity of a third-party valuation institution independent from the Tender Offerors and the Target Company. For the outline of the Share Valuation Report, please refer to the “a. Basis of Calculation” above.

- (ii) Procurement by the Target Company of a Share Valuation Report from an Independent Third-Party Institution

According to the press release by the Target Company, in order to ensure the fairness of the decision-making process for the Tender Offer Price presented by the Tender Offerors, the Target Company requested Mizuho Securities, a third-party valuation institution independent from the Target Company and the Tender Offerors, to conduct a valuation of the Target Company Shares, and received the share valuation report stating the analysis results thereof (the “Target Company’s Share Valuation Report”) from Mizuho Securities on August 4, 2016 (Note). Mizuho Securities is not an affiliated party of the Target Company and the Tender Offerors and does not have any material interest in the Tender Offer. The Target Company has not obtained any opinion on the fairness of the Tender Offer Price (fairness opinion) from Mizuho Securities.

Mizuho Securities conducted the valuation of the Target Company Shares by using each of the average market price method and the discount cash flow method (the “DCF Method”). The ranges of the per share values of the Target Company Shares, as calculated under each of the abovementioned methods, are as follows:

Average market price method:	571 yen - 638 yen
DCF Method:	780 yen - 953 yen

In the average market price method, the base date was set as of August 4, 2016, on which the Target Company’s Share Valuation Report was completed, and the price range of per share value of the Target Company Shares was calculated to be 571 yen to 638 yen based upon the closing price of the Target Company Shares on the TSE on the base date (606 yen), as well as the simple average closing prices (the amount less than one (1) yen has been rounded to the nearest one (1) yen; the same shall hereinafter apply to the calculation of the simple average closing prices) for one (1) month, three (3) months and six (6) months immediately prior to the base date (571 yen, 597 yen and 638 yen, respectively).

In the DCF Method, the base date was set as of the end of March 2016, and the price range of per share value of the Target Company Shares was calculated to be 780 yen to 953 yen, by calculating the corporate value and share value by discounting the free cash flows that the Target Company is expected to generate in the future to the present value by using a certain discount rate based on the profit projections of the Target Company formulated for the three (3) fiscal years from the fiscal year ending March 31, 2017 to the fiscal year ending March 31, 2019. For the discount rate under the said analysis, 6.50% to 7.00% was applied, and in calculating the going concern values, the permanent growth rate method was used and the perpetual growth rate was set at -0.25% to 0.25%.

The consolidated financial projections (Japan GAAP) on the basis of the Target Company's business plan, based on which Mizuho Securities conducted the valuation under the DCF Method, are as follows. A substantial increase or decrease in profits is not forecasted in the business plan based on which the financial projection is made. In addition, the following financial projections are made without taking into consideration the synergetic effect that is expected to be realized through the implementation of the Transaction due to the difficulty of making a specific estimate at this moment.

(Unit: millions of yen)

	Fiscal Year Ending March 2017	Fiscal Year Ending March 2018	Fiscal Year Ending March 2019
Sales amount	104,000	114,866	119,721
Operating income	12,900	13,097	13,836
EBITDA	22,700	25,709	28,124
Free cash flow	5,870	121	1,920

(Note) In providing the Target Company's Share Valuation Report, Mizuho Securities used, among other things, the information provided by the Target Company and other publicly available information based upon the premise that all of such information and materials were accurate and complete, and, therefore, did not, individually, verify the accuracy and completeness of the information and materials. Additionally, with respect to the Target Company's financial projections, Mizuho Securities conducted its analysis upon the premise that such financial projections were reasonably prepared by the management of the Target Company based on the most appropriate projections and decisions that could be obtained at that time, and, with the Target Company's consent, certain amendments and revisions were made thereon considering the financial and economic situation as of the date of the Target Company's Share Valuation Report. The Target Company's Share Valuation Report has been prepared based on the financial, economic and market situation that exists and is assessable as of the date of the Target Company's Share Valuation Report and relies on the information that Mizuho Securities obtained as of the said date. Accordingly, if any change or effect occurs in the facts on and after the date of the Target Company's Share Valuation Report, based on which the Target Company's Share Valuation Report was reviewed or assessed, it is possible that the valuation results of the Target Company's Share Valuation Report will be affected by such change or effect. However, in such situation, Mizuho Securities is not responsible to amend, revise, supplement or reconfirm the substance of the Target Company's Share Valuation Report.

(iii) Establishment of a Third-party Committee by the Target Company

According to the press release by the Target Company, in order to eliminate arbitrariness from the decision making in relation to the Tender Offer and to secure fairness, transparency and objectivity in the Target Company's decision-making process, the Target Company, as of July 1, 2016, established a third-party committee consisting of committee

members that are independent from the board of directors of the Target Company and the Tender Offerors, i.e., Mr. Hitoshi Kumagai, outside corporate director of the Target Company, who is registered as an independent officer as stipulated in the regulations of the Tokyo Stock Exchange (a certified public accountant, licensed tax accountant and representative director of Trustees FAS Kabushiki Kaisha), Mr. Takayoshi Yoshino, outside corporate auditor of the Target Company who is registered as an independent officer as stipulated in the regulations of the Tokyo Stock Exchange (an attorney at law), and Mr. Kimi Koinuma (an attorney at law, Partner of Asahi Law Office) (the members of the third-party committee have not been replaced from the establishment of the third-party committee), and the Target Company consulted with the third-party committee on the consideration of following matters (a) and b) are collectively referred to as the “Consulted Matters”) and entrusted them to prepare their written report in response to each of the Consulted Matters and submit such written report to the board of directors of the Target Company; (x) the legitimacy and rationality of the purpose of the Transactions, considering whether or not the Transactions will contribute to the enhancement of the Target Company’s corporate value; (y) the fairness and appropriateness of the terms and conditions of the Transactions (including the Tender Offer Price and the consideration for the secondary acquisition to be conducted subsequent to the Tender Offer); and (z) from the view point of the fairness of the procedures of the Transactions including the Tender Offer (x) through (z) are collectively referred to as the “Assumptions relating to the Consulted Matters”), a) the opinion regarding whether or not the Transactions including the Tender Offer would be disadvantageous to the minority shareholders of the Target Company, and b) the propriety that the Target Company’s board of directors will state an opinion in support of the Tender Offer, and will recommend that the Target Company’s shareholders should accept the Tender Offer.

During the period from July 5, 2016 to August 5, 2016, the third-party committee met a total of five times and carefully examined the Assumptions related to the Consulted Matters and the Consulted Matters. In particular, the third-party committee received explanations from the Target Company’s financial advisor, Mizuho Securities, on the terms of the Tender Offer included in the Transactions, the contents of the two-stage takeovers and other details of the Transactions, and the nature of the negotiation of the Tender Offer Price that took place between the Tender Offerors and the Target Company. The third-party committee sent questionnaires to the Target Company twice and held Q&A sessions, and received further explanation from the Target Company on matters such as the Target Company’s business plan/ business environment and the impact that the Transactions could have on the Target Company’s business. In addition, the third-party committee also sent questionnaires to Mitsubishi Chemical three times and held Q&A sessions, and received further explanation from Mitsubishi Chemical and its financial advisor, Mitsubishi UFJ Morgan Stanley Securities, on matters such as the status and business environment of the Tender Offerors, the purpose and background of the Transactions, the management policy after the Transactions, the terms of the Tender Offer concerning the Proposal (including the Tender Offer Price) and existence of any concerns regarding the structure of the Transactions. Further, the third-party committee held Q&A sessions and received explanations from i) Mizuho Securities, a third-party valuation institution, on the result of Mizuho Securities’ valuation of the Target Company Shares and Mizuho Securities’ opinion as a third-party valuation institution on the Tender Offer Price, and ii) Nishimura & Asahi on matters such as the

decision making process of the Target Company's board of directors regarding the Tender Offer.

The third-party committee has, as a result of careful examination and discussion on the Assumptions relating to the Consulted Matters and the Consulted Matters, after taking the abovementioned examinations and discussions into consideration, reached a decision as follows: i) the Transactions would contribute to the increase of the Target Company's corporate value and the purpose of the Transactions is legitimate and reasonable, because no specifically unreasonable issues have been found in the background of the Tender Offer or the process of the Tender Offerors deciding to initiate the Tender Offer jointly; there is good reason to believe that the enhancement of the alliance between the Target Company and each company of the MCHC Group, and active capital investment and R&D under a mid-to long term plan as a wholly owned subsidiary of the MCHG Group, would contribute to the increase of the Target Company's corporate value; and, as to the synergies expected to be generated from the Transactions, no specifically unreasonable issues have been found; ii) the terms of the Transactions (including the Tender Offer Price and the price to be paid in the second stage acquisition) are fair and reasonable because (a) when comparing Mizuho Securities' valuation range of the Target Company Shares in respect of premiums included in the Tender Offer Price against the regular transaction closing price of the Target Company Shares on the TSE on the date immediately before the third-party committee report was submitted (606 yen), as well as against the simple average of the regular transaction closing prices for: the last one (1) month (571 yen); the last three (3) months (597 yen); and the last six (6) months (638 yen), and against the past similar transactions (i.e., a transaction in which a parent company intended to make its subsidiary a wholly owned subsidiary), the Tender Offer Price can be deemed to be generally not disadvantageous to shareholders of the Target Company; the Tender Offer Price is a price that has been agreed after frequent discussions and negotiations between the Target Company and the Tender Offerors and has been determined after sincere negotiations where adequate measures were taken to solve conflict of issue concerns and, accordingly, the Tender Offer Price is fair and reasonable; (b) the consideration expected to be paid in the second stage acquisition is also fair and reasonable because it will be the same as the Tender Offer Price; and (c) the terms of the transactions other than the Tender Offer Price are also fair and reasonable; and iii) the process taken with respect to the Transactions including the Tender Offer is fair because the discussions, examinations and negotiations regarding the Transactions took place without involving any Target Company director with a special interest in the Transactions, in addition to information barriers being set up, independent financial advisor and legal counsels were retained, and the Target Company received a valuation report from an independent third-party valuation institute. The third-party committee has decided that, based on the decisions stated in i) through iii) above,(x) the Transactions including the Tender Offer are not disadvantageous to minority shareholders of the Target Company and (y) it is appropriate for the Target Company's board of directors to state an opinion in support of the Tender Offer and to recommend that the Target Company's shareholders accept the Tender Offer.

As of today, the third-party committee has submitted to the Target Company's board of directors a report (the "Report") stating its opinion on the Consulted Matters and the

Assumptions relating to the Consulted Matters with the unanimous approval of all the members of the third-party committee. The Report states that i) the Transactions will contribute to the increase of the Target Company's corporate value and the purpose of the Transactions is legitimate and reasonable, ii) the terms of the Transactions (including the Tender Offer Price and the price to be paid in the second stage acquisition) are fair and reasonable, and iii) the process taken with respect to the Transactions including the Tender Offer is fair; and, based on the analysis stated in i) through iii) above, (x) the Transactions including the Tender Offer are not disadvantageous to minority shareholders of the Target Company and (y) it is appropriate for the Target Company's board of directors to state an opinion in support of the Tender Offer and to recommend that the Target Company's shareholders accept the Tender Offer.

(iv) Advice from Target Company's Independent Legal Advisor

According to the the Target Company's press release, in order to ensure transparency and appropriateness in the decision-making process regarding the Transaction including the Tender Offer, the Target Company appointed Nishimura & Asahi LPC as a legal advisor independent from the Target Company and the Tender Offerors, and obtained its legal advice as necessary for the points of note in relation to the decision-making process and the decision-making methods concerning the Transactions including the Tender Offer and other issues to be considered that are relevant to the decision making for the Tender Offer.

Nishimura & Asahi LPC is not an affiliated party of the Target Company and the Tender Offerors and does not have any material interest.

(v) Unanimous Approval by all of the Non-Interested Directors of the Target Company and Opinion of No Objection by all of the Corporate Auditors of the Target Company

According to the Target Company's press release Notice by the Target Company, the board of directors of the Target Company, in light of the statement of the Share Valuation Report and the legal advice from Nishimura & Asahi LPC, and according maximum respect to the content of the Report submitted by the third-party committee, carefully discussed and reviewed the Transaction including the Tender Offer in respect of a series of the procedures therefor and the terms and conditions of the Tender Offer.

As a result, the Company has come to the conclusion that enhancement of the competitiveness in the Europe area in alliance with Mitsubishi Chemical Europe, increase in operational efficiency, and sales/marketing expansion and enhancement, in addition to achievement of the Company's medium-term management plan "NICHIGO 20", will be achieved by further tightening the alliance with the Tender Offerors and implementing various policies. Additionally, in response to the request by the Tender Offerors for discussions and negotiations regarding the Tender Offer Price and other terms and conditions, the Target Company held several instances of discussion and negotiation with the Tender Offerors equivalent to a discussion and negotiation under an arm's length transaction.

Based on the abovementioned reviews and negotiations, the Target Company's board of directors has come to a conclusion that, by making Mitsubishi Chemical become a wholly

owning parent company of the Target Company by way of the Transactions (including an indirect holding), and making Mitsubishi Chemical Europe become a shareholder with holding of 5% of the Target Company, the corporate value of the Target Company will be enhanced by way of the Transactions including the Tender Offer, whereby they are able to improve the competitiveness in expanding their overseas business and fully make use of the benefits resulting from pursuit of synergy through the alliance with each company of the Mitsubishi Chemical group and MCHC.

Further, in light of the following fact that the Tender Offer Price: i) according to the valuation results of the share value of the Target Company Share provided by Mizuho Securities set forth in “(ii) Procurement by the Target Company of a Share Valuation Report from an Independent Third-Party Valuation Institution” above, exceeds the upper limit of the valuation results under a market average price method and is also within the ranges of the valuation results under the DCF Method; ii) is considered to be within reasonable bounds with the following premiums in comparison with the past similar transactions (i.e., a transaction in which a parent company intended to make its subsidiary a wholly owned subsidiary), a) 50.17% premium to the closing price of the Target Company Shares on the TSE on August 4, 2016 (606 yen), which is the business day immediately preceding the announcement date of the Tender Offer, b) 59.37 % premium to the simple average of the closing prices for the last one (1) month period (571 yen), c) 52.43 % premium to the simple average of the closing prices for the last three (3) month period (597 yen), and d) 42.63 % premium to the simple average of the closing prices for the last six (6) month period (638 yen), respectively; iii) is recognized to take into consideration the benefit to the minority shareholders, such as measures taken in order to ensure the fairness of the Tender Offer Price set forth in “(Measures to ensure the fairness of the Tender Offer such as measures to ensure the fairness of the Tender Offer Price and to avoid conflict of interest)”; and iv) is a price determined upon several instances of discussion and negotiation between the Target Company and the Tender Offerors equivalent to a discussion and negotiation under an arm’s length transaction after taking measures to ensure the fairness of the Tender Offer Price, the Target Company determined that the Tender Offer would provide the shareholders of the Target Company with a reasonable opportunity to sell their shares.

Accordingly, at the board of directors’ meeting of the Target Company held on August 5, 2016, the board of directors, exclusive of Mr. Masayuki Waga, a director of the Target Company, unanimously represented their approval for the Tender Offer and resolved to recommend that the shareholders of the Target Company accept the Tender Offer.

Mr. Masayuki Waga, a director of the Target Company, is concurrently taking the office of a director of Mitsubishi Chemical and, accordingly, due to the potential of any conflict of interest with the Target Company in respect of the Transactions, he, as a person with special interests, did not attend any of the deliberations and resolutions for the agenda concerning the Transactions including the Tender Offer at the abovementioned board of directors’ meetings of the Target Company.

In addition, all of the corporate auditors of the Target Company including the outside corporate auditors attended the above-mentioned board of directors’ meeting and stated no objection to the resolution of i) the representation of the approval for the Tender Offer by

the board of directors of the Target Company and ii) recommendation that the shareholders of the Target Company accept the Tender Offer.

(vi) Measures to Secure an Opportunity for Others to Make any Competing Offers

The Tender Offerors set the tender offer period for the Tender Offer at 30 business days, which is longer than the statutory minimum period of 20 business days. By making the tender offer period relatively long, the Tender Offerors contemplate assuring the fairness of the Tender Offer Price through providing all of the shareholders of the Target Company with an appropriate opportunity to consider and decide whether or not to tender their shares in the Tender Offer and through securing an opportunity for any potential tender offerors other than the Tender Offerors to acquire the Target Company Shares.

The Target Company has not entered into any agreement with the Target Offerors that may restrict the Target Company from contacting the persons proposing the competing purchase, including an agreement providing a transaction protection clause that may restrict the Target Company from contacting the persons proposing the competing purchase.

c. Relationship with Appraisers

Mitsubishi UFJ Morgan Stanley Securities is not a related party of the Tender Offerors and does not have any material interest in the Tender Offer.

(5) Number of Shares to be Purchased in the Tender Offer

Number of shares intended to be purchased	Minimum number of shares intended to be purchased	Maximum number of shares intended to be purchased
47,242,749	-	-

(Note 1) Since the maximum and minimum number of shares to be purchased in the Tender Offer is not established, the Tender Offerors will purchase all of the Tendered Shares, Etc.

(Note 2) As a maximum of shares to be purchased through the Tender Offer is not established, the number of shares intended to be purchased that is described in the relevant column is the maximum number of the Target Company Shares to be acquired by the Tender Offerors through the Tender Offer (47,242,749 shares). Such maximum number of shares (47,242,749 share) is obtained by (a) deducing i) the number of shares held by Mitsubishi Chemical (50,154,159 shares) and ii) the number of the treasury shares held by the Target Company as of June 30, 2016 (972,278 shares), as set forth in the Target Company's FY 2016 First Quarterly Earnings Release, from (b) the total number of issued shares of the Target Company as of June 30, 2016 (98,369,186 shares), as set forth in the Target Company's 134th Business Period First Quarterly Report.

(Note 3) Shares constituting less than a whole unit will also be subject to purchase through the Tender Offer. The Target Company may purchase its own shares in accordance with legal procedures during the Tender Offer Period from any shareholder who exercises the right under the Companies Act to require the Target Company to purchase shares constituting less than a whole unit.

(Note 4) There is no plan to purchase the treasury shares held by the Target Company through the Tender Offer.

(Note 5) The Tender Offerors assume that, through the Transactions, Mitsubishi Chemical will own 95% of the voting rights of the Target Company and Mitsubishi Chemical Europe will own 5% thereof. Mitsubishi Chemical Europe will purchase all of the Target Company Shares up to the number at which the voting rights ratio of Mitsubishi Chemical Europe becomes 5% (4,869,846 shares) and Mitsubishi Chemical will purchase all of the remaining Target Company Shares exceeding the 5% ratio described above.

(6) Changes in Ownership Percentage of Shares after the Tender Offer

Number of Voting Rights Represented by Shares Owned by the Tender Offerors prior to the Tender Offer	47,242 units	(Ownership Percentage of Shares prior to the Tender Offer: 51.49%)
Number of Voting Rights Represented by Shares Owned by Specially Related Parties prior to the Tender Offer	0 unit	(Ownership Percentage of Shares prior to the Tender Offer: 0%)
Number of Voting Rights Represented by Shares Owned by the Tender Offerors after the Tender Offer	97,396 units	(Ownership Percentage of Shares after the Tender Offer: 100%)
Number of Voting Rights Represented by Shares Owned by Specially Related Parties after the Tender Offer	0 unit	(Ownership Percentage of Shares after the Tender Offer: 0%)
Total Number of Voting Rights of Shareholders and Other Parties of the Target Company	97,396 units	

(Note 1) The “Number of Voting Rights Represented by Shares Owned by Specially Related Parties prior to the Tender Offer” does not include the number of voting rights represented by shares held by each party that is excluded from the Specially Related Parties pursuant to Article 3, Paragraph 2, Item 1 of the Cabinet Ordinance Concerning the Disclosure of Tender Offers for Shares, Etc., by Persons Other Than Issuers (Ministry of Finance Ordinance No. 38 of 1990, as amended, the “TOB Order”) in the calculation of the ownership ratio prescribed in each Item of Article 27-2, Paragraph 1 of the Act.

(Note 2) The “Total Number of Voting Rights of Shareholders and Other Parties of the Target Company” represents the total number of voting rights of all shareholders of the Target Company pursuant to the description in the shareholders’ register as of March 31, 2016, as described in the Target Company’s 134th Business Period First Quarterly Report.

However, since the shares constituting less than a whole unit shall also be subject to the purchase through the Tender Offer, in the calculation of the “Ownership Percentage of Shares prior to the Tender Offer” and “Ownership Percentage of Shares after the Tender Offer”, the number of the voting rights (97,396 units) represented by the number of shares (97,396,908 shares) that is obtained by i) deducing (a) the number of treasury shares (972,278 shares) held by the Target Company as of June 30, 2016, as set forth in the Target Company’s FY 2016 First Quarterly Earnings Release, from (b) the total number of issued shares of the Target Company as of June 30, 2016, as set forth in the Target Company’s 134th Business Period First Quarterly

Report (98,369,186 shares), is used as the denominator.

(Note 3) The “Ownership Percentage of Shares prior to the Tender Offer” and “Ownership Percentage of Shares after the Tender Offer” are rounded to the second decimal place.

(7) Aggregate Tender Offer Price

JPY 42,990,901,590

(Note) The aggregate Tender Offer Price is calculated by multiplying the number of shares intended to be purchased (47,242,749 shares) by the Tender Offer Price per share (JPY 910).

(8) Method of Settlement

a. Name and Address of the Head Office of the Financial Instrument Firm in Charge of Settlement

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo

kabu.com Securities Co., Ltd. (the Sub-Agent)
3-2, Otemachi 1-chome, Chiyoda-ku, Tokyo

b. Settlement Commencement Date

September 28, 2016 (Wednesday)

c. Method and Place of Settlement

A notice of purchase will be mailed to the address of each Tendering Shareholder (or the standing proxy in the case of Foreign Shareholders) promptly after the end of the Tender Offer Period. In addition, delivery of such notice by the Sub-Agent will be made via the electromagnetic method by displaying it at the website after logging in.

Payment of the purchase price will be made in cash. The Tender Offer Agent or the Sub-Agent will, in accordance with the instructions of the Tendering Shareholders (or the standing proxy in the case of Foreign Shareholders), remit the purchase price promptly after the commencement date of settlement to the account designated by the Tendering Shareholder (or the standing proxy in the case of Foreign Shareholders).

d. Method of Returning Shares

If all of the Tendered Shares, Etc. are not purchased in accordance with the terms described in “b. Conditions of Withdrawal, etc. of Tender Offer, Details thereof and Method of Disclosure of Withdrawal, etc.” under “(9) Other Conditions and Methods of Purchase, etc.” below, the shares which have to be returned will be returned to the Tendering Shareholders by restoring the record of such shares to the original record as of immediately before the application promptly after the settlement date (in the case of withdrawal of the Tender Offer, the date that the Tender Offer was withdrawn.).

(9) Other Conditions and Methods of Purchase, etc.

a. Conditions set forth in each Item of Article 27-13, Paragraph 4 of the Act

Since the maximum and minimum number of shares to be purchased in the Tender Offer is not established, the Tender Offerors will purchase all of the Tendered Shares, Etc.

- b. Conditions of Withdrawal, etc. of Tender Offer, Details thereof and Method of Disclosure of Withdrawal, etc.

Upon the occurrence of any event listed in Article 14, Paragraph 1, Items 1.1 through 1.9 and Items 1.12 through 1.18, Items 3.1 through 3.8 and 3.10, as well as Article 14, Paragraph 2, Items 3 through 6 of the the Financial Instruments and Exchange Act Enforcement Order (Cabinet Order No. 321 of 1965, as amended, the “Enforcement Order”), the Tender Offer may be withdrawn.

“Matters equivalent to the matters listed in Items 1.1 through 1.9” in Article 14, Paragraph 1, Item 3.10 of the Enforcement Order means the case where it is found that there is a false statement regarding, or an omission of, a material matter to be stated, in the statutory disclosure documents which the Target Company submitted in the past and where the Tender Offerors did not know of the existence of such false statement, etc. and the Tender Offerors could not have known of the existence of such false statement, etc. even with the exercise of due care.

Should the Tender Offerors intend to withdraw the Tender Offer, they will give notice through electronic disclosure and give notice of such disclosure in the *Nihon Keizai Shimbun*; provided, however, that if it is deemed difficult to give the notice within the Tender Offer Period, the Tender Offerors will make an official announcement pursuant to Article 20 of the TOB Order and forthwith give public notice.

- c. Conditions of Reduction of Purchase Price, Details thereof and Method of Disclosure of Reduction

Pursuant to Article 27-6, Paragraph 1, Item 1 of the Act, if the Target Company takes any action enumerated in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, the Tender Offerors may reduce the Tender Offer Price pursuant to standards set forth in Article 19, Paragraph 1 of the TOB Order. Should the Tender Offerors intend to reduce the Tender Offer Price, they will give notice through electronic disclosure and give notice of such disclosure in the *Nihon Keizai Shimbun*; provided, however, that if it is deemed difficult to give the notice within the Tender Offer Period, the Tender Offerors will make an official announcement pursuant to Article 20 of the TOB Order and forthwith give public notice. If the Tender Offer Price is reduced, the Tender Offerors will purchase any Tendered Shares, Etc. tendered prior to the announcement of such reduction at the amended Tender Offer Price.

- d. Matters Concerning Tendering Shareholders’ Right of Cancellation of Application

Tendering Shareholders may, at any time during the Tender Offer Period, cancel an application for the Tender Offer. In the event of such cancellation, the Tendering Shareholders must deliver or mail a written request to cancel the application for the Tender Offer (the “Written Request for Cancellation”), with the Receipt of Application for the Tender Offer enclosed, to the head office or any branch offices in Japan of the Tender Offer Agent who has accepted the application by 4:00 p.m. on the last day of the Tender Offer Period. Cancellation of application shall become effective when the Written Request for Cancellation is delivered to or received by the Tender Offer Agent defined below. If by mail, the cancellation of the acceptance of the Tender Offer will not be effective unless the Written Request for Cancellation is received by the Tender Offer Agent by 4:00 p.m. on the last day of the Tender Offer Period. In the event of the cancellation of application tendered through kabu.com Securities Co., Ltd., as the Sub-Agent, Tendering Shareholders must follow the procedures for the cancellation of application by 4:00 p.m. on the last day of the Tender Offer Period through the website after logging in in the way described in “Share Tender Offer (TOB)” (<http://kabu.com/item/tob/>) at its website (<http://kabu.com/>).

Entities authorized to receive the Written Request for Cancellation:

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo

(and other branch offices of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. in Japan)

No compensation for damages or penalty will be demanded of any Tendering Shareholder by the Tender Offerors associated with the cancellation of the application by the Tendering Shareholder. The cost of returning the Tendered Shares, Etc. will be borne by the Tender Offerors.

e. Method of Disclosure if the Terms and Conditions of Tender Offer are Changed

Except where such change is prohibited pursuant to Paragraph 1 of Article 27-6 of the Act and Paragraph 2 of Article 13 of the Enforcement Order, the Tender Offerors may change the terms and conditions of the Tender Offers during the Tender Offer Period.

Should any terms and conditions of the Tender Offer be changed, the Tender Offerors will give public notice thereof through electronic disclosure and give notice of such disclosure in the *Nihon Keizai Shimbun*; provided, however, that if it is deemed difficult to make the notice within the Tender Offer Period, the Tender Offerors will make an official announcement in accordance with Article 20 of the TOB Order, and forthwith give public notice. If the terms of Tender Offer are changed, the purchase of the Tendered Shares, Etc. tendered prior to such public notice will also be made in accordance with the terms and conditions as changed.

f. Method of Disclosure if Amendment to Registration Statement is Submitted

If the Tender Offerors submit an amendment to the Tender Offer Registration Statement to the Director-General of the Kanto Local Finance Bureau (except in circumstances provided for under the proviso in Article 27-8, Paragraph 11 of the Act), the Tender Offerors will promptly make an official announcement of the contents of such amended statement to the extent relevant to the contents of the public notice of the Tender Offers, pursuant to Article 20 of the TOB Order. The Tender Offerors will also promptly amend the tender offer explanatory statement and provide an amended tender offer explanatory statement to the Tendering Shareholders who have received the original tender offer explanatory statement. If the amendments are limited in extent, however, the Tender Offerors will amend the tender offer explanatory statement by preparing and delivering a document stating the reason for the amendments, the matters amended and the details thereof to the Tendering Shareholders.

g. Method of Disclosure of Results of Tender Offer

The Tender Offerors will announce the results of the Tender Offer in accordance with methods stipulated in Article 9-4 of the Enforcement Order and Article 30-2 of the TOB Order on the day following the last day of the Tender Offer Period.

(10) Date of Public Notice

August 8, 2016 (Monday)

(11) Tender Offer Agent

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo

kabu.com Securities Co., Ltd. (Sub-Agent)

3-2, Otemachi 1-chome, Chiyoda-ku, Tokyo

3. Policies following the Tender Offer and Outlook

(1) Policies, etc. following the Tender Offer

As to the policies, etc., following the Tender Offer, please refer to “1. Purpose of Tender Offer”, “(2) Background, Purpose and Determination Process for the Tender Offer, and Management Policy after the Tender Offer”, “(4) Policy on Reorganization etc. after the Tender Offer (Matters Relating to the So-Called Two-Stage Takeover” and “(5) Possibility of and Reasons for Delisting” above.

(2) Outlook

As to the effect of the Tender Offer to estimate of the consolidated performance, please see “Announcement of Commencement of Tender Offer for Shares of The Nippon Synthetic Chemical Industry Co., Ltd. by Our Consolidated Subsidiaries “ which MCHC announced as of today.

4. Others

(1) Agreements between Tender Offerors and Target Company or its Directors and Officers, and Contents Thereof

a. Agreements between Tender Offerors and Target Company or its Directors and Officers, and Contents Thereof

The Target Company resolved at its board of directors’ meeting held today that the Target Company would issue an opinion in support of the Tender Offer and recommend that the shareholders of the Target Company accept the Tender Offer.

As to the details of the abovementioned Target Company’s decision making process, please refer to “2. Description of the Tender Offer”, “(4) Basis of Calculation of Tender Offer Purchase Price”, “b. Background of Calculation”, “(Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest),” “(v) Unanimous Approval by all of the Non-Interested Directors of the Target Company and Opinion of No Objection by all of the Corporate Auditors of the Target Company” above.

b. Background, Purpose and Determination Process for the Tender Offer, and Management Policy after the Tender Offer

Please refer to” 1. Purpose of Tender Offer”, “(2) Background, Purpose and Determination Process for the Tender Offer, and Management Policy after the Tender Offer” above.

c. Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest

Please refer to “2. Description of the Tender Offer”, “(4) Basis of Calculation of Tender Offer Purchase Price”, “b. Background of Calculation”, “(Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest)” above.

(2) Other Relevant Information Investors May Need in Evaluating the Tender Offer

The Target Company resolved at its board of directors’ meeting held today that the Target Company would change the dividend forecasts for FY 2016 which the Target Company announced on May 10, 2016 and would not pay any interim dividend or year-end dividend for FY 2016 if the Tender Offer

successfully closes. For more details, please refer to the Target Company's press release "Announcement regarding Revision of the Expected Dividends for the Fiscal Year ending March 2017" dated as of today.