

NOTE:

Please note that this is a summary translation of the Notice of Meeting in Japanese only for the reference of foreign investors and is not official texts and the Card for Exercise of Voting Rights is not attached.

The official Notice has been mailed to the custodian in Japan of each foreign shareholder.

The company is not responsible for the accuracy or completeness of the translation.

June 3, 2014

To Shareholders:

**Notice of the Ninth Ordinary General Meeting of Shareholders**

On behalf of the Board, I would like to thank you, our shareholders, for your continued support.

Mitsubishi Chemical Holdings Corporation (hereinafter the “Company” or “MCHC”) cordially invites you to attend the Ninth Ordinary General Meeting of Shareholders to be held on the date and at the venue specified below.

If you are unable to attend the meeting, please refer to the “Reference Materials for the General Meeting of Shareholders” on pages 70 to 79 of this notice and exercise your voting rights by one of the following methods.

1. Vote-By-Mail

If you vote by mail, please refer to “Exercise of Voting Rights” on page 3 of this notice.

2. Vote-By-Internet

If you vote by Internet, please refer to “Notes on exercising voting rights via the Internet” in “Exercise of Voting Rights” on page 3 of this notice.

**(Supplemental Note: Foreign investors may not vote by mail or Internet. The official Notice and the Card for Exercise of Voting Rights have been mailed to each custodian in Japan. The Company asks foreign investors to indicate their agreement or disagreement on the proposals to the custodians. However, in case they have participated in the Electronic Platform to Exercise Voting Rights for Institutional Investors operated by ICJ, Inc., they can exercise their rights via the said platform.)**

Sincerely yours,

Yoshimitsu Kobayashi, President & CEO

Mitsubishi Chemical Holdings Corporation

- 1. Date** Wednesday, June 25, 2014, from 10:00 a.m. (Reception starts at 9:00 a.m.)
- 2. Venue** Royal Park Hotel, 3rd Floor, Royal Hall  
1-1, Nihonbashi Kakigara-cho 2-chome, Chuo-ku, Tokyo

### **3. Agenda**

#### Matters to be Reported

- Item 1. The contents of the Business Report, the Consolidated Financial Statements, and results of audit by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements for the ninth fiscal year from April 1, 2013, to March 31, 2014
- Item 2. The contents of the Non-consolidated Financial Statements for the ninth fiscal year from April 1, 2013, to March 31, 2014

#### Matters to be Resolved

- Agendum 1. Appropriation of Retained Earnings
- Agendum 2. Election of Eight Directors
- Agendum 3. Election of Three Corporate Auditors

### **4. Guidance Notes on the Exercise of Voting Rights**

Please refer to “Exercise of Voting Rights” on pages 3 and 4 of this notice.

---

1. When attending the meeting, please submit the enclosed Card for Exercise of Voting Rights to reception at the meeting venue.

2. Pursuant to the relevant laws and ordinances and Article 17 of MCHC’s Articles of Incorporation, the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements are posted on MCHC’s website (<http://mitsubishichem-hd.co.jp/>), and hence are not presented as attachments to this Notice of the Ninth Ordinary Meeting of Shareholders.

**(Supplemental Note: This English translation file contains the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements.)**

3. Please be aware that if it becomes necessary to revise information contained in the Reference Materials for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements, or Consolidated Financial Statements, the revised information will be posted on the MCHC’s website (<http://www.mitsubishichem-hd.co.jp/>).

## Exercise of Voting Rights

Voting rights are principal rights of shareholders. Please exercise your voting rights after reading the Reference Materials for the General Meeting of Shareholders.

There are three ways to exercise your voting rights as described below:

1. By attending the general meeting of shareholders

Please submit the enclosed Card for Exercise of Voting Rights to reception at the meeting venue.

Date and Time: Wednesday, June 25, 2014, from 10:00 a.m. (Reception starts at 9:00 a.m.)

2. By submitting Card for Exercise of Voting Rights by mail

Please indicate your approval or disapproval of the proposals on the enclosed Card for Exercise of Voting Rights and return it to the Company.

Exercise due date: To be received no later than 5:45 p.m. on June 24, 2014

3. By exercising voting rights via the Internet

Please access our Internet voting website through a computer, a smartphone or a mobile phone and enter your approval or disapproval of the proposals. Please read further instructions given below.

Exercise due date: No later than 5:45 p.m. on June 24, 2014

[Notes on exercising voting rights via the Internet]

- (1) Please access our Internet voting website (<http://www.evotepj.com/>), log in using the Login ID and a Temporary Password indicated on the right-hand side of the Card for Exercise of Voting Rights and indicate your approval or disapproval following the instructions on the screen. (Please note that votes cannot be cast from 2:00 a.m. to 5:00 a.m. each day.)
- (2) Please be aware that in order to prevent improper access or vote altering by non-shareholders you will be asked to change your Temporary Password on the voting site the first time you log in. The Login ID and Temporary Password are only effective for this General Meeting of Shareholders.
- (3) The costs incurred when accessing the Internet voting website, including Internet access fees and communication expenses will be the responsibility of the shareholder.
- (4) When exercising your voting rights using a PC, a smartphone or a mobile phone, the Internet voting website may be disabled by certain Internet settings, or by the service to which you are subscribed or the model of the device you use to access the Web site. For details, please direct your inquiries to the Help Desk shown below.

**[Exercising Voting Rights by Proxy]**

If you are unable to attend the Ordinary General Meeting of Shareholders, you may exercise voting rights by a proxy who is also a shareholder with voting rights. Please be aware that a written statement attesting to the right of proxy must be submitted.

**[Handling of Redundant Voting]**

In the case where the Card for Exercise of Voting Rights is submitted by mail and voting rights are exercised via the Internet, votes placed through an electromagnetic method will be considered effective. If voting rights are exercised multiple times through an electromagnetic method, the final vote cast will be considered effective.

**[For Institutional Investors]**

Shareholders who have participated in the Electronic Platform to Exercise Voting Rights for Institutional Investors operated by ICJ, Inc. can exercise their rights via the said platform.

**[Inquiries]**

(1) Inquiries regarding the exercise of voting rights via the Internet

Mitsubishi UFJ Trust and Banking Corporation

Stock Transfer Agency Division (Help Desk)

Phone: 0120-173-027 (toll-free, within Japan only)

Hours: 9:00 a.m. to 9:00 p.m. (including weekends and holidays)

(2) Other inquiries

Mitsubishi UFJ Trust and Banking Corporation

Stock Transfer Agency Division

Phone: 0120-232-711 (toll-free, within Japan only)

Hours: 9:00 a.m. to 5:00 p.m. (excluding weekends and holidays)

(Attachment)

**Business Report**  
**(From April 1, 2013 to March 31, 2014)**

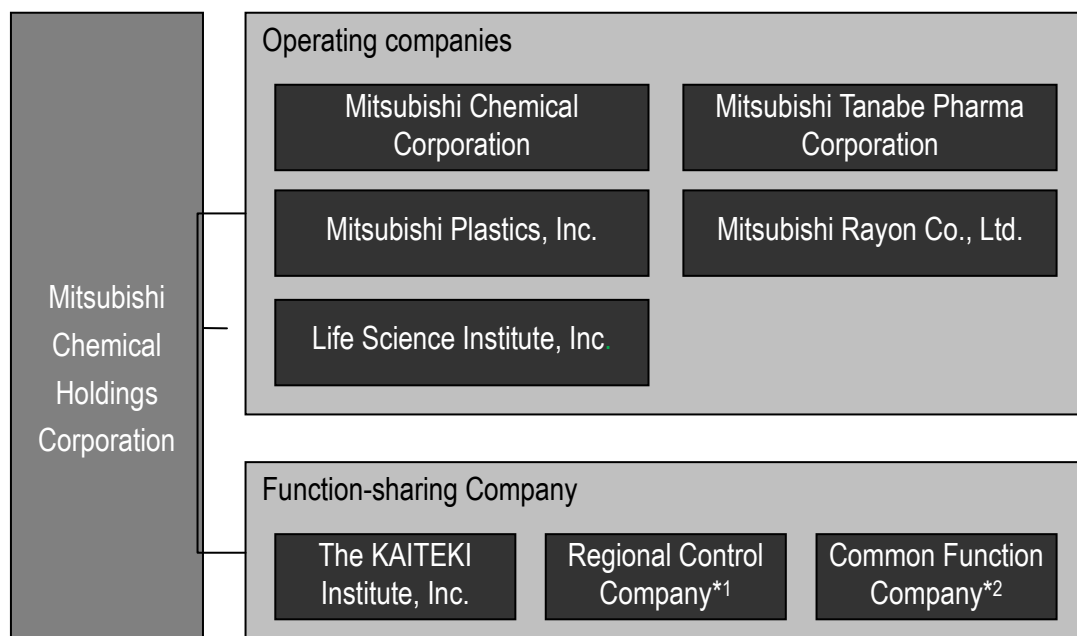
**1. Group Overview of Operation**

(1) Mitsubishi Chemical Holdings Group

Under the leadership of Mitsubishi Chemical Holdings Corporation (the “Company” or “MCHC”) as a holding company, the MCHC Group has conducted business activities in the three business domains of performance products, health care and industrial materials with Mitsubishi Chemical Corporation (“MCC”), Mitsubishi Tanabe Pharma Corporation (“MTPC”), Mitsubishi Plastics, Inc. (“MPI”) and Mitsubishi Rayon Co., Ltd. (“MRC”) serving as its four Core Operating Companies. In April 2014, MCHC integrated, under Life Science Institute, Inc, healthcare businesses, excluding pharmaceuticals business, as the healthcare solutions business and the MCHC Group is moving forward with various measures aimed at strengthening and expanding the healthcare solutions business foundation in the business areas of health management using medical information, advanced medication such as regenerative medicine and comprehensive pharmaceutical development support.

MCHC, as the holding company, is responsible for formulating Group-wide strategies, optimally allocating management resources, supervising business management and taking other initiatives, while assigning part of the functional responsibilities to its subsidiaries. In formulating its long-term strategies, MCHC, through the KAITEKI Institute, Inc., studies social challenges that are likely to occur in the future and responses thereto. Meanwhile, in step with the MCHC Group’s global business expansion, MCHC strives to drive home the significance of compliance and risk management by establishing Regional Control Companies in North America, Europe and China. Furthermore, MCHC seeks to further upgrade and streamline its operations by consolidating common administration functions such as general affairs, accounting, financing and auditing, among others, in a phased manner. In addition, the Company established MCHC R&D Synergy Center, Inc. with the aim of integrating and upgrading the Group’s common platform technologies.

## <Group Overview>



\*1 Mitsubishi Chemical Holdings America, Inc., Mitsubishi Chemical Europe GmbH, Mitsubishi Chemical Holdings (Beijing) Co., Ltd.

\*2 Mitsubishi Chemical Holdings Corporate Staff, Inc., MCHC R&D Synergy Center, Inc.

## (2) Business Development and Performance

The Japanese economy during the fiscal year under review recovered gradually with the correction of the strong yen and improvement in the export environment due to the impact of monetary and fiscal stimulus policies, and domestic demand was back on the recovery track.

With respect to the business environment surrounding the MCHC Group, business conditions for the performance products and industrial materials domains are changing for the better. This is mainly the result of the overall gradual recovery in overseas demand and mild rebound in the domestic business conditions, although the momentum of economic recovery was weak in China, Europe and other countries. Meanwhile, the health care domain saw its business conditions deteriorate due to the impact of the expansion of the generic pharmaceuticals market in Japan, although the products for which the Company exported its technologies overseas sold well.

During the fiscal year under review, the MCHC Group, under “APTSIS 15,” the five-year medium-term management plan that ends in FY2015, pursued reforms and transformation of business structures, by accelerating disposition of, and withdrawal from, unprofitable businesses, strengthening and expanding its business foundation in performance resin business and other businesses, and increasing its equity investment ratio in Taiyo Nippon Sanso Corporation. In addition, the MCHC Group sought to strengthen its comprehensive Group strengths by generating synergy effects among its operating companies, and made Group-wide efforts to implement measures to drastically reduce costs, re-examine capital expenditures and streamline assets with a view to improving earnings.

As a result of these efforts and initiatives, the MCHC Group’s consolidated net sales for the fiscal year under review amounted to ¥3,498.8 billion (up ¥410.2 billion year on year) as some of the Group’s overseas subsidiaries changed their accounting period and their sales for the 15-month period were recorded. Mainly due to the robust demand for display (including touch panels)-related products and the effects of cost reductions as well as the yen’s depreciation, and despite supplies of some petrochemical products largely exceeding demand, consolidated operating income and consolidated ordinary income stood at ¥110.4 billion (up ¥20.2 billion year on year) and ¥103.0 billion (up ¥16.0 billion year on year), respectively. Consolidated net income came in at ¥32.2 billion (up ¥13.6 billion year on year), due largely to the recording of extraordinary income in association with the arbitration award for Remicade in the pharmaceuticals business.

Information for each domain follows below.

### **Performance Products Domain**

#### **Electronics Applications Segment**

Net sales of recording media increased due largely to the change in the accounting period of overseas subsidiaries, although their sales volume decreased overall due to the scale-down of the DVD market and decline in sales prices mainly of external hard disk drives. Net sales of electronics-related products dropped due to sluggish performance in the precision cleaning and wafer regeneration businesses for semiconductors in addition to the downward trend in sales prices, although the sales volume of display materials and LED-use phosphors increased. Net sales of imaging supplies increased due largely to the favorable impacts of the yen’s depreciation although demand for business equipment-use printing supply such as organic photo conductor (OPC) drums and toners generally leveled off.

As a result, net sales for the segment amounted to ¥133.6 billion (up ¥15.4 billion year on year), but operating loss stood at ¥5.5 billion (worsened ¥0.4 billion year on year).

In March 2014, MCC, through MC Pioneer OLED Lighting Corporation, its joint venture with Pioneer Corporation, launched the mass production and shipment of OLED lighting module (white monochromatic type) with a wet coating process, which realized lower manufacturing cost than conventional modules.

### **Designed Materials Segment**

Net sales of designed materials for food ingredients remained favorable. Net sales of battery materials increased as the sales volume for automobile batteries was on an upward trend, although the sales prices declined generally. Net sales of fine chemicals increased as demand for automobile coating materials remained robust. Net sales of polymer-processing products grew significantly. This increase reflects the overall strong sales of film sheets for flat panel displays and brisk demand for film sheets for touch panels, as well as the favorable impact of the yen's depreciation and change in accounting period of some overseas subsidiaries, despite adverse effects of sluggish overseas demand for general-purpose polyester film sheets and the sell-off of the piping materials business in December 2012. Among composite materials, net sales of alumina fiber remained favorably, and those of carbon fiber increased significantly due to the growth in the sales volume with an upswing in demand and the positive impact of the yen's depreciation. Net sales of inorganic chemicals increased as their demand was on a recovery track and their sales prices were adjusted in response to increases in the cost of raw materials. Net sales of fibers increased sharply due to robust sales and the positive impact of the yen's depreciation.

As a result, net sales for the segment amounted to ¥790.9 billion (up ¥101.1 billion year on year), and operating income stood at ¥46.5 billion (up ¥23.9 billion year on year).

In October 2013, MPI established Mitsubishi Plastics Converting Film Wuxi Co., Ltd. (China), as a manufacturing and sales base of converted optical polyester film products. In December 2013, MRC acquired shares in WELLTHY CORPORATION, which manufactures and sells groundwater membrane filtration systems and provides maintenance services, to convert it into a subsidiary.



## **Health Care Domain**

### **Health Care Segment**

Net sales of pharmaceuticals declined due to the decrease in the sales volume of patent expired pharmaceuticals as a result of expansion of the use of generic pharmaceuticals and the impact of dissolution of partnerships in some businesses, despite increases in sales of Remicade (a therapeutic substance for rheumatoid arthritis, Crohn's disease and psoriasis) and Simponi (a therapeutic substance for rheumatoid arthritis) and increased royalty revenues from a therapeutic agent used to treat multiple sclerosis. Net sales of diagnostic reagents and instruments and clinical testing increased due to the boost in sales in the diagnostics testing business despite weak sales in the drug development support business. The pharmaceutical materials business has incorporated earnings of Qualicaps Co., Ltd., which was made a consolidated subsidiary of MCHC in March 2013, and started recording sales from the second quarter of the fiscal year under review.

As a result, net sales for the segment amounted to ¥531.2 billion (up ¥16.9 billion year on year), while operating income stood at ¥68.2 billion (down ¥6.6 billion year on year) owing to the increased research and development expense.

In August 2013, MTPC decided to consolidate five existing production sites of Mitsubishi Tanabe Pharma Factory Ltd. to two. As part of this, MTPC concluded a basic agreement to transfer the Ashikaga Plant of the Tanabe Pharma Factory Ltd. to CMIC HOLDINGS Co., Ltd.

## **Industrial Materials Domain**

### **Chemicals Segment**

The production volume of ethylene as a basic raw material for petrochemical products remained on a par with the previous fiscal year at 1.14 million tons, up 0.6% year on year. Net sales of basic petrochemicals and chemical derivatives increased sharply year on year as demand was on a moderate recovery track and sales prices were adjusted in response to the rise in the cost of raw materials and fuels. Net sales of terephthalic acid, a raw material for synthetic fiber, grew due to the increase in the sales volume in India and positive impact of the yen's depreciation although terephthalic acid continued to be undersold in step with the deterioration of the supply-demand balance as a result of increased supply capacity. Among carbon products, net sales of coke remained generally robust but net sales declined due to the drop in sales prices in the wake of the decrease in the prices of coking coal.

As a result, net sales for the segment reached ¥955.0 billion (up ¥51.4 billion year on year), while operating income improved only slightly to amount to ¥0.7 billion (up ¥0.9 billion year on year) due to non-recurrence of lump-sum revenue arising from the license

agreement on carbon products recorded in the previous fiscal year and the reduced price variance between raw materials and final products in petrochemical products.

In February 2014, MCC and Asahi Kasei Chemicals Corporation, which previously operated their ethylene plants in Mizushima in an integrated manner, agreed on scrapping Asahi Kasei Chemicals Corporation's naphtha crackers and jointly operating MCC's naphtha crackers.

### **Polymers Segment**

In synthetic resins, overseas demand for MMA monomer and other products remained weak. Net sales, however, increased sharply reflecting positive factors such as a gradual recovery in the domestic demand for polyolefin, adjustment of sales prices in response to the rises in raw materials and fuels in general, favorable impacts of the yen's depreciation and change in the accounting period of overseas subsidiaries for MMA monomer and other businesses.

As a result, net sales for the segment amounted to ¥858.4 billion (up ¥182.7 billion year on year), and operating income stood at ¥2.3 billion (up ¥2.1 billion year on year) due to the improvement of price variance between raw materials and finished products in polyolefin and robust demand for performance resin mainly for automobile-use products, despite an increase in fixed cost associated with renovation of facilities in the U.S. in MMA monomer. In April 2013, MCC and JNC Corporation decided to transfer their polypropylene compound-related business to Japan Polypropylene Corporation, their joint venture for polypropylene business, in order to integrate the business. In October 2013, MRC decided to reinforce MMA monomer production facilities at its subsidiary Lucite International (China) Chemical Industry Co., Ltd. (China).

### **Others**

Although external sales in the logistics business decreased, net sales increased thanks to the steady growth of the engineering business and the positive impact of changes in the accounting period of some of the overseas subsidiaries and the yen's depreciation.

As a result, net sales for the segment increased to ¥229.4 billion (up ¥42.4 billion year on year), while operating income stood at ¥5.6 billion (down ¥0.8 billion year on year).

### (3) Outstanding Issues

The Japanese economy is expected to remain on a moderate recovery track supported by the stimulus effects of monetary and fiscal policies, although there are concerns about the possible weakening of consumer spending following the consumption tax hike. The world economy is expected to recover gradually, led by advanced economies such as Europe and the U.S. However, anxieties about downswings in overseas business conditions are still present given the scaling down of monetary easing in the U.S. and slowdown of the economy in China and other emerging nations as well as geopolitical risks.

Under such business environment, we at the MCHC Group, having formulated “APTSIS 15,” a medium-term management plan that covers the five years through fiscal 2015, are pursuing reforms and transformation of business structure, strengthening the comprehensive Group strengths by generating synergy effects among operating companies and improving financial health. In the business domain of performance products, the MCHC Group will accelerate business expansion and globalization of specialty chemicals and other businesses that are positioned as “Stable businesses,” and work to quickly boost profitability of “Growth driver businesses” such as the carbon fiber and composite materials, water treatment systems and services and next-generation agribusiness solutions. In the health care domain, the MCHC Group will work toward strengthening its ability to develop new pharmaceuticals and building foundations for expanding overseas businesses in the pharmaceutical business, and reinforce and expand foundations of the healthcare solutions business under the Life Science Institute, Inc., which was launched in April 2014. In the industrial materials domain, the MCHC Group will advance restructuring of naphtha cracker facilities and structural reforms of the business of terephthalic acid, a raw material for synthetic fiber. As for MMA business, a “Stable business,” we, while taking reaction to the shale revolution into consideration, will establish an optimal global supply system to maintain and enhance its competitive advantage in the business. As part of reform and transformation of its business structure, the Group raised its investment ratio in Taiyo Nippon Sanso Corporation in October 2013, and will promote generation of synergy effects in the industrial gas, electronics, healthcare and other business fields.

We at the MCHC Group measure our corporate activities by the criteria of “Sustainability (Green),” “Health” and “Comfort” and promote KAITEKI management, in which the Group will pursue the enhancement of corporate value by incorporating three types of management, namely, the traditional management of economics that emphasizes capital efficiency by using conventional financial indicators; management of technology that pursues generation

of innovative technology; and the Management of Sustainability (MOS) that aims to enhance sustainability for people, society and the Earth, with the additional factor of time. In November 2013, the MCHC Group set “THE KAITEKI COMPANY” as its corporate brand with commitment to further boosting its brand value.

We at the MCHC Group are fully aware of our social responsibility, and we will ensure safety for all of our corporate and individual members, drive home the compliance and risk management to all employees once again, and seek to bolster internal control including assuring reliability of financial reporting.

The MCHC Group is committed to meeting the expectations of our valued shareholders by exerting all-out efforts to address these management issues, and further enhancing the Group’s corporate value and shareholder value. We would therefore appreciate your continued support and guidance.

(4) Capital Expenditures

The MCHC Group’s aggregate capital expenditures for the fiscal year under review (from April 1, 2013 to March 31, 2014) stood at ¥133.3 billion, the majority of which was applied to construction of new and additional manufacturing facilities, renewal of existing facilities, and rationalization investments in other existing facilities.

The major new and additional facilities include the following:

a) Major facilities completed during the fiscal year under review

Performance Products Domain	
[Electronics Applications Segment] MCC Mizushima Plant	Equipment for experimental proof of technology for manufacture of new organic solar batteries (new)
[Designed Materials Segment] Mitsubishi Polyester Film Suzhou Co., Ltd (China) Mitsubishi Polyester Film, Inc.(U.S.A.)	Production facility for polyester film (new) Production facility for polyester film (enhancement)
Industrial Materials Domain	
[Chemicals Segment] MCC Kashima Plant P.T. Mitsubishi Chemical Indonesia (Indonesia)	Production facility for ethylene, etc. (facility conversion) Power receiving equipment (new)
[Polymers Segment] MCC Kurosaki Plant Thai MMA Co. Ltd. (Thailand) Lucite International Inc. (U.S.A)	Production facility for isosorbide polymer (facility conversion) Production facility for methacrylic acid (new) Production facility for MMA monomer (facility conversion)

b) Major facilities under construction

Performance Products Domain	
[Designed Materials Segment] MPI Azai Plant MPI Hiratsuka Plant MRC Otake Plant  The Nippon Synthetic Chemical Industry Co., Ltd. Kumamoto Plant The Nippon Synthetic Chemical Industry Co., Ltd. Central Research Laboratory Noltex L.L.C. (U.S.A.)  PT. MC PET FILM INDONESIA (Indonesia) Mitsubishi Plastics Converting Film Wuxi Co., Ltd. (China) Mitsubishi Polyester Film, Inc. (Germany)	Production facility for co-extruded film (addition) Production facility for PET bottles (new) Production facility for precursor acrylic polymer (enhancement) Production facility for polyvinyl alcohol film (addition) Research and development facilities (addition) Production facility for ethylene-vinyl alcohol copolymer (addition) Production facility for moisture-permeable film (new) Production facility for polyester film processed products (new) Production facility for aluminum-resin composite panels (new)
Health Care Domain	
[Health Care Segment] Mitsubishi Tanabe Pharma Corporation Mitsubishi Tanabe Pharma Corporation Kashima Office API Corporation Yoshitomi Plant  Tianjin Tanabe Seiyaku Co., Ltd. (China)	Head Office Building (new) Office Building (new) Production facility for pharmaceutical intermediate bodies (addition) Pharmaceutical production facility (addition)
Industrial Materials Domain	
[Chemicals Segment] MCC Sakaide Plant MCC PTA India Corp. Private Limited (India) MCC PTA India Corp. Private Limited (India)	Coke oven dust collection system and other (renovation) Power receiving equipment (new) Coal-fired heating equipment for heating medium (new)
[Polymers Segment] MCC Kashima Plant Lucite International Inc. (U.S.A) Lucite International Singapore Pte Ltd (Singapore) Lucite International (China) Chemical Industry Co., Ltd. (China)	Production facility for phenol (facility conversion) Production facility for methacrylic acid (new) Production facility for MMA monomer (facility conversion) Production facility for MMA monomer (enhancement)

#### (5) Fund Procurement

In the fiscal year under review (from April 1, 2013 to March 31, 2014), the MCHC Group procured the necessary funds by borrowing funds and issuing corporate bonds and commercial paper.

The sum total of the MCHC Group's borrowings, corporate bonds and commercial paper amounted to ¥1,258.1 billion as of the end of the fiscal year under review, and the corporate bonds issued during the fiscal year under review are as follows:

Issue name	Issue date	Aggregate issue amount
Seventh unsecured corporate bond	June 2013	20 billion yen
Eighth unsecured corporate bond	June 2013	10 billion yen
Ninth unsecured corporate bond	June 2013	10 billion yen
Tenth unsecured corporate bond	December 2013	10 billion yen
Eleventh unsecured corporate bond	December 2013	15 billion yen
Twelfth unsecured corporate bond	December 2013	15 billion yen

#### (6) Significant Business Realignment

MPI, in May 2013, acquired all shares outstanding of the holding company of QUODRANT AG (Switzerland), an MPI's subsidiary which operates the engineering plastic product business globally and made it a wholly-owned subsidiary of MPI. (Designed Materials Segment)

MTPC, in September 2013, additionally acquired shares of Medicago Inc. (Canada), which owns unique technologies in the field of vaccines, and made it a consolidated subsidiary. (Healthcare Segment)

MCHC concluded a capital and business alliance agreement with its affiliate Taiyo Nippon Sanso Corporation, in a bid to realize synergy effects by collaborating in the industrial gas business and mutual utilization of sales channels. In October 2013, MCHC, based on the alliance agreement, raised its stake in Taiyo Nippon Sanso by subscribing for the entire allocation of new shares to a third party by the company. (Overall Management)

Note: In April, MCHC established Life Science Institute, under which API Corporation, Mitsubishi Chemical Medience Corporation, Qualicaps Co., Ltd. and Healthy Life Compass Corporation were integrated. Following this, API Corporation transferred its fine chemical business to MCC, and Mitsubishi Chemical Medience Corporation changed its trade name to LSI Medience Corporation. (Healthcare Segment)

(7) Changes in the Conditions of Assets and Profit/Loss

Category	6th Term (Fiscal 2010)	7th Term (Fiscal 2011)	8th Term (Fiscal 2012)	9th Term (Year under Review; Fiscal 2013)
Net Sales (in billion yen)	3,166.7	3,208.1	3,088.5	3,498.8
Operating income (in billion yen)	226.4	130.5	90.2	110.4
Ordinary Income (in billion yen)	223.8	133.6	87.0	103.0
Net Income (in billion yen)	83.5	35.4	18.5	32.2
Net Income per Share (in yen)	58.72	24.06	12.61	21.89
Net Assets (in billion yen)	1,114.0	1,144.9	1,203.3	1,314.8
Net Assets per Share (in yen)	514.30	522.77	553.54	611.95
Total Assets (in billion yen)	3,294.0	3,173.9	3,307.7	3,479.3

Note: Net income per share is calculated on the basis of average aggregate number of issued and outstanding shares during fiscal year excluding treasury stocks. Net assets per share are calculated on the basis of the aggregate number of issued and outstanding shares as of the end of fiscal year excluding treasury stocks.

[For reference] Changes in the Conditions of Assets and Profit/Loss of Core Operating Companies for the Ninth Fiscal Year (fiscal year under review)

Category	Mitsubishi Chemical Corporation	Mitsubishi Tanabe Pharma Corporation	Mitsubishi Plastics, Inc.	Mitsubishi Rayon Co., Ltd.
Net Sales (in billion yen)	2,159.6	412.7	442.6	606.2
Operating income (in billion yen)	23.0	59.1	20.0	8.8
Total Assets (in billion yen)	1,691.3	886.5	365.3	627.3

Note: Although MCHC, as a holding company, conducts business activities mainly through its Core Operating Companies, in preparing consolidated financial statements, it makes a consolidated adjustment such as eliminating inter-segment transactions (transactions between subsidiaries, etc.), and therefore simply adding up the figures of the Core Operating Companies (consolidated) in the table above does not agree with the consolidated figures of the Company.

(8) Description of Principal Businesses (as of March 31, 2014)

Domain	Segment	Main Products
Performance Products	Electronics Applications	Recording media, electronics-related products, imaging supplies
	Designed Materials	Food ingredients, battery materials, fine chemicals, polymer processing products, composite materials, inorganic chemicals, fibers
Health Care	Health Care	Pharmaceuticals, diagnostic reagents and instruments, clinical testing, Pharmaceutical materials
Industrial Materials	Chemicals	Basic petrochemicals, chemical derivatives, synthetic fiber materials, carbon products
	Polymers	Synthetic resins
Others		Engineering, logistics



## (9) Status of Major Subsidiaries and Affiliates (as of March 31, 2014)

## (a) Major Subsidiaries

Company Name	Capital	MCHC's Equity Investment Ratio (%)	Principal Business
[Direct Investees]			
Mitsubishi Chemical Corporation	50.0 billion yen	100.0	Manufacture and marketing of chemical products
Mitsubishi Tanabe Pharma Corporation	50.0 billion yen	56.3	Manufacture and marketing of pharmaceuticals
Mitsubishi Plastics, Inc.	21.5 billion yen	100.0	Manufacture and marketing of polymer processing products
Mitsubishi Rayon Co., Ltd.	53.2 billion yen	100.0	Manufacture and marketing of chemical products
The KAITEKI Institute, Inc.	10 million yen	100.0	Study and research on future social trends
[Indirect Investees]			
(Performance Products Domain)			
<u>Electronics Applications Segment</u>			
Verbatim Americas LLC	87 million U.S. dollars	100.0	Marketing of recording media and computer peripheral equipment
Verbatim Ltd. (U.K.)	3 million euro	100.0	Marketing of recording media and computer peripheral equipment
<u>Designed Materials Segment</u>			
The Nippon Synthetic Chemical Industry Co., Ltd.	17.9 billion yen	50.3	Manufacture and marketing of polymer processing products
Nippon Kasei Chemical Co., Ltd.	6.5 billion yen	64.9	Manufacture and marketing of inorganic chemical products
J-Film Corporation	1.2 billion yen	87.7	Manufacture and marketing of plastic films
Quadrant AG	27 million Swiss franc	100.0	Processing and marketing of engineering plastic products
Mitsubishi Polyester Film, Inc. (U.S.A.)	29 million U.S. dollars	100.0	Manufacture and marketing of polyester film
Mitsubishi Polyester Film GmbH (Germany)	160,000 euro	100.0	Manufacture and marketing of polyester film
(Health Care Domain)			
<u>Health Care Segment</u>			
API Corporation	4.0 billion yen	100.0	Manufacture and marketing of active pharmaceutical ingredients and intermediate bodies
Mitsubishi Chemical Medience Corporation	3.0 billion yen	100.0	Clinical testing and medical support services; marketing of in vitro diagnostic agents
Qualicaps Co., Ltd.	2.8 billion yen	100.0	Manufacture and marketing of capsules for pharmaceuticals and health food, and pharmaceutical processing equipment

Company Name	Capital	MCHC's Equity Investment Ratio (%)	Principal Business
<b>(Industrial Materials Domain)</b>			
<u>Chemicals Segment</u>			
Kansai Coke and Chemicals Co., Ltd.	6.0 billion yen	51.0	Manufacture and marketing of coke
MCC PTA India Corp. Private Ltd.	7,392 million rupee	65.9	Manufacture and marketing of terephthalic acid
Ningbo Mitsubishi Chemical Co., Ltd.	1,005 million yuan	90.0	Manufacture and marketing of terephthalic acid
P.T. Mitsubishi Chemical Indonesia	146 million U.S. dollars	100.0	Manufacture and marketing of terephthalic acid
MCC PTA Asia Pacific Private Company Ltd.	20 million U.S. dollars	100.0	Marketing of terephthalic acid
<u>Polymers Segment</u>			
Japan Polypropylene Corporation	11.7 billion yen	65.0	Manufacture and marketing of polypropylene
Japan Polyethylene Corporation	7.5 billion yen	58.0	Manufacture and marketing of polyethylene
Lucite International Inc.	363 million U.S. dollars	100.0	Manufacture and marketing of MMA monomer, acrylic resin boards and coating materials
Lucite International UK Limited.	20 million pounds	100.0	Manufacture and marketing of MMA monomer, acrylic resin boards and coating materials
<b>(Others)</b>			
Mitsubishi Chemical Logistics Corporation	1.5 billion yen	100.0	Logistics and warehouse services
Mitsubishi Chemical Engineering Corporation	1.4 billion yen	100.0	Engineering and construction services

Notes:

1. MCC operates businesses that fall into the categories of Performance Products Domain, Industrial Materials Domain and Others.
2. MTPC operates businesses that fall into the category of Health Care Domain.
3. MPI operates businesses that fall into the category of Performance Products Domain.
4. MRC operates businesses that fall into the categories of Performance Products Domain, Industrial Materials Domain and Others.
5. The KAITEKI Institute, Inc. conducts basic research activities which cannot be classified in any specific domain.
6. Capital reported for each of Verbatim Americas LLC, Mitsubishi Polyester Film, Inc. (U.S.A.) and Lucite International Inc. represents paid-in capital.

(b) Major Affiliates

Company Name	Capital	MCHC's Equity Investment Ratio (%)	Principal Business
(Performance Products Domain) <u>Designed Materials Segment</u> Kodama Chemical Industry Co., Ltd.	3.0 billion yen	20.6	Manufacture and marketing of plastic products
(Industrial Materials Domain) <u>Chemicals Segment</u> Kawasaki Kasei Chemicals Ltd.	6.2 billion yen	36.3	Manufacture and marketing of chemical derivatives
Kashima-Kita Electric Power Corporation	6.0 billion yen	41.2	Generation and supply of electric power
(Others) Taiyo Nippon Sanso Corporation	37.3 billion yen	26.9 (14.0)	Manufacture and marketing of industrial gas
Nitto Kako Co., Ltd.	1.9 billion yen	36.9	Manufacture and marketing of rubber and plastic products

Note: All of the above companies except for Taiyo Nippon Sanso are indirect investees of the Company. Of the figures of MCHC's equity investment ratios in Taiyo Nippon Sanso Corporation listed in the above table, the ratio in brackets shows the ownership ratio of MCHC's subsidiaries.

## (10) Principal Business Offices and Plants (as of March 31, 2014)

## (a) MCHC

	Address
Head Office	1-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo

## (b) Major Subsidiaries

Company Name	Location
[Direct Investees] Mitsubishi Chemical Corporation Mitsubishi Tanabe Pharma Corporation Mitsubishi Plastics, Inc. Mitsubishi Rayon Co., Ltd. The KAITEKI Institute, Inc.	Tokyo, Fukuoka, Mie, Okayama, Ibaraki, Kagawa Osaka, Tokyo Tokyo, Shiga, Ibaraki, Kanagawa, Nagano, Kagawa Tokyo, Hiroshima, Aichi, Toyama, Kanagawa Tokyo
[Indirect Investees] (Performance Products Domain) <u>Electronics Applications Segment</u> Verbatim America LLC Verbatim Ltd. (U.K.) <u>Designed Materials Segment</u> The Nippon Synthetic Chemical Industry Co., Ltd. Nippon Kasei Chemical Co., Ltd. J-Film Corporation Quadrant AG Mitsubishi Polyester Film, Inc. (U.S.A.) Mitsubishi Polyester Film GmbH (Germany)	U.S.A. U.K. Osaka, Tokyo, Gifu, Okayama, Kumamoto Tokyo, Fukushima, Fukuoka Tokyo, Chiba Switzerland U.S.A. Germany
(Health Care Domain) <u>Health Care Segment</u> API Corporation Mitsubishi Chemical Medience Corporation Qualicaps Co., Ltd.	Tokyo, Osaka, Fukuoka, Shizuoka, Fukushima Tokyo, Chiba, Ibaraki, Kanagawa, Kumamoto Nara
(Industrial Materials Domain) <u>Chemicals Segment</u> Kansai Coke and Chemicals Co., Ltd. MCC PTA India Corp. Private Ltd. Ningbo Mitsubishi Chemical Co., Ltd. P.T. Mitsubishi Chemical Indonesia MCC PTA Asia Pacific Private Company Ltd. <u>Polymers Segment</u> Japan Polypropylene Corporation Japan Polyethylene Corporation Lucite International Inc. Lucite International UK Limited.	Hyogo India China Indonesia Singapore Tokyo, Ibaraki, Chiba, Kanagawa, Mie, Okayama Tokyo, Ibaraki, Kanagawa, Okayama, Oita U.S.A. U.K.
(Others) Mitsubishi Chemical Logistics Corporation Mitsubishi Chemical Engineering Corporation	Tokyo Tokyo

Notes:

1. MCC operates businesses that fall into the categories of Performance Products Domain, Industrial Materials Domain and Others.
2. MTPC operates businesses that fall into the category of Health Care Domain.
3. MPI operates businesses that fall into the category of Performance Products Domain.
4. MRC operates businesses that fall into the categories of Performance Products Domain, Industrial Materials Domain and Others.
5. The KAITEKI Institute, Inc. conducts basic research activities which cannot be classified in any specific domain.

(11) Employees of the Group (as of March 31, 2014)

(a) Status of Employees of the Group

Domain	Segment	No. of Employees	Year-on-year Increase/Decrease
Performance Products	Electronics Applications	2,853	Down 265
	Designed Materials	16,278	Up 997
Health Care	Health Care	13,672	Up 109
Industrial Materials	Chemicals	4,786	Down 253
	Polymers	7,973	Up 495
Others		9,581	Down 190
Company-wide (Common)		888	Up 7
Sum Total		56,031	Up 900

Notes:

1. Those employees who are engaged in activities such as basic R&D, which cannot be definitively sorted into any specific Segment, are included in "Company-wide (Common)."
2. Executive Officers are included.
3. Employees loaned to entities outside of the MCHC Group are not included.

(b) Status of Employees of MCHC

No. of Employees (Year-on-year Change)	Average Age	Average Years of Service
104 (Up 7)	45 years and 8 months	20 years

Notes:

1. The employees are seconded mainly from MCHC's subsidiaries, and their average years of service include the years of service spent at the companies dispatching them as secondees.
2. Executive Officers are included.

(12) Principal Lenders (as of March 31, 2014)

Lenders	Amount Borrowed
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	243.2 billion yen
Mizuho Bank, Ltd.	111.1 billion yen
Mitsubishi UFJ Trust and Banking Corporation	101.6 billion yen
Development Bank of Japan Inc.	75.7 billion yen

## 2. Matters Related to Corporate Stocks (as of March 31, 2014)

- (1) Number of Authorized Shares: 6,000 million
- (2) Number of Issued and Outstanding Shares:  
1,506.288 million (representing no changes from the previous fiscal year)
- (3) Aggregate Number of Shareholders:  
179,098 (representing a year-on-year decrease of 6,880 shareholders)

### (4) Major Shareholders

Name of Shareholders	Equity Investments in MCHC	
	No. of Shares Held (million)	Equity Investment Ratio (%)
The Master Trust Bank of Japan, Ltd. – Trust Account	71.279	4.8
Meiji Yasuda Life Insurance Company	64.388	4.3
Japan Trustee Services Bank, Ltd. – Trust Account	63.096	4.2
Nippon Life Insurance Co.	45.969	3.1
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	41.105	2.7
Takeda Pharmaceutical Co., Ltd.	38.344	2.5
Tokio Marine and Nichido Fire Insurance Co., Ltd.	29.911	2.0
Taiyo Life Insurance Company	24.708	1.6
Japan Trustee Services Bank, Ltd. – Trust Account 4	23.325	1.5
Mizuho Bank, Ltd.	17.695	1.1

#### Notes:

1. In addition to the above, MCHC holds 31.382 million shares as treasury stocks, but these shares are non-voting pursuant to the provisions of Article 308, Paragraph 2 of the Companies Act.
2. Equity investment ratios are calculated to the exclusion of the treasury stocks (31.382 million).
3. In addition to the above, equity investments of The Bank of Tokyo-Mitsubishi UFJ, Ltd. in MCHC include 4.750 million shares of stock (representing the equity investment ratio of 0.3%) held in the name of “The Nomura Trust and Banking Co., Ltd. (Retirement Benefit Trust The Bank of Tokyo-Mitsubishi UFJ Account)” over which The Bank of Tokyo-Mitsubishi UFJ, Ltd. retains the right to issue instructions regarding the exercise of the relevant voting right.

### 3. Matters Related to Stock Acquisition Rights

#### (1) Overview of Stock Acquisition Rights Held by MCHC's Directors and Corporate Auditors (as of March 31, 2014)

Date of Resolution for Issue	Amount Paid In per Stock Acquisition Right	Exercise Period	Status of Stock Acquisition Rights Held by Directors and Corporate Auditors	Type and No. of Stock as Objects of Stock Acquisition Rights
November 26, 2007	¥44,350	From December 13, 2007 to December 12, 2027	MCHC's Director (1) 256 units	12,800 shares of MCHC's common stock
August 25, 2008	¥25,700	From September 11, 2008 to September 10, 2028	MCHC's Directors (2) 525 units	26,250 shares of MCHC's common stock
August 30, 2010	¥19,800	From September 15, 2010 to September 14, 2030	MCHC's Directors (3) 894 units	44,700 shares of MCHC's common stock
August 30, 2011	¥24,300	From September 15, 2011 to September 14, 2031	MCHC's Directors (2) 960 units	48,000 shares of MCHC's common stock
August 28, 2012	¥14,050	From September 13, 2012 to September 12, 2032	MCHC's Directors (2) 320 units	16,000 shares of MCHC's common stock

Notes:

1. The number of stocks as object of the aforementioned stock acquisition rights is 50 per stock acquisition right. However, if MCHC's common stocks are split, the number of stocks per stock acquisition right will be adjusted.
2. The value of assets to be invested on the occasion of exercise of the aforementioned stock acquisition rights would be ¥1 per share.
3. In principle, the grantees may exercise the aforementioned stock acquisition rights only if they lose all of their positions as Director, Corporate Auditor and Executive Officer of MCHC and its subsidiaries during the respective Exercise Periods.
4. In addition to the status described in the foregoing table, one director is in possession of 270 units of stock acquisition rights issued pursuant to the issuance resolution of August 30, 2011, which he obtained as a retiring director.
5. MCHC does not issue any stock acquisition rights to its Outside Director and Corporate Auditors in compensation for performance of their duties.
6. The table provided above does not include stock acquisition rights received by MCHC's Directors and Corporate Auditors as Executive Officers of MCHC, or Directors, Corporate Auditors or Executive Officers of the subsidiaries.

(2) Stock Acquisition Rights Issued for Executive Officers during the Fiscal Year Ended March 31, 2014

The Company issued no stock acquisition rights to shares during the fiscal year under review.

(3) Aggregate Number of Stock Acquisition Rights (as of March 31, 2014)

The aggregate number of stock acquisition rights and the type and number of stock as objects of stock acquisition rights as of the end of the fiscal year under review are as follows:

- |   |                                       |
|---|---------------------------------------|
| a) Aggregate number of stock acquisition rights                   | 17,198 units                          |
| b) Type and number of stock as objects of stock acquisition right | 859,900 shares of MCHC's common stock |



#### 4. Matters Related to Directors and Corporate Auditors

##### (1) Details of Directors and Corporate Auditors (as of March 31, 2014)

Position	Name	Responsibility at the company	Significant concurrent positions
Director President & CEO (Representative Director)	Yoshimitsu Kobayashi		Member of the Board, Chairman of Mitsubishi Chemical Corporation Member of the Board, President and Chief Executive Officer of The KAITEKI Institute, Inc. Outside Director of Japan Display Inc. Outside Director of Tokyo Electric Power Company, Incorporated
Director (Representative Director)	Shotaro Yoshimura	Deputy Chief Executive Officer (Corporate Management, Finance & Accounting and IR)	Member of the Board of Mitsubishi Plastics, Inc. Member of the Board, President and Chief Executive Officer of Mitsubishi Chemical Holdings Corporate Staff, Inc. Member of the Board of Ryoka Systems Inc. Outside Director of Taiyo Nippon Sanso Corporation
Director [Chief Compliance Officer]	Noboru Tsuda	Senior Managing Executive Officer (Business Strategy, PR, Administration and Internal Control)	Member of the Board of Mitsubishi Rayon Co., Ltd.
Director	Hiroaki Ishizuka		Member of the Board, President and Chief Executive Officer of Mitsubishi Chemical Corporation Member of the Board of The KAITEKI Institute, Inc. Member of the Board, Chairman of SPDC Ltd.
Director	Michihiro Tsuchiya		Member of the Board, President and Chief Executive Officer of Mitsubishi Tanabe Pharma Corporation Member of the Board of The KAITEKI Institute, Inc.
Director	Takumi Ubagai		Member of the Board, President and Chief Executive Officer of Mitsubishi Plastics, Inc. Member of the Board of The KAITEKI Institute, Inc.
Director	Hitoshi Ochi		Member of the Board, President and Chief Executive Officer of Mitsubishi Rayon Co., Ltd. Member of the Board of The KAITEKI Institute, Inc. Member of the Board, Chairman of Mitsubishi Rayon Lucite Group Limited
Outside Director	Takeo Kikkawa		Professor, Graduate School of Hitotsubashi University

Position	Name	Responsibility at the company	Significant concurrent positions
Corporate Auditor (full-time)	Akira Nakata		Outside Corporate Auditor of Mitsubishi Plastics, Inc. Corporate Auditor of MHCS Corporation Corporate Auditor of Qualicaps Co., Ltd. Outside Corporate Auditor of Mitsubishi Chemical Engineering Corporation Corporate Auditor of Mitsubishi Chemical Logistics Corporation
Corporate Auditor (full-time)	Kazuchika Yamaguchi		Corporate Auditor of Mitsubishi Chemical Corporation Outside Corporate Auditor of Mitsubishi Rayon Co., Ltd. Corporate Auditor of The KAITEKI Institute, Inc. Outside Corporate Auditor of Mitsubishi Chemical Medience Corporation Corporate Auditor of Ryoka Systems Inc.
Outside Corporate Auditor (full-time)	Takashi Nishida		Outside Corporate Auditor of Mitsubishi Chemical Corporation Outside Corporate Auditor of Mitsubishi Tanabe Pharma Corporation
Outside Corporate Auditor	Rokuro Tsuruta		Lawyer Outside Corporate Auditor of Mitsubishi Chemical Corporation Outside Corporate Auditor of J. Front Retailing Co., Ltd. Outside Corporate Auditor of Sumitomo Mitsui Financial Group, Inc. Outside Corporate Auditor of Sumitomo Mitsui Banking Corporation Outside Corporate Auditor of TPR Co., Ltd.
Outside Corporate Auditor	Toshio Mizushima		Certified Public Accountant Outside Corporate Auditor of The Joyo Bank, Ltd.

Notes:

1. Director Takeo Kikkawa is an outside Director as prescribed in Article 2, item 15 of the Companies Act. The Company has designated him as an independent officer pursuant to the rules and regulations of the Tokyo Stock Exchange, and has notified the stock exchange accordingly.
2. Corporate Auditors Takashi Nishida, Rokuro Tsuruta and Toshio Mizushima are the outside Corporate Auditors as prescribed in Article 2, Item 16 of the Companies Act. The Company has designated these outside Corporate Auditors as independent officers pursuant to the rules and regulations of the Tokyo Stock Exchange, and has notified the stock exchange accordingly.
3. Corporate Auditor Kazuchika Yamaguchi has considerable knowledge about finance and accounting as he has served as General Manager of Accounting Office at MCHC and MCC.
4. Corporate Auditor Toshio Mizushima has considerable knowledge about finance and accounting as he is qualified as Certified Public Accountant.
5. Of other corporations where the Company's outside Directors hold concurrent positions, MCC and MTPC are the Company's subsidiaries. Meanwhile, there is no special relationship between other corporations where the Company's outside Directors hold concurrent positions and the Company.
6. There were the following changes in position, responsibility at the company and significant concurrent positions outside the Company effective April 1, 2014.
  - Director Shotaro Yoshimura became a Director without the right of representation, and left the position of Deputy Chief Executive Officer (Corporate Management, Finance & Accounting and IR). Director Yoshimura resigned as Director of Mitsubishi Plastics, Inc., Mitsubishi Chemical Holdings Corporate Staff, Inc. and Ryoka Systems Inc.
  - Director Noboru Tsuda assumed the position of Representative Director and Deputy Chief Executive Officer (PR, Administration and Internal Control).
  - Corporate Auditor Akira Nakata assumed the position of Corporate Auditor of Life Science Institute, Inc. and resigned as Corporate Auditor of MHCS Corporation and Qualicaps Co., Ltd.

(2) Aggregate Amount of Directors' and Corporate Auditors' Remuneration

Category	Remuneration	
	No. of Persons	Amount (in million yen)
Directors	10	216
Corporate Auditors	5	114
Sum Total	15	330

Notes:

1. No wage or salary has been paid to any Director concurrently serving as an employee for any work performed as an employee.
2. No bonus or retirement bonus has been paid to any Director or Corporate Auditor.
3. In addition to the above-stated amounts of remuneration paid to the Directors and Corporate Auditors, remunerations of ¥276 million and ¥13 million were paid by MCHC's subsidiaries to those Directors and Corporate Auditors, respectively, who concurrently served as executive officers of said subsidiaries.
4. The amount of remuneration for Directors is set to be ¥30 million or less per month. In addition, a separate budget of up to ¥80 million per year is set aside in the form of stock acquisition rights.
5. The amount of remuneration for Corporate Auditors is set to be ¥11 million or less per month.
6. As of the close of the fiscal year under review, there were a total of eight Directors and five Corporate Auditors.

(3) Matters Related to Outside Director and Outside Corporate Auditors

(a) Status of Main Activities

Position	Name	Status of activities
Outside Director	Takeo Kikkawa	After assuming the position of Director in June 2013, Director Kikkawa attended 11 of the 12 meetings of the Board of Directors that were held during the fiscal year under review, and has expressed his opinion as needed by drawing on his experience as a university professor (business administration) and profound knowledge on company management.
Outside Corporate Auditor	Takashi Nishida	Corporate Auditor Takashi Nishida attended all 16 meetings of the Board of Directors and 13 of the 14 meetings of the Board of Corporate Auditors that were held during the fiscal year under review, and has expressed his opinion as needed by drawing on his knowledge and experience accumulated through his services with a bank and a securities company.
	Rokuro Tsuruta	Corporate Auditor Rokuro Tsuruta, attended all 16 meetings of the Board of Directors and 13 of the 14 meetings of the Board of Corporate Auditors that were held during the fiscal year under review, and has expressed his opinion as needed by drawing on his expert knowledge and experience accumulated primarily through his services as prosecutor and lawyer.
	Toshio Mizushima	Corporate Auditor Toshio Mizushima attended all 16 meetings of the Board of Directors and all 14 meetings of the Board of Corporate Auditors that were held during the fiscal year under review, and has expressed his opinion as needed by drawing on his expert knowledge and experience accumulated primarily through his services as certified public accountant.

(b) Aggregate Amount of Remuneration

Category	Remuneration	
	No. of persons	Amount paid (in million yen)
Outside Director and Corporate Auditors	4	54

Note: In addition to the above-stated amounts of remuneration paid to the outside Director and Corporate Auditors, a remuneration of ¥13 million was paid by MCC and MTPC, MCHC's subsidiaries, to those outside Corporate Auditors who concurrently served as Corporate Auditors of these subsidiaries.

(c) Overview of Contents of Liability-Limiting Agreements

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, MCHC and its outside Director and Corporate Auditors have concluded liability-limiting agreements as prescribed in Article 423, Paragraph 1 of the said Law. The maximum limit of damage compensation liability under these agreements is set to be the minimum limit of liability prescribed in Article 425, Paragraph 1 of the said Law.

## 5. Matters Related to Accounting Auditor

(1) Name

Ernst & Young ShinNihon LLC

(2) Amount of Remuneration, etc.

	Amount Paid (in million yen)
(i) Amount of audit remuneration to be paid by MCHC to the Accounting Auditor	41
(ii) Sum total of money and other financial benefits to be paid by MCHC and its subsidiaries to the Accounting Auditor	826

Note: As the amount of remuneration under the Companies Act and the amount of remuneration under the Financial Instruments and Exchange Act are not distinguished in the audit agreement between MCHC and the Accounting Auditor, a sum total of these amounts is reported in (i) above.

(3) Content of Non-auditing Affairs

With respect to services that are not stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (services other than audit attest services), MCHC asks the Accounting Auditor to provide consulting services having to do with the introduction of the International Financial Reporting Standards (IFRS).

(4) Policy on Decision to Dismiss or Not Reappoint Accounting Auditor

If the accounting auditor is found to run counter to any of the items prescribed in Article 340, Paragraph 1 of the Companies Act, the Board of Corporate Auditors, subject to consent of all Corporate Auditors, will dismiss the accounting auditor.

In addition, if the accounting auditor is found to be incapable of performing the audit service in a proper manner, MCHC will, subject to consent of the Board of Corporate Auditors or upon demand from the Board of Corporate Auditors, propose to a General Meeting of Shareholders that the accounting auditor should be dismissed or not be reappointed.

(5) Status of Audit of Financial Statements of MCHC's Subsidiaries by Certified Public Accountants or Audit Corporations other than the Accounting Auditor

Of MCHC's major subsidiaries, the overseas subsidiaries are audited by certified public accountants or audit corporations (including those locally certified) other than the Accounting Auditor, within the scope of the provisions of the Companies Act or the Financial Instruments and Exchange Act (or similar foreign laws and regulations).

## **6. System to Ensure that the Company Operates in an Appropriate Manner**

The Company's basic policy on development of systems for assuring the operational legitimacy for which the Board of Directors has passed a resolution (hereinafter referred to as the "Basic Policy") is as follows.

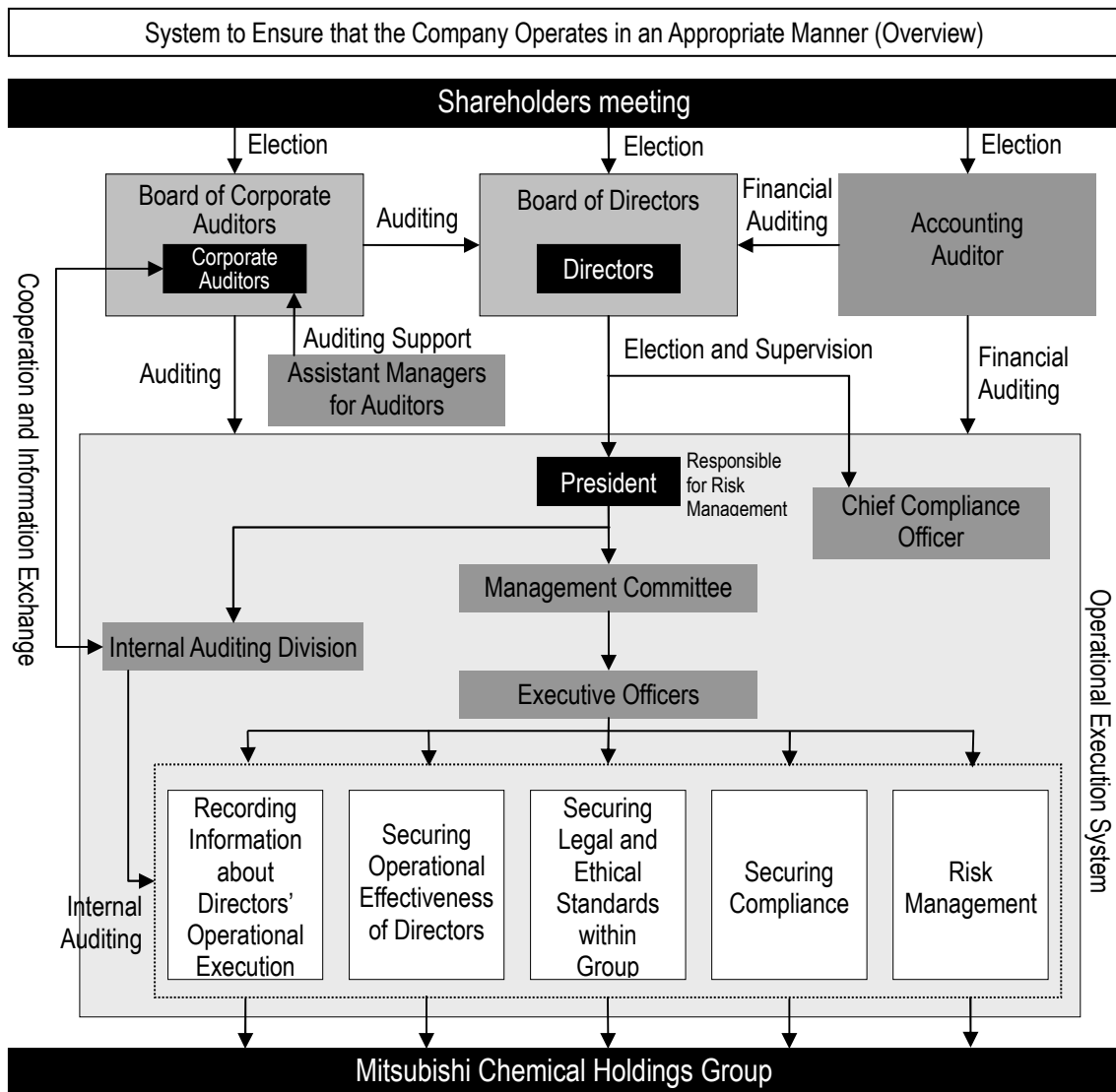
We routinely examine the progress of the Basic Policy to review annually and amend it as needed at the meeting of Board of Directors following the end of each fiscal year.

- (1) System for ensuring that Director's and Employee's execution of their work duties conforms to laws, regulations and Articles of Incorporation
  - (a) MCHC Group, with MCHC as its parent company under the Companies Act, shall treat the Group Charter of Corporate Behavior and the Group Compliance Code of Conduct as the basic regulations on compliance matters.
  - (b) Directors shall make decisions on MCHC's important matters at the Board of Directors and mutually monitor and supervise the exercising of their functions in accordance with the regulations of the Board of Directors and other relevant rules and regulations. Corporate Auditors shall audit Directors' exercising of their functions by attending the Board of Directors and other important meetings in accordance with the Corporate Auditors' Audit Standard, etc.
  - (c) Management shall develop, properly operate and manage internal control systems in order to assure the reliability of financial reporting.
  - (d) Management shall develop a promoting framework for compliance, training and education programs, audit/monitoring systems, hotlines and other compliance promotion programs of MCHC Group in accordance with Group Compliance Promotion Regulations and other relevant rules and regulations, and properly operate and manage these programs by appointing an executive officer in charge of compliance promotion (Chief Compliance Officer).
  
- (2) Regulations, structure and systems for managing risks of loss

The President shall be the Chief Risk Management Officer. In accordance with the Group's Basic Regulations on Risk Management and other relevant rules and regulations, the President shall be responsible for preventing serious risks from manifesting themselves in connection with or arising from MCHC Group's business activities, and for developing, properly operating and managing risk management systems for minimizing damage if any risk manifests itself.

- (3) System for ensuring that Directors exercise their functions efficiently
  - (a) The Board of Directors shall decide on Group strategies and allocation of management resources (portfolio management), and shall set specific management goals by developing the Group's medium-term management plan, annual budget, and other targets, and shall endeavor to achieve such goals.
  - (b) Management shall move ahead with separating supervision of management from execution of management by introducing the corporate executive officer system, clearly stipulate the powers of individual job positions and deliberating organs including the Board of Directors as well as jurisdictional responsibilities of each functional unit in the internal rules and regulations, and make management decisions and execute management duties in an efficient and proper manner.
  
- (4) System for preserving and managing information related to Directors' exercise of their functions  
Management, in accordance with the Document-Handling Regulations and other relevant rules and regulations, shall preserve and manage the minutes of the Board of Directors, Decisions of the Management Meeting, Approval Documents and other documents and electromagnetic records related to Directors' exercise of their functions, and shall develop a system that will allow Directors and Corporate Auditors to inspect them.
  
- (5) System for assuring operational legitimacy within the corporate group  
Management, in accordance with the Group's Management Regulations and other relevant rules and regulations, shall cause all concerned units and personnel to share the Group's internal control policies and systems covering compliance and risk management, and assure operational legitimacy within the MCHC Group by means such as reporting and approval of important MCHC Group management matters and internal audits.
  
- (6) System for ensuring that Corporate Auditors' audits are conducted in an effective manner
  - (a) Directors and Employees, pursuant to regulations such as the Corporate Auditors' Audit Standard, shall inform Corporate Auditors of any important management matters (including any fact or fraudulent act that might do material harm to MCHC or any fact in violation of laws, regulations or Articles of Incorporation).
  - (b) Management, at the Corporate Auditors' request, shall appoint audit assistants and have them assist the Corporate Auditors. Appointment of specific assistants shall be subject to the consent of the Corporate Auditors.

- (c) In order to ensure that Corporate Auditors' audits are conducted in an effective manner, Management shall facilitate Corporate Auditors' regular meetings with senior executives including the President, coordination and information exchange between the Corporate Auditors and the Internal Audit Office personnel.





## **7. Basic Policy on Control of the Company**

We have not specifically written down a basic policy on the modality of the persons exerting controlling influences over the Company's financial and management policy decisions, but are pleased to present our basic ideas below.

We believe that we will be able to live up to the expectations of our shareholders by running the MCHC Group in a highly efficient and transparent manner, by bolstering our competitive edge and earning capabilities through optimal allocation of management resources and ultimately by enhancing our Group's corporate value.

Although we have not introduced the so-called "takeover defense" measures, we do stand ready to take whatever measures we consider appropriate if we detect a company is attempting to make a massive purchase of MCHC's shares that might harm the MCHC Group's corporate value or undermine the common interests of our shareholders.

Having said that, we would like you to know that we will continue to closely examine the legal system, court precedents and social trends surrounding corporate takeover bids and explore propriety of introducing takeover defense measures as one of the important management challenges that we must deal with.

**MITSUBISHI CHEMICAL HOLDINGS CORPORATION**

**Consolidated Balance Sheet**

**9th Consolidated Fiscal Year (As of March 31, 2014)**

Unit: Millions of yen

**Assets**

**Current assets:**

Cash and deposits	137,664
Trade receivables	615,737
Securities	112,570
Inventories	591,107
Deferred income taxes—current	31,014
Other	77,461
Allowance for doubtful accounts	(2,144)
Total current assets	1,563,409

**Fixed assets**

**Property, plant and equipment:**

Buildings and structures	291,492
Machinery and equipment	474,527
Land	244,441
Construction in progress	76,005
Other	31,585
Total property, plant and equipment	1,118,050

**Intangible fixed assets:**

Goodwill	180,092
Other	116,430
Total intangible fixed assets	296,522

**Investments and other assets:**

Investment securities	333,599
Long-term loans receivable	1,331
Deferred income taxes—noncurrent	77,543
Assets for retirement benefit	31,240
Other	59,370
Allowance for doubtful accounts	(1,705)
Total investments and other assets	501,378
Total fixed assets	1,915,950
Total assets	3,479,359

**mitsubishi chemical holdings corporation**

**Consolidated Balance Sheet (continued)**

**9th Consolidated Fiscal Year (As of March 31, 2014)**

Unit: Millions of yen

**Liabilities**

**Current liabilities:**

Trade payables	413,405
Short-term borrowings	357,838
Current portion of long-term borrowings	117,579
Commercial paper	35,000
Current portion of bonds payable	55,040
Accrued income taxes	21,660
Accrued bonuses to employees	35,501
Reserve for periodic repairs scheduled within one year	6,696
Reserve for current portion of prospective loss on removal of fixed assets	2,582
Other	214,064
Total current liabilities	1,259,365

**Long-term liabilities:**

Bonds payable	225,050
Long-term borrowings	467,679
Accrued retirement benefits for directors	1,316
Provisions for possible losses in connection with litigation	7,186
Reserve for periodic repairs	2,583
Reserve for prospective loss on removal of fixed assets	2,318
Reserve for costs associated with liquidation of subsidiaries and affiliates	1,511
Reserve for environmental measures	2,339
Liabilities for retirement benefit	121,706
Other	73,436
Total long-term liabilities	905,124
Total liabilities	2,164,489

**Net Assets**

**Shareholders' equity:**

Common stock	50,000
Additional paid-in capital	317,737
Retained earnings	493,611
Less, Treasury stock at cost	(11,756)
Total shareholders' equity	849,592

**Accumulated other comprehensive income:**

Net unrealized holding gain on other securities	20,748
Gain on deferred hedges	209
Land revaluation surplus	1,581
Foreign currency translation adjustments	25,556
Accumulated adjustment for retirement benefit	3,117
Total accumulated other comprehensive income	51,211

**Warrants**

Warrants	496
<b>Minority interests in consolidated subsidiaries</b>	413,571
Total net assets	1,314,870
Total liabilities and net assets	3,479,359

**mitsubishi chemical holdings corporation**

**Consolidated Statement of Income**

**9th Consolidated Fiscal Year (Year ended March 31, 2014)**

Unit: Millions of yen

<b>Net sales</b>	3,498,834
<b>Cost of sales</b>	2,791,433
<b>Gross profit</b>	707,401
<b>Selling, general and administrative expenses</b>	596,941
<b>Operating income</b>	110,460
<b>Other income</b>	
Interest income	2,689
Dividend income	7,204
Foreign exchange gains, net	11,236
Other	9,773
<b>Total other income</b>	30,902
<b>Other expenses</b>	
Interest expenses	16,390
Equity in losses of affiliates	382
Adjustment for salaries for employees on secondment	4,984
Loss on sales and disposal of property, plant and equipment	1,564
Other	14,950
<b>Total other expenses</b>	38,270
<b>Ordinary income</b>	103,092
<b>Extraordinary income</b>	
Gain on sales of investment securities	13,020
Extraordinary income associated with arbitration award	11,011
Gain on sales of fixed assets	2,494
Other	4,310
<b>Total extraordinary income</b>	30,835
<b>Extraordinary losses</b>	
Loss on sales and disposal of property, plant and equipment	3,804
Special retirement expenses	3,421
Impairment loss	3,133
Loss on removal of fixed assets	3,080
Other	3,895
<b>Total extraordinary losses</b>	17,333
<b>Income before income taxes and minority interests in consolidated subsidiaries</b>	116,594
Current income taxes	43,204
Income taxes for prior periods-income taxes	2,612
Deferred income taxes	10,519
<b>Income before minority interests</b>	60,259
<b>Minority interests in consolidated subsidiaries</b>	28,011
<b>Net income</b>	32,248

**MITSUBISHI CHEMICAL HOLDINGS CORPORATION**  
**Consolidated Statement of Changes in Net Assets**  
**9th Consolidated Fiscal Year (Year ended March 31, 2014)**

Unit: Millions of yen

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2013	50,000	317,693	479,083	(11,280)	835,496
Changes during the fiscal year					
Cash dividends			(17,700)		(17,700)
Net income			32,248		32,248
Purchase of treasury stock				(538)	(538)
Disposition of treasury stock		44		62	106
Change of scope of equity method			(20)		(20)
Net change in items other than those in shareholders' equity					
Total changes during fiscal year	-	44	14,528	(476)	14,096
Balance at March 31, 2014	50,000	317,737	493,611	(11,756)	849,592

Unit: Millions of yen

	Accumulated other comprehensive income						Warrants	Minority interests in consolidated subsidiaries	Total net assets
	Net unrealized holding gain on other securities	Gain on deferred hedges	Land revaluation surplus	Foreign currency translation adjustments	Accumulated adjustment for retirement benefits	Total accumulated other comprehensive income			
Balance at April 1, 2013	13,959	1,018	1,581	(31,639)	(4,912)	(19,993)	565	387,248	1,203,316
Changes during the fiscal year									
Cash dividends						-			(17,700)
Net income						-			32,248
Purchase of treasury stock						-			(538)
Disposition of treasury stock						-			106
Change of scope of equity method						-			(20)
Net change in items other than those in shareholders' equity	6,789	(809)	-	57,195	8,029	71,204	(68)	26,323	97,458
Total changes during fiscal year	6,789	(809)	-	57,195	8,029	71,204	(68)	26,323	111,554
Balance at March 31, 2014	20,748	209	1,581	25,556	3,117	51,211	496	413,571	1,314,870

## Notes to the Consolidated Financial Statements

### Basis of Preparation of Consolidated Financial Statements

#### 1. Scope of Consolidation

(1) Number of consolidated subsidiaries and names of major consolidated subsidiaries

Number of consolidated subsidiaries: 361

Names of major consolidated subsidiaries: MCC, MTPC, MPI., MRC

(Increase: 27 companies)

- Increase as a result of new establishment: MTPC Holdings, Canada Inc. and eight other companies
- Increase as a result of share acquisition : Medicago Inc., two subsidiaries of Medicago Inc. and 14 other companies
- Increase as a result of additional share acquisition: P.T. Diachem Resins Indonesia

(Decrease: 6 companies)

- Decrease as a result of extinction in mergers: one subsidiary of Quadrant AG and one other company
- Decrease as a result of completion of liquidation, etc.: one subsidiary of Quadrant AG and three other companies

(2) Names and other details of major non-consolidated subsidiaries

Name of major non-consolidated subsidiary: Ningbo Lingxin Logistics Co., Ltd.

This non-consolidated subsidiary is excluded from the scope of consolidation because any total amount of total assets, net sales, net income or loss corresponding to the equities held by MCHC, or retained earnings corresponding to the equities held by MCHC, of this company, does not have material impact on MCHC's consolidated financial statements.

#### 2. Scope of Equity Method

(1) Number of non-consolidated subsidiaries and affiliates to which the equity method is applied and names of major non-consolidated subsidiaries and affiliates

Number of affiliates to which equity method is applied: 53

Names of major affiliates: Taiyo Nippon Sanso Corporation, Kawasaki Kasei Chemicals Ltd.

(Increase: 5 companies)

- Increase as a result of new establishment: MC Pioneer OLED Lighting Corporation

and one other company

- Increase as a result of share acquisition: Action Composites International Ltd.
- Increase as a result of increased importance: Kashima Denkai Co., Ltd. and one other company

(Decrease: 4 companies)

- Decrease as a result of sale of shares: San-Dia Polymers, Ltd. and two other companies
- Change to a consolidated subsidiary as a result of additional share acquisition: P.T. Diachem Resins Indonesia

- (2) Names and other details of non-consolidated subsidiaries and affiliates to which the equity method is not applied

Name of major non-consolidated subsidiary: Ningbo Lingxin Logistics Co., Ltd.

These non-consolidated subsidiaries and affiliates are excluded from the scope of equity method companies because any total amount of net income or loss corresponding to the equities held by MCHC, or retained earnings corresponding to the equities held by MCHC, of these companies, does not have material impact on MCHC's consolidated financial statements.

### **3. Matters Related to Fiscal Year of Consolidated Subsidiaries**

With respect to Lucite International Inc. and 89 other companies, the account settlement date was changed from December 31 to March 31 during the consolidated fiscal year under review. Hence the consolidated financial statements are prepared on the basis of their financial statements covering the 12 months ended on an account settlement date of December 31, 2013, combined with their financial statements covering the 3 months ended on an account settlement date of March 31, 2014.

Similarly with respect to ECHIZEN POLYMER CO., LTD., the account settlement date was changed from February 28 to March 31 during the consolidated fiscal year under review. Hence, the consolidated financial statements are prepared on the basis of its financial statements covering the 12 months ended on an account settlement date of February 28, 2014, combined with its financial statements covering the 1 month ended on an account settlement date of March 31, 2014.

In addition, while December 31 is the account settlement date for Huizhou MMA Co., Ltd. and 21 other companies, and May 31 for Wellthy Corporation, their financial statements based on a provisional calculation performed as of the consolidated account settlement date are used effective from the consolidated fiscal year under review.

#### **4. Significant Accounting Policies**

##### **(1) Valuation methods of securities**

Held-to-maturity bonds

Either amortized or accumulated to face value

Other securities with quoted market prices

Stated at fair value, based on market price at the closing date, or calculated by other means. The difference between the acquisition cost and the carrying value of other securities, including unrealized gain and loss, net of the applicable income taxes, is recognized as a component of net assets, and the cost of other securities sold is principally computed by the moving average method.

Other securities without quoted market prices

Stated at cost principally based on the moving average method.

##### **(2) Valuation methods of inventories**

Merchandise, finished goods, raw materials and other inventories

Stated at cost principally based on the periodic average method

Supplies (excluding packaging materials and deteriorated assets)

Stated at cost principally based on the moving average method

Balance sheet amounts are calculated by means of devaluation reflecting downturn of profitability.

##### **(3) Method of depreciating important depreciable assets**

Principally by the straight-line method



(4) Basis for Significant Reserves

(a) Allowance for Doubtful Accounts

To provide for bad-debt losses on its receivables, estimates of uncollectible amounts are provided for primarily on the basis of a historical rate derived from the actual uncollectible amounts in prior years in respect of general receivables, and on the basis of individual examinations of recoverability in respect of specified doubtful receivables.

(b) Accrued Bonuses to Employees

To provide for payments of bonuses to their employees, estimates of those accrued bonuses and social insurance costs corresponding thereto, which MCHC and its consolidated subsidiaries should bear during the consolidated fiscal year under review, are recorded.

(c) Provisions for Possible Losses in Connection with Litigation

To provide for any future settlements or expenditures that MCHC and its consolidated subsidiaries may be called upon to pay as a result of or in connection with existing litigations, estimates of settlements and expenditures associated with the following litigations are set aside:

1. Reserve for Health Management Allowances for HIV Compensation: ¥1,576 million

To provide for future payments of health management allowances and settlement payments (including attorney fees) in connection with a lawsuit for damages filed by plaintiffs infected with HIV, MTPC has set aside an estimated amount for such future payments.

2. Reserve for HCV Litigation: ¥2,634 million

To provide for losses that may arise in the future from a settlement of lawsuits filed by plaintiffs infected with HCV (hepatitis C virus), MTPC has set aside an estimated amount for payments related to such settlement based on estimates of the number of people receiving relief and the amount of relief payments required under a law which stipulates that relief be provided to people who contacted hepatitis C from specific fibrinogen products or specific coagulation factor IX products.

3. Reserve for Health Management Allowances for SMON (Sub-acute Myelo-Optico-Neuropathy) Compensation: ¥2,976 million

MTPC has set aside an estimated amount for payments to cover health management allowances and nursing expenses to be made over the remaining lives of the plaintiffs covered by the compromise settlement reached in the SMON litigation.

(d) Reserve for Periodic Repairs

To provide for costs of periodic repairs of production facilities in plants and oil tanks, estimates of those of the said costs which MCHC and its consolidated subsidiaries should bear during the consolidated fiscal year under review are recorded.

(e) Accrued Retirement Benefits for Directors

Accrued retirement benefits for directors and executive officers are determined principally based on internal regulations.

(f) Reserve for Costs Associated with Liquidation of Subsidiaries and Affiliates

MCHC and its consolidated subsidiaries provide for estimated costs associated with liquidation of some of its subsidiaries and affiliates.

(g) Reserve for Prospective Loss on Removal of Fixed Assets

MCHC and its consolidated subsidiaries provide for estimated losses that may be incurred in the wake of removal of fixed assets.

(h) Reserve for Environmental Measures

An amount is earmarked in order to provide for any loss that MCHC may be required to bear in the future in connection with construction work aimed at environmental measures.

(5) Other Significant Matters Related to Preparation of Consolidated Financial Statements

(i) Accounting treatment on retirement benefit

Actuarial differences are calculated on a straight-line basis over a period of years (principally 5 years) within the average remaining years of service of employees from the year when these differences arise and charged to expense beginning with the fiscal year following the fiscal year in which they arise. Past service costs are expensed on a straight-line basis over a period of years (principally 5 years) within the average

remaining service period of employees from the year when it is incurred. Variance occurring at the time of change in accounting standard is principally expensed equally over 15 years.

(ii) Standard for translating significant foreign currency assets and liabilities into Japanese yen

Monetary claims and debts denominated in foreign currencies are translated into Japanese yen at the spot exchange rates prevailing on the closing date, and any translation difference is treated as a gain or loss. The assets and liabilities of MCHC's overseas subsidiaries are translated into Japanese yen at the spot exchange rates prevailing on the closing date. Earnings and expenses of the said subsidiaries are translated into Japanese yen at the average spot exchange rates during the term, and any translation difference is included in "Minority interests in consolidated subsidiaries" and "Foreign currency translation adjustments" within "Net Assets."

(iii) Method and period of amortization of goodwill

Amortized evenly over a period of 20 years or less depending on the source.

Goodwill and negative goodwill are principally amortized on a straight-line basis over a period of 15 years for those in association with the establishment of MTPC a period of 10 years for those in association with making MPI into a wholly-owned subsidiary, and a period of 20 years for those in association with making MRC and Qualicaps Co., Ltd. into a wholly-owned subsidiary.

(iv) Accounting treatment of consumption taxes: Net of tax

(v) Adoption of consolidated tax payment system: MCHC adopts the consolidated tax payment system.

## **5. Changes in Accounting Policies**

### **(Changes in accounting policies)**

(1) Application of accounting standard for retirement benefits

From the end of the consolidated fiscal year under review, the Company has been applying the "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Statement No. 26, May 17, 2012; hereinafter the "Accounting Standard for Retirement Benefits") and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ

Guidance No. 25, May 17, 2012; hereinafter the “Guidance on Retirement Benefits”) (except for the provisions set forth in Section 35 of the Accounting Standard for Retirement Benefits and in Section 67 of the Guidance on Retirement Benefits). The Company has changed its accounting method to post retirement benefit obligations less pension assets as liabilities for retirement benefit and posted an unrecognized actuarial difference, unrecognized past service costs and unrecognized difference occurring at the time of change in accounting standard as liabilities for retirement benefit. In terms of the application of the Accounting Standard for Retirement Benefits, etc., the Company complies with the transitional accounting treatment set forth in Section 37 of the Accounting Standard for Retirement Benefits. At the end of the consolidated fiscal year under review, the Company debited or credited the impact arising from this change to accumulated adjustment for retirement benefit in accumulated other comprehensive income.

As a result, at the end of consolidated fiscal year under review, assets for retirement benefit of ¥31,240 million and liabilities for retirement benefit of ¥121,706 million were recorded and accumulated other comprehensive income increased by ¥6,608 million.

**(Change in accounting policies which is difficult to distinguish from change of accounting estimates)**

(1) Change in method of depreciating important depreciable assets

Depreciation of property, plant and equipment of MCHC, MTPC and its domestic consolidated subsidiaries in the Health Care Segment, the Company’s domestic consolidated subsidiaries in the Chemicals and Polymers Segments (excluding MRC and its subsidiaries), and the Company’s overseas consolidated subsidiaries was principally calculated using the straight-line method. MCHC adopted the declining-balance method for calculating depreciation of property, plant and equipment of other domestic consolidated subsidiaries, but has changed it to the straight-line method beginning with the consolidated fiscal year under review. Meanwhile, in December 2010, the MCHC Group announced “APTSIS 15,” a five-year medium-term management plan starting in the fiscal year ended March 31, 2012, and has since continued with structural reforms of businesses toward creating a portfolio of high-performance, high-value-added businesses and making active investment overseas. As a result, the importance of the Group’s overseas businesses has increased while its domestic businesses has matured in the past several years, achieving a change in business structure to make a contribution to the stable acquisition of earnings over the long term. In March 2013, the MCHC Group announced “APTSIS 15 Step 2,” a revision of “APTSIS 15” starting with the consolidated fiscal year under review and covering three years. Under the “APTSIS 15 Step 2,” the MCHC Group will respond to changes in the

industrial structure and in the business environment such as declines in demand and oversupply, and pursue expansion of overseas business development. In Japan, the Group will focus efforts on businesses that have prospects for generating stable earnings over the long term and maintaining and renewing base facilities, as well as pursuing leveling of production. After the release of “APTSIS Step 2” we examined the appropriate depreciation method for the Group. Considering that we can expect a stable rate of operation and earnings trends also in facilities in Japan in the future, the Group has decided it is a reasonable cost allocation method to change to the straight-line method from the viewpoints of adjusting periodic profit or loss and standardizing the Group’s accounting policies. As a result, operating income for the consolidated fiscal year under review was greater by ¥12,467 million than if the previous depreciation method had been applied, and ordinary income and income before income taxes and minority interests in consolidated subsidiaries were also greater by ¥12,670 million, respectively, than if the previous depreciation method had been applied.

## **6. Additional Information**

### **(Impacts of changes in corporation tax rate, etc.)**

On March 31, 2014, the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 10 of 2014), the “Act for Partial Revision of the Local Tax Act, etc.” (Act No. 4 of 2014) and the “Local Corporation Tax Act” (Act No. 11 of 2014) were promulgated, under which the corporation tax rate, etc. would be changed in the consolidated fiscal year commencing on or after April 1, 2014. Accordingly, for the consolidated fiscal year under review, the Company calculated deferred tax assets and deferred tax liabilities using the statutory effective tax rate based on a revised tax rate corresponding to a consolidated fiscal year, in which taxable temporary differences are expected to be eliminated.

As a result, at the end of the consolidated fiscal year under review, compared when using the previous method, the amount of deferred tax assets (after deducting deferred tax liabilities) decreased by ¥1,518 million and deferred income taxes increased by ¥1,540 million.

## Notes to the Consolidated Balance Sheets

### 1. Assets Pledged as Collateral and Debt Obligations Covered by Collateral

Assets pledged as collateral	
Buildings and structures	¥8,711 million
Land	¥9,987 million
Machinery and equipment, etc.	¥75,438 million
Amount of debt obligations covered by collateral	¥14,912 million

### 2. Accumulated Depreciation on Total Property, Plant and Equipment

¥2,668,599 million

Accumulated impairment losses of ¥23,214 million are included in the accumulated depreciation.

### 3. Contingent Liabilities

Liabilities on guarantee for bank borrowings

Guarantees	¥4,015 million
	(Of which ¥2,930 million is borne by the MCHC Group)
Stand-by guarantees	¥142 million
	(Of which ¥142 million is borne by the MCHC Group)

### 4. Trademark Infringement Lawsuit

The consolidated subsidiary Verbatim Corporation (U.S.A.) was sued for trademark infringement in Brazil. In May 2007, a court in Manaus, in the Brazilian state of Amazonas, ruled in favor of the plaintiff and ordered Verbatim Corporation (U.S.A.) to pay R\$377 million (equivalent to ¥17,161 million). Verbatim Corporation, believing that no trademark infringement took place, and dissatisfied with the fact that reasons for recognizing the plaintiff's monetary claim were not disclosed, immediately filed an appeal with the Superior Court of Justice in Brasilia. In February 2008, the Superior Court of Justice in Brasilia ruled in favor of Verbatim Corporation and returned the case to the Manaus court for retrial.

Subsequently, a disadvantageous ruling was laid down in the retrial, and Verbatim Corporation (U.S.A.) filed a special appeal in the Superior Court of Justice in Brasilia expressing its dissatisfaction with the retrial ruling. In June 2011, the Superior Court of Justice in Brasilia made the decision to dismiss the trademark infringement lawsuit and the lawsuit for calculation of damages for which the amount of damages was

announced by the aforesaid lower court judgment. However, in April 2012, the plaintiff demanded the Superior Court of Justice to clarify the judgment, and it is not possible to completely rule out the possibility that counterarguments will be brought forward by the plaintiff in the future.

## Notes to the Consolidated Statement of Changes in Net Assets

### 1. Matters Related to Class and Number of Issued Shares

Class and total number of issued shares as of the close of the consolidated fiscal year under review:

Common stock                      1,506,288 thousand shares

### 2. Matters Related to Dividends

#### (1) Dividends paid to shareholders

Resolution	Share Class	Aggregate Amount of Dividends	Dividend per share	Entitlement Date	Effective Date
Ordinary General Meeting of Shareholders June 25, 2013	Common stock	¥8,850 million	¥6	March 31, 2013	June 26, 2013
Board of Directors meeting October 31, 2013	Common stock	¥8,849 million	¥6	September 30, 2013	December 3, 2013
Total		¥17,700 million			

#### (2) Dividends whose base date arrives within the consolidated fiscal year under review but whose effective date arrives after the close of the consolidated fiscal year under review

The following matters related to payout of dividends of the common stock are being proposed as one of the agenda for the Ordinary General Meeting of Shareholders scheduled for June 25, 2014.

Resolution	Share Class	Aggregate Amount of Dividends	Source of Dividend	Dividend per share	Entitlement Date	Effective Date
Ordinary General Meeting of Shareholders June 25, 2014	Common stock	¥8,849 million	Retained earnings	¥6	March 31, 2014	June 26, 2014

**3. Type and number of shares being the object of warrants (excluding that warrant for which the first day of the exercising period has not yet arrived) as of the close of the consolidated fiscal year under review:**

Common stock 174,250 shares

**Notes on Financial Instruments**

1. Matters Related to Status of Financial Instruments

The MCHC Group manages its assets by means of short-term deposits and other highly safe financial instruments, and raises its funds primarily through bank borrowings, issuance of commercial paper and corporate bonds.

The Group strives to mitigate its customers' credit risks associated with notes and accounts receivable in accordance with its claims management regulations. MCHC hedges foreign exchange fluctuation risks associated with some foreign currency-denominated operating receivables by means of foreign exchange forward contracts. Securities and investment securities mainly represent held-to-maturity bonds and shares related to business and capital tie-ups with business partners. MCHC periodically checks and comprehends the fair value of these securities and financial conditions of their issuers (business partners).

Trade payables mainly become due within one year. MCHC hedges foreign exchange fluctuation risks associated with its foreign currency-denominated account payable by means of foreign exchange forward contracts. Borrowings, bonds payable and convertible bonds payable are intended to raise funds necessary for business transactions and capital expenditures, and for some of them, MCHC uses interest rate swaps to control fluctuation risks associated with interest payable, and currency swaps to control exchange fluctuation risks.

Pursuant to the provisions of its internal control regulations, MCHC makes it standard practice to conduct derivatives transactions within limits of actual demand.



## 2. Matters Related to Fair Value of Financial Instruments

The amounts booked on the consolidated balance sheet, fair value and the amount of differences as of March 31, 2014 (consolidated financial settlement date for the fiscal year under review) were as described below:

Unit: Millions of yen

	Amount booked on consolidated balance sheet (*)	Quoted Market Price (*)	Amount of Difference
(1) Cash and deposits	137,664	137,664	-
(2) Trade receivables	615,737	615,737	-
(3) Securities and investment securities			
(i) Held-to-maturity bonds	12,034	12,055	21
(ii) Shares of affiliated companies	83,580	99,016	15,436
(iii) Other securities	256,917	256,917	-
(4) Trade payables	(413,405)	(413,405)	-
(5) Short-term borrowings	(357,838)	(357,838)	-
(6) Current portion of long-term borrowings	(117,579)	(117,579)	-
(7) Commercial paper	(35,000)	(35,000)	-
(8) Current portion of bonds payable	(55,040)	(55,040)	-
(9) Bonds payable	(225,050)	(230,803)	5,753
(10) Long-term borrowings	(467,679)	(475,831)	8,152
(11) Derivatives transactions			
(i) Derivatives transactions to which hedge accounting is not applied	19	19	-
(ii) Derivatives transactions to which hedge accounting is applied	618	618	-

(\*) Amounts for those items which were booked as liabilities are shown within brackets.

(Note 1) Matters Related to Methods of Calculation of Fair Value of Financial Instruments and Securities and Derivatives Transactions

### (1) Cash and Deposits, and (2) Trade Receivable

These items are settled over a short period of time and their fair value is virtually equal to their book value. Hence, their fair value is based on the relevant book value.

### (3) Securities and Investment Securities

The fair value of shares is based on their prices determined at the financial instruments exchanges, and the fair value of bonds is based on their prices determined at the financial instruments exchanges or indicated by counterparty financial institutions. Certificates of deposit and commercial paper are settled over a short period of time and their fair value is virtually equal to their book value. Hence, their fair value is based on the relevant book value.

- (4) Trade Payable, (5) Short-Term Borrowings, (6) Current portion of long-term borrowings (7) Commercial paper (8) Current portion of bonds payable

These items are settled over a short period of time and their fair value is virtually equal to their book value. Hence, their fair value is based on the relevant book value.

- (9) Bonds payable

The fair value of these items is based on their market prices.

- (10) Long-Term Borrowings

The fair value of these items is based primarily on the method of calculation whereby the sum of principal and interest is discounted by an assumed interest rate on the assumption that the said sum is freshly borrowed in a similar manner. Some long-term borrowings with floating interest rates are prescribed to be subject to special accounting treatment applicable to interest rate swaps. Hence the fair value of a long-term borrowing is based on the method of calculation whereby the sum of principal and interest, treated in combination with the said interest rate swap, is discounted by a reasonably estimable interest rate on the assumption that the said sum is freshly borrowed in a similar manner. (see (11) below)

- (11) Derivatives Transactions

The fair value of these transactions is based on the prices indicated by counterparty financial institutions. Those subject to special accounting treatment applicable to interest rate swaps are treated in combination with long-term borrowings as hedged items. Hence their fair value is included in that of long-term borrowings. (see (10) above)

(Note 2) Financial instruments for which it was considered extremely difficult to figure out fair value

Unit: Millions of yen

Classification	Amount booked on consolidated balance sheet
Unlisted shares	91,152
Equity securities	2,486

These financial instruments were not included in “(3) Securities and Investment Securities” because no market prices existed for them and their future cash flows could not be estimated and hence it was extremely difficult to figure out their fair value.

### Notes on Per Share Information

Net assets per share ¥611.95

Net income per share ¥21.89

## Notes on Business Combination

### 1. Share acquisition of Medicago Inc. (Head Office: Canada)

(Business Combination through Acquisition)

MTPC passed a resolution at its Board of Directors' meeting held on July 12, 2013 to acquire the entire shares of Medicago Inc. (hereinafter "Medicago") jointly with Philip Morris Investments B.V. (Head Office: Bergen op Zoom City, Netherlands), a subsidiary of Philip Morris International Inc. (Head Office: New York State, U.S.A.), and completed the procedures for the acquisition of Medicago on September 18, 2013. The Company and Philip Morris Investments B.V. will hereafter operate Medicago as a joint venture (ownership ratio of 60:40).

#### (1) Outline of business combination

##### (i) Name and business of acquired company

Name: Medicago Inc.

Business: Research and development of Virus-like Particles (VLP) vaccine using plant transient expression systems

##### (ii) Principal reason for implementing business combination

As a result of assessing Medicago's VLP technology through joint research with the company, the Company has judged that the technology is quite useful, enabling efficient manufacturing of a wide-range of vaccines, and the acquisition of Medicago will lead to further strengthening of pipelines.

##### (iii) Date of business combination: September 18, 2013

##### (iv) Legal form of business combination: Acquisition of shares in exchange for cash

##### (v) Ratio of voting rights acquired:

Ratio of voting rights owned immediately before business combination: 5.8%

Ratio of voting rights acquired additionally on the day of business combination: 54.2%

Ratio of voting rights after additional acquisition: 60.0%

#### (2) Period of business results of acquired company included in consolidated financial statements

From October 1 to December 31, 2013

#### (3) Acquired company's acquisition cost and a breakdown thereof

Cash compensation for acquisition ¥20,200 million

Cost directly incurred for acquisition ¥682 million

Acquisition cost ¥20,882 million

For those shares that had been owned before the acquisition of control (5.8%), their market values on the date of acquisition of control are stated.

(4) The difference between the acquisition cost of the acquired company and the total amount of cost of individual transactions that led to the acquisition of control

¥930 million

(5) Amount of goodwill, cause, amortization method and amortization period of goodwill

(i) Amount of goodwill: ¥7,029 million

(ii) Cause: Goodwill was recognized as a result of the difference in amounts between MCHC's equity in the acquired company and the acquisition cost.

(iii) Amortization method and amortization period: Equal amortization over 15 years

(6) Amounts of assets and liabilities accepted on the date of business combination, and a major breakdown thereof

Current assets ¥2,001 million

Fixed assets ¥32,892 million

Total assets ¥34,893 million

Current liabilities ¥714 million

Long-term liabilities ¥11,092million

Total liabilities ¥11,806 million

Note: The amounts of assets and liabilities do not include the amount of goodwill stated above in (5) (i).

## 2. Additional acquisition of shares of Aquamit B.V.

(Transactions under common control)

Conversion of Aquamit B.V. (Head Office: Netherlands) into a wholly-owned subsidiary by MPI

(1) Outline of transactions

(i) Name and business of combined company

Name: Aquamit B.V.

Business: Holding of shares of Quadrant AG (Head Office: Switzerland) and others

(ii) Date of business combination: May 21, 2013

(iii) Legal form of business combination: Acquisition of shares in exchange for cash

(iv) Name of company after business combination: No change

(v) Other matters relating to the outline of transactions

MPI, MCHC's consolidated subsidiary, acquired 50% of the outstanding shares of Aquamit B.V., which is the holding company of Quadrant, MPI's consolidated subsidiary, from Quadrant's founding group. Hence, MCHC converted Aquamit into a wholly-owned subsidiary effective May 21, 2013. The purpose of this transaction is to further realize synergy effects with the MCHC's Group, while pursuing the business expansion of Quadrant.

(2) Outline of accounting treatment implemented

The combination was treated as a transaction under common control, based on the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26 of 2008) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10 publicized on December 26, 2008).

(3) Matters relating to additional acquisition of shares of subsidiaries

(i) Acquisition cost and its breakdown

Cash compensation for acquisition	¥16,399 million
<u>Cost directly incurred for acquisition</u>	<u>¥88 million</u>
Acquisition cost	¥16,487 million

(ii) Amount of goodwill, cause, amortization method and amortization period of goodwill

- a. Amount of goodwill: ¥12,055 million
- b. Cause: Goodwill was recognized as a result of the difference in amounts between the decrease in minority interests in consolidated subsidiaries following the additional share acquisition and the acquisition cost of additional shares in a subsidiary.
- c. Amortization method and amortization period: Equal amortization over 20 years

3. Details and amounts of material revisions to the initial allocation of acquisition cost

In light of the fact that acquisition of the shares of Qualicaps Co., Ltd. in the previous consolidated fiscal year was executed immediately prior to the fiscal closing date, provisional accounting treatment was conducted in respect of part of the assets and liabilities of Qualicaps Co., Ltd. pursuant to the provisions of paragraph 69 of "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures." (ASBJ Guidance No. 10).

Allocation of the acquisition cost was completed during the consolidated fiscal year under review. The revised amounts of goodwill from the amount as of the end of the previous

fiscal year were as follows.

The amount of goodwill amortization revised as a result of the review of the acquisition cost allocation procedure in the consolidated fiscal year under review was as stated below:

Revised items	Revised amount of goodwill
Goodwill (before revision)	¥44,660 million
Intangible fixed assets	¥(19,062) million
<u>Deferred tax liabilities</u>	<u>¥6,744 million</u>
Total amount revised	¥(12,318) million
Goodwill (after revision)	¥32,342 million

**MITSUBISHI CHEMICAL HOLDINGS CORPORATION**

**Non-consolidated Balance Sheet**

**As of March 31, 2014**

Unit: Millions of yen

**Assets**

**Current assets:**

Cash and deposits	3
Income taxes receivable	5,912
Deferred income taxes—current	42
Short-term loans receivable from subsidiaries and affiliates	251,895
Other	6,400
	264,253
Total current assets	264,253

**Fixed assets:**

**Property, plant and equipment**

Buildings	2,537
Structures	82
Tools, furniture and fixtures	774
Construction in progress	72
	3,467
Total property, plant and equipment	3,467

**Intangible fixed assets:**

Software	219
Other	3
	222
Total intangible fixed assets	222

**Investments and other assets:**

Investment securities	13,189
Stocks of subsidiaries and affiliates	679,425
Investments in other securities of subsidiaries and affiliates	20,000
Investments in affiliated companies	162
Long-term loans receivable from subsidiaries and affiliates	161,893
Other	2,677
	877,348
Total investments and other assets	877,348
Total fixed assets	881,038
Total assets	1,145,291

**MITSUBISHI CHEMICAL HOLDINGS CORPORATION**

**Non-consolidated Balance Sheet (continued)**

**As of March 31, 2014**

Unit: Millions of yen

**Liabilities**

**Current liabilities:**

Short-term borrowings	144,616
Short-term borrowings to subsidiaries and affiliates	173,964
Commercial paper	35,000
Accounts payables	9,334
Accrued expenses	643
Accrued income taxes	51
Accrued bonuses	133
Other	530

Total current liabilities	364,275
---------------------------	---------

**Long-term liabilities:**

Bonds payable	160,000
Long-term borrowings	233,893
Deferred tax liabilities	932
Other	3,819

Total long-term liabilities	398,645
-----------------------------	---------

Total liabilities	762,920
-------------------	---------

**Net Assets**

**Shareholders' equity:**

Common stock	50,000
Additional paid-in capital	264,529
Legal capital surplus	12,500
Other capital surplus	252,029
Retained earnings	88,059
Other retained earnings	88,059
Retained earnings brought forward	88,059
Less, Treasury stock at cost	(22,873)

Total shareholders' equity	379,715
----------------------------	---------

**Valuation and translation adjustments:**

Net unrealized holding gain on other securities	2,158
Total valuation and translation adjustments	2,158

**Warrants**

Total net assets	382,370
Total liabilities and net assets	1,145,291



**mitsubishi chemical holdings corporation**

**Non-consolidated Statement of Income**

**Year ended March 31, 2014**

Unit: Millions of yen

Operating revenue	
Dividends from subsidiaries and affiliates	21,677
Operating costs receipts	4,839
Total operating revenue	26,517
General and administrative expenses	5,883
Operating income	20,633
Other income	
Interest income	1,685
Dividends income	505
Other	31
Total other income	2,222
Other expenses	
Interest expenses	2,950
Interest on bonds	821
Bond issuance cost	408
Other	13
Total other expenses	4,193
Ordinary income	18,663
Extraordinary income	
Gain on sales of investment securities	5,080
Total extraordinary income	5,080
Extraordinary losses	
Loss on sales of subsidiaries and affiliates' stocks	599
Total extraordinary losses	599
Income before income taxes	23,144
Current income taxes	575
Deferred income taxes	(27)
Net income	22,595

**MITSUBISHI CHEMICAL HOLDINGS CORPORATION**  
**Non-consolidated Statement of Changes in Net Assets**  
**Year ended March 31, 2014**

Unit: Millions of yen

	Shareholders' equity					
	Common stock	Additional paid-in capital		Retained earnings	Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Other retained earnings		
				Retained earnings brought forward		
Balance at April 1, 2013	50,000	12,500	252,038	83,163	(22,837)	374,864
Changes during the fiscal year						
Cash dividends (Note 1)				(17,700)		(17,700)
Net income				22,595		22,595
Purchase of treasury stock					(119)	(119)
Disposition of treasury stock			(8)		83	74
Net change in items other than those in shareholders' equity	/	/	/	/	/	/
Total changes during the fiscal year	-	-	(8)	4,895	(36)	4,851
Balance at March 31, 2014	50,000	12,500	252,029	88,059	(22,873)	379,715

Unit: Millions of yen

	Valuation and translation adjustment	Warrants	Total net assets
	Net unrealized holding gain on other securities		
Balance at April 1, 2013	4,161	565	379,591
Changes during the fiscal year			
Cash dividends (Note 1)			(17,700)
Net income			22,595
Purchase of treasury stock			(119)
Disposition of treasury stock			74
Net change in items other than those in shareholders' equity	(2,002)	(68)	(2,071)
Total changes during the fiscal year	(2,002)	(68)	2,779
Balance at March 31, 2014	2,158	496	382,370

Note:

1. Cash dividends

The year-end dividend (¥8,850 million) was paid based on the resolution at the Ordinary General Meeting of Shareholders held in June 2013, and the interim dividend (¥8,849 million) was paid based on the resolution at the Board of Directors meeting held in October 2013.

## **Notes to the Non-consolidated Financial Statements**

### **Matters Concerning Significant Accounting Policies**

#### **1. Valuation Methods of Securities**

Subsidiaries' and affiliates' stocks

Stated at cost based on the moving average method

Other securities with quoted market prices

Stated at fair value based on market price at the closing date, or calculated by other means. The difference between the acquisition cost and the carrying value of other securities, including unrealized gain and loss, net of the applicable income taxes, is recognized as a component of net assets, and the cost of other securities sold is principally computed by the moving average method.

Other securities without quoted market prices

Stated at cost based on the moving average method

#### **2. Method of Depreciation of Property, Plant and Equipment**

By the straight-line method

#### **3. Method of Amortization of Intangible Fixed Assets**

By the straight-line method

#### **4. Basis for Reserves**

Accrued bonuses to employees

To provide for payments of bonuses to its employees, estimates of those accrued bonuses and social insurance costs corresponding thereto, which MCHC should bear during the fiscal year under review, are recorded.

#### **5. Treatment of Consumption Taxes**

Net of tax

#### **6. Adoption of Consolidated Tax Payment System**

Consolidated tax payment system

## Notes to the Non-consolidated Balance Sheets

### 1. Accumulated Depreciation of Total Property, Plant and Equipment

¥573 million

### 2. Monetary Claims and Liabilities Against Subsidiaries and Affiliates (excluding those sectionally indicated)

Short-term monetary claim ¥5,807 million

Short-term monetary liabilities ¥8,957 million

## Notes to the Non-consolidated Statements of Income

### 1. Transactions with Subsidiaries and Affiliates

Operating revenue ¥26,517 million

General and administrative expenses ¥3,082 million

Transactions except for operational transactions ¥7,732 million

## Notes to the Non-consolidated Statement of Changes in Net Assets

### 1. Matters Related to Class and Number of Treasury Stocks

(Thousands of shares)

Class of shares	Number of shares at April 1, 2013	Number of shares increased during the year	Number of shares decreased during the year	Number of shares at March 31, 2014
Common stock	31,244	252	113	31,382

Note: The increase of 252 thousand shares of treasury stock represented the increase resulting from the purchase of shares less than one unit.

Treasury stocks decreased by 113 thousand shares due to sales of 12 thousand shares for the stock holders having less than one unit and reissuance of 101 thousand shares upon exercise of Stock Acquisition Rights.

## Notes on Tax Effect Accounting

### 1. Breakdown of Deferred Tax Assets and Liabilities

Deferred tax assets mainly consist of subsidiaries' stocks and losses carried forward (corporation income tax and local tax), and deferred tax liabilities mainly consist of net unrealized holding gain on other securities. Please note that deferred tax assets pertaining to subsidiaries' stocks and losses carried forward (local tax) were accounted for as valuation allowances.

## Notes on Related Party Transactions

### Subsidiaries and affiliates

Attribute	Name of related party	Equity ownership (or possession) percentage (%)	Description of the business relationship	Transactions	Trading amount (in million yen)	Accounts	Balance at year-end (in million yen)
Subsidiary	Mitsubishi Chemical Holdings Corporate Staff, Inc.	Direct 100%	Interlocking of officers and Lending of funds	Collection of funds (Note 1)	11,904	Short-term loans receivable from subsidiaries and affiliates	185,879
				Receipts of interest (Note 1)	792	Current assets and others	78
				Loan charge (Note 1)	74,067	Long-term loans receivable from subsidiaries and affiliates	121,397
				Receipts of interest (Note 1)	501	Current assets and others	193

Attribute	Name of related party	Equity ownership (or possession) percentage (%)	Description of the business relationship	Transactions	Trading amount (in million yen)	Accounts	Balance at year-end (in million yen)
Subsidiary	Mitsubishi Rayon Co., Ltd.	Direct 100%	Interlocking of officers and Lending of funds	Loan charge (Note 2)	50,115	Short-term loans receivable from subsidiaries and affiliates	50,115
				Receipts of interest (Note 2)	192	Current assets and others	37
				Loan charge (Note 2)	17,496	Long-term loans receivable from subsidiaries and affiliates	17,496
				Receipts of interest (Note 2)	52	Current assets and others	19
Subsidiary	Mitsubishi Chemical Corporation	Direct 100%	Interlocking of officers and Lending of funds	Loan charge (Note 3)	10,292	Short-term loans receivable from subsidiaries and affiliates	10,292
				Receipts of interest (Note 3)	8	Current assets and others	3
				Loan charge (Note 3)	–	Long-term loans receivable from subsidiaries and affiliates	20,000
				Receipts of interest (Note 3)	103	Current assets and others	5
Subsidiary	The KAITEKI Institute, Inc.	Direct 100%	Interlocking of officers, commission of research and study	Payment of research and commissioned research (Note 4)	804	Current assets and others	25
Subsidiary	MHLC LLC (Note 5)	Direct 100%	Interlocking of officers	Subscription of capital increase	19,800	–	–
Subsidiary	Mitsubishi Tanabe Pharma Corporation	Direct 56%	Interlocking of officers and Fund borrowing	Fund borrowing (Note 6)	20,594	Short-term borrowings to subsidiaries and affiliates	172,148
				Payment of interest (Note 6)	594	–	–

Attribute	Name of related party	Equity ownership (or possession) percentage (%)	Description of the business relationship	Transactions	Trading amount (in million yen)	Accounts	Balance at year-end (in million yen)
Affiliate	Taiyo Nippon Sanso Corporation	Direct 13% Indirect 14%	Interlocking of officers	Subscription, etc. of capital increase (Note 7)	30,980	–	–

Trading amount above does not include consumption taxes. The balance at year-end includes consumption taxes.

#### Term of transactions and policy of decision-making thereof

Notes:

- Interest rates are reasonably decided based on procurement interest rates.  
The amount of transactions relating to loans of short-term funds to Mitsubishi Chemical Holdings Corporate Staff, Inc. is indicated in a net amount.
- Interests rates are reasonably decided reflecting market interest rates.  
The amount of transactions relating to loans of short-term funds to MRC is indicated in a net amount.
- Interests rates are reasonably decided reflecting market interest rates.  
The amount of transactions relating to loans of short-term funds to MCC is indicated in a net amount.
- The amount of consideration for the services related to research and study is determined subject to mutual consultations.
- MHLC LLC is reorganized to a stock company on April 1, 2014 and its name was changed to Life Science Institute, Inc.
- Interests rates are reasonably decided reflecting market interest rates.  
The amount of transactions relating to short-term borrowings from MTPC is indicated in a net amount.
- The Company subscribed for a third-party allotment of new stocks and sale of treasury stocks of Taiyo Nippon Sanso Corporation at ¥687 per share.

#### Notes on Per Share Information

Net assets per share    ¥258.91

Net income per share    ¥15.31

Note: Amounts of less than one million yen are discarded.

[English Translation of Report of Independent Auditors Originally Issued in the Japanese Language]

Report of Independent Auditors

May 8, 2014

The Board of Directors  
Mitsubishi Chemical Holdings Corporation

Ernst & Young ShinNihon LLC

Kenji Endo  
Certified Public Accountant  
Designated, Limited Liability and  
Operating Partner

Hiroshi Kobayashi  
Certified Public Accountant  
Designated, Limited Liability and  
Operating Partner

Ken Tarui  
Certified Public Accountant  
Designated, Limited Liability and  
Operating Partner

Pursuant to the provisions of Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements of Mitsubishi Chemical Holdings Corporation (the “Company”), which comprise the consolidated balance sheet as of March 31, 2014, and the consolidated statement of income and the consolidated statement of changes in net assets for the fiscal year from April 1, 2013 to March 31, 2014, and the related notes to consolidated financial statements.

*Management’s responsibility for the consolidated financial statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan; this includes the development, implementation, and maintenance of internal control deemed necessary by management for the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Independent auditors’ responsibility*

Our responsibility is to express an opinion on the consolidated financial statements based on our audits as independent auditors. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. We select and apply the audit procedures based on our assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessment, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We attest that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Audit opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of March 31, 2013, and the results of their operations for the period then ended in accordance with accounting principles generally accepted in Japan.

#### *Emphasis of matter*

We draw attentions to "5. Changes in Accounting Policies," of "Notes to the Consolidated Financial Statements," which describes that the method of depreciation of property, plant and equipment has been changed from the declining-balance method to the straight-line method at MCHC, MTPC and its domestic consolidated subsidiaries, domestic consolidated subsidiaries in the Chemicals and Polymers Segments (excluding MRC and its subsidiaries) and the Company's overseas consolidated subsidiaries beginning with the consolidated fiscal year under review.

Our opinion is not qualified in respect of this matter.

#### *Interests in the Company*

Our firm and engagement partners have no interest in the Company that should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

[English Translation of Report of Independent Auditors Originally Issued in the Japanese Language]

Report of Independent Auditors

May 8, 2014

The Board of Directors  
Mitsubishi Chemical Holdings Corporation

Ernst & Young ShinNihon LLC

Kenji Endo  
Certified Public Accountant  
Designated, Limited Liability and  
Operating Partner

Hiroshi Kobayashi  
Certified Public Accountant  
Designated, Limited Liability and  
Operating Partner

Ken Tarui  
Certified Public Accountant  
Designated, Limited Liability and  
Operating Partner

Pursuant to the provisions of Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the non-consolidated financial statements of Mitsubishi Chemical Holdings Corporation (the “Company”), which comprise the balance sheet as of March 31, 2014, and the statement of income and the statement of changes in net assets for the 9th fiscal year from April 1, 2013 to March 31, 2014, and the related notes to non-consolidated financial statements as well as the related supplementary schedules thereto.

*Management’s responsibility for the non-consolidated financial statements.*

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements and supplementary schedules in accordance with accounting principles generally accepted in Japan; this includes the development, implementation, and maintenance of internal control deemed necessary by management for the preparation and fair presentation of non-consolidated financial statements and supplementary schedules that are free from material misstatement, whether due to fraud or error.

*Independent auditors’ responsibility*

Our responsibility is to express an opinion on the non-consolidated financial statements and supplementary schedules based on our audits as independent auditors. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and supplementary schedules. We select and apply the audit procedures based on our assessment of the risks of material misstatement of the non-consolidated financial statements and supplementary schedules, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessment, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and supplementary schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and supplementary schedules.

We attest that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Audit opinion*

In our opinion, the non-consolidated financial statements and supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2014, and the results of its operations for the period then ended in accordance with accounting principles generally accepted in Japan.

*Interests in the Company*

Our firm and engagement partners have no interest in the Company that should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

(TRANSLATION PURPOSE ONLY)  
Copy of the Board of Corporate Auditors' Report

## AUDIT REPORT

With respect to the Directors' performance of their duties during the 9th business year from April 1, 2013 to March 31, 2014, the Board of Corporate Auditors has prepared this Audit Report after deliberations based on the audit reports prepared by each Corporate Auditor. We hereby report as follows:

### 1. Method and Contents of Audit by the Corporate Auditors and Board of Corporate Auditors

The Board of Corporate Auditors has established the audit policies, assignment of duties, etc. and received a report from each Corporate Auditor regarding the status of implementation of his/her audit and results thereof. In addition, we have received reports from the Directors and the Accounting Auditor regarding the status of performance of their duties, and requested their explanations as necessary.

In conformity with the Corporate Auditor auditing standards established by the Board of Corporate Auditor, and in accordance with the audit policies and assignment of duties, etc., each Corporate Auditor endeavored to facilitate a mutual understanding with the Directors, the internal audit division and other employees, etc. of the Company, endeavored to collect information and maintain and improve the audit environment, has attended the meetings of the board of directors and other important meetings, received reports on the status of performance of duties from the Directors and other employees and requested explanations as necessary, examined important approval/decision documents, and inspected the status of the corporate affairs and assets. Also, each Corporate Auditor confirmed the status of the contents of the Board of Directors' resolutions regarding the development and maintenance of the internal control system and the status of the system, which is, precisely speaking, the system to ensure that the Directors' performance of their duties complied with all laws, regulations and the articles of incorporation of the company and other system that are set forth in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of the corporate affairs of a joint stock company (Kabushiki Kaisha). In addition, with regard to the internal controls for financial reporting, we received reports from the Directors and Ernst & Young ShinNihon LLC regarding the evaluation of said internal controls and the auditing activities, and requested explanations as necessary. With respect to the subsidiaries, each Corporate Auditor endeavored to facilitate a mutual understanding and exchanged information with the directors and corporate auditors, etc. of each subsidiary, and received reports on their respective business, including the development status of internal audit system, from the subsidiaries as necessary.

Based on the above-described methods, each Corporate Auditor examined the business report and annexed specifications for the business year.

In addition, each Corporate Auditor confirmed whether the Accounting Auditor maintained its independence and properly conducted its audit, received a report from the Accounting Auditor on the status of their performance of duties, and requested explanations as necessary. Each Corporate Auditor was notified by the Accounting Auditor that it had established systems for ensuring appropriate execution of its duties in accordance with the "Quality Control Standards for Audits," and requested explanations as necessary.

Based on the above-described methods, each Corporate Auditor examined the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income,

non-consolidated statement of changes in net assets, and notes to non-consolidated financial statements) and their annexed specifications thereto, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements) for this business year.

## 2. Results of Audit

### (1) Results of Audit of Business Report, etc.

- i) We acknowledge that the business report and the annexed specifications thereto fairly present the status of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
- ii) We acknowledge that no misconduct or violations of laws and regulations, or the Articles of Incorporation was found with respect to the Directors' performance of their duties.
- iii) We acknowledge that the Board of Directors' resolutions with respect to the Internal Control Systems are appropriate. We did not find any matter to be mentioned with respect to the descriptions of the business report and the Director's performance of their duties regarding the development and maintenance of the internal control system including the internal controls for financial reporting.

(2) Results of Audit of Non-consolidated Financial Statements and their Annexed Specifications  
We acknowledge that the methods and results of audit performed by the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.

### (3) Results of Audit of Consolidated Financial Statements

We acknowledge that the methods and results of audit performed by the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.

May 9, 2014

The Board of Corporate Auditors of  
Mitsubishi Chemical Holdings Corporation

Full-time Corporate Auditor	Akira Nakata
Full-time Corporate Auditor	Kazuchika Yamaguchi
Full-time Corporate Auditor (Outside Corporate Auditor)	Takashi Nishida
Outside Corporate Auditor	Rokuro Tsuruta
Outside Corporate Auditor	Toshio Mizushima

## Reference Materials for the General Meeting of Shareholders

### Agenda and References

#### Agendum 1. Appropriation of Retained Earnings

Regarding the year-end dividend, the Company proposes dividend amounts as follows based on consolidated financial results, as well as a comprehensive consideration of the medium-to long-term stability of dividend payments and the augmentation of retained earnings as a group for the purpose of preparing for future business activities.

Since an interim dividend of 6 yen per share was paid, the total annual dividend will be 12 yen per share.

- (1) Type of dividend  
Cash
- (2) Matters concerning appropriation of dividend property and total amount thereof  
6 yen per share of the Company's common stock  
Total dividends: 8,849,430,918 yen
- (3) Date on which distribution of retained earnings takes effect  
June 26, 2014

## Agendum 2. Election of Eight Directors

The term of office of all eight directors will expire at the conclusion of this General Meeting of Shareholders. It is therefore proposed that eight directors should be elected.

The candidates for directors are as described in No. 1 to 8 below.

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
1	Yoshimitsu Kobayashi (November 18, 1946)	<p>Dec. 1974      Joined Mitsubishi Kasei Industries Corporation (present-day Mitsubishi Chemical Corporation)</p> <p>Jun. 2003      Executive Officer of Mitsubishi Chemical Corporation</p> <p>Apr. 2005      Managing Executive Officer of Mitsubishi Chemical Corporation</p> <p>Jun. 2006      Member of the Board of Mitsubishi Chemical Holdings Corporation</p> <p>Feb. 2007      Member of the Board of Mitsubishi Chemical Corporation</p> <p>Apr. 2007      Member of the Board, President and Chief Executive Officer of Mitsubishi Chemical Holdings Corporation (current)</p> <p>Member of the Board, President and Chief Executive Officer of Mitsubishi Chemical Corporation</p> <p>Apr. 2009      Member of the Board, President and Chief Executive Officer of The KAITEKI Institute, Inc. (current)</p> <p>Apr. 2012 to present      Member of the Board, Chairman of Mitsubishi Chemical Corporation (Significant concurrent positions) Member of the Board, Chairman of Mitsubishi Chemical Corporation Member of the Board, President and Chief Executive Officer of The KAITEKI Institute, Inc. Outside Director of Japan Display Inc. Outside Director of Tokyo Electric Power Company, Incorporated</p>	78,342

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
2	Noboru Tsuda (November 25, 1949)	<p>Apr. 1973      Joined Mitsubishi Kasei Industries Corporation (present-day Mitsubishi Chemical Corporation)</p> <p>Jun. 2005      Executive Officer of Mitsubishi Chemical Corporation (until March 2009)</p> <p>Oct. 2005      Executive Officer of Mitsubishi Chemical Holdings Corporation</p> <p>Apr. 2009      Managing Executive Officer of Mitsubishi Chemical Holdings Corporation</p> <p>Apr. 2013      Senior Managing Executive Officer of Mitsubishi Chemical Holdings Corporation Member of the Board of Mitsubishi Rayon Co., Ltd. (current)</p> <p>Jun. 2013      Member of the Board of Mitsubishi Chemical Holdings Corporation (current)</p> <p>Apr. 2014 to present      Member of the Board, Deputy Chief Executive Officer of Mitsubishi Chemical Holdings Corporation (PR, Administration and Internal Control) (Significant concurrent positions) Member of the Board of Mitsubishi Rayon Co., Ltd.</p>	60,122
3	Hiroaki Ishizuka (February 23, 1950)	<p>Apr. 1972      Joined Mitsubishi Kasei Industries Corporation (present-day Mitsubishi Chemical Corporation)</p> <p>Apr. 2007      Executive Officer of Mitsubishi Chemical Corporation</p> <p>Apr. 2009      Managing Executive Officer of Mitsubishi Chemical Corporation</p> <p>Jun. 2009      Member of the Board of Mitsubishi Chemical Corporation</p> <p>Apr. 2011      Senior Managing Executive Officer of Mitsubishi Chemical Corporation</p> <p>Apr. 2012      Member of the Board, President and Chief Executive Officer of Mitsubishi Chemical Corporation (current) Member of the Board of The KAITEKI Institute, Inc. (current)</p> <p>Jun. 2012 to present      Member of the Board of Mitsubishi Chemical Holdings Corporation (Significant concurrent positions) Member of the Board, President and Chief Executive Officer of Mitsubishi Chemical Corporation Member of the Board of The KAITEKI Institute, Inc. Member of the Board, Chairman of SPDC Ltd.</p>	20,901



No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
4	Takumi Ubagai (August 7, 1948)	<p>Apr. 1971      Joined Mitsubishi Rayon Co., Ltd.</p> <p>Jun. 2001      Member of the Board and Executive Officer of Mitsubishi Rayon Co., Ltd.</p> <p>Jun. 2004      Managing Director and Senior Executive Officer of Mitsubishi Rayon Co., Ltd.</p> <p>Jun. 2007      Member of the Board and Senior Executive Officer of Mitsubishi Rayon Co., Ltd. (until March 2012)</p> <p>Apr. 2012      Member of the Board, President and Chief Executive Officer of Mitsubishi Plastics, Inc. (current) Member of the Board of The KAITEKI Institute, Inc. (current)</p> <p>Jun. 2012 to present      Member of the Board of Mitsubishi Chemical Holdings Corporation (Significant concurrent positions) Member of the Board, President and Chief Executive Officer of Mitsubishi Plastics, Inc. Member of the Board of The KAITEKI Institute, Inc.</p>	66,934

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
5	Hitoshi Ochi (October 21, 1952)	<p>Apr. 1977      Joined Mitsubishi Kasei Industries Corporation (present-day Mitsubishi Chemical Corporation)</p> <p>Jun. 2007      Executive Officer of Mitsubishi Chemical Holdings Corporation Executive Officer of Mitsubishi Chemical Corporation (until March 2010)</p> <p>Apr. 2009      Member of the Board of Mitsubishi Plastics, Inc. (until March 2011)</p> <p>Jun. 2009      Member of the Board of Mitsubishi Chemical Holdings Corporation (until June 2011)</p> <p>Jun. 2010      Managing Executive Officer of Mitsubishi Chemical Holdings Corporation (until March 2011) Member of the Board of Mitsubishi Rayon Co., Ltd. (until June 2011)</p> <p>Apr. 2011      Member of the Board and Managing Executive Officer of Mitsubishi Chemical Corporation (until March 2012)</p> <p>Apr. 2012      Member of the Board, President and Chief Executive Officer of Mitsubishi Rayon Co., Ltd. (current) Member of the Board of The KAITEKI Institute, Inc. (current)</p> <p>Jun. 2012 to present      Member of the Board of Mitsubishi Chemical Holdings Corporation (Significant concurrent positions) Member of the Board, President and Chief Executive Officer of Mitsubishi Rayon Co., Ltd. Member of the Board of The KAITEKI Institute, Inc. Member of the Board, Chairman of Mitsubishi Rayon Lucite Group Limited</p>	21,840
6	Takeo Kikkawa (August 24, 1951) (Outside the Company)	<p>Apr. 1987      Associate Professor, School of Business, Aoyama Gakuin University</p> <p>Oct. 1993      Associate Professor, Institute of Social Science, The University of Tokyo</p> <p>Apr. 1996      Professor, Institute of Social Science, The University of Tokyo</p> <p>Apr. 2007      Professor, Graduate School of Commerce and Management, Hitotsubashi University (current)</p> <p>Jun. 2013 to present      Outside Director of Mitsubishi Chemical Holdings Corporation (Significant concurrent positions) Professor, Graduate School of Commerce and Management, Hitotsubashi University</p>	0

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
7	Masayuki Mitsuka (October 30, 1954) (Newly appointed)	<p>Apr. 1982      Joined Mitsubishi Kasei Industries Corporation (present-day Mitsubishi Chemical Corporation)</p> <p>Jun. 2008      Executive Officer of Mitsubishi Tanabe Pharma Corporation</p> <p>Jun. 2009      Member of the Board of Mitsubishi Tanabe Pharma Corporation (current)</p> <p>Apr. 2012      Managing Executive Officer of Mitsubishi Tanabe Pharma Corporation</p> <p>Apr. 2014      Senior Managing Executive Officer of Mitsubishi Tanabe Pharma Corporation to present</p> <p>(Significant concurrent positions) Member of the Board of Mitsubishi Tanabe Pharma Corporation (Scheduled to assume the position of Member of the Board, President and Chief Executive Officer on June 20, 2014)</p>	0
8	Glenn H. Fredrickson (May 8, 1959) (Newly appointed)	<p>Jan. 1990      Associate Professor, Departments of Chemical Engineering and Materials, University of California, Santa Barbara</p> <p>Jul. 1991      Professor, Departments of Chemical Engineering and Materials, University of California, Santa Barbara (current)</p> <p>May 1998      Chairman, Chemical Engineering Department, University of California, Santa Barbara (until Jul. 2001)</p> <p>Mar. 2001      Director of Mitsubishi Chemical Center for Advanced Materials at the University of California, Santa Barbara (current)</p> <p>Apr. 2009      Executive Director of The KAITEKI Institute, Inc. (until Mar. 2014)</p> <p>Apr. 2014      Managing Executive Officer of Mitsubishi Chemical Holdings Corporation (R&amp;D) to present</p> <p>(Significant concurrent positions) Professor, Departments of Chemical Engineering and Materials, University of California, Santa Barbara</p>	0

Notes:

1. Takeo Kikkawa is a candidate for an outside Director. The Company has designated Takeo Kikkawa as an independent officer pursuant to the rules and regulations of the Tokyo Stock Exchange, and has notified the stock exchange accordingly. If this proposal is approved and Takeo Kikkawa is inaugurated as an outside Director, he is expected to continue serving as an independent officer.
2. Takeo Kikkawa plays appropriate roles as an outside Director of the Company based on his experience as a university professor (in management) and his profound insight on company management. Therefore, we conclude that Takeo Kikkawa would be qualified for outside Director and request that he be elected as proposed. While he has not been involved in practical business management except for serving as outside Director, we trust that he will properly execute his duties as an outside Director of the Company.
3. Takeo Kikkawa will have served as an outside Director for one year at the conclusion of this General Meeting of Shareholders.
4. The Company has concluded with Takeo Kikkawa a liability-limiting agreement as prescribed in Article 423, Paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of said Act, and set an upper limit of the liability for damages under said agreement to be the minimum amount of liability for damages set forth in Article 425, Paragraph 1 of said Act. If this proposal is approved and Takeo Kikkawa is inaugurated as an outside Director, the Company intends to continue the said agreement with him.
5. Masayuki Mitsuka serves as Representative Director of MTPC. MTPC pays its share of Group operating expenses to MCHC. MTPC has also offered short-term loans to MCHC as part of cross-group fund procurement operations. There are no special interests between any of the other candidates and MCHC.

### Agendum 3. Election of Three Corporate Auditors

The term of office of corporate auditors Kazuchika Yamaguchi, Rokuro Tsuruta and Toshio Mizushima will expire at the conclusion of this General Meeting of Shareholders. It is therefore proposed that three corporate auditors should be elected.

We have obtained the consent of the Board of Corporate Auditors to our submission of this agendum.

The candidates for corporate auditors are as described below.

No.	Name (Date of birth)	Personal history, position at the Company and significant concurrent positions outside the Company	Number of the Company's shares held
1	Kazuchika Yamaguchi (February 22, 1951)	<p>Apr. 1975      Joined Mitsubishi Kasei Industries Corporation (present-day Mitsubishi Chemical Corporation)</p> <p>Jun. 2007      Executive Officer of Mitsubishi Chemical Holdings Corporation (until Mar. 2010) Executive Officer of Mitsubishi Chemical Corporation (until Mar. 2010)</p> <p>Jun. 2010      Corporate Auditor of Mitsubishi Chemical Holdings Corporation (current) Corporate Auditor of Mitsubishi Chemical Corporation (current) Corporate Auditor of The KAITEKI Institute, Inc. (current)</p> <p>Jun. 2012 to present      Outside Corporate Auditor of Mitsubishi Rayon Co., Ltd. (Significant concurrent positions) Corporate Auditor of Mitsubishi Chemical Corporation Outside Corporate Auditor of Mitsubishi Rayon Co., Ltd. Corporate Auditor of The KAITEKI Institute, Inc. Outside Corporate Auditor of LSI Medience Corporation Corporate Auditor of Ryoka Systems Inc.</p>	6,000

No.	Name (Date of birth)	Personal history, position at the Company and significant concurrent positions outside the Company	Number of the Company's shares held
2	Kazuhiro Watanabe (May 19, 1947) (Newly appointed / Outside the Company)	<p>Apr. 1974 Appointed as a Prosecutor</p> <p>Jul. 1998 Assistant Vice-Minister of Justice, Ministry of Justice</p> <p>Apr. 2001 Prosecutor of the Supreme Public Prosecutors Office</p> <p>Jan. 2002 Chief Prosecutor of the Nara District Public Prosecutors Office</p> <p>Sep. 2004 Chief Prosecutor of the Maebashi District Public Prosecutors Office</p> <p>Sep. 2005 Chief Prosecutor of the Nagoya District Public Prosecutors Office</p> <p>Jun. 2007 Chief Prosecutor of the Yokohama District Public Prosecutors Office</p> <p>Jul. 2008 Superintending Prosecutor of the Sapporo High Public Prosecutors Office (Retired in Jul. 2009)</p> <p>Sep. 2009 Registered as a lawyer Professor, the Law School of Tokai University (current)</p> <p>Jun. 2010 Outside Corporate Auditor of Mitsubishi Plastics, Inc. (current)</p> <p>Jan. 2011 Counselor, Higashimachi LPC to present</p> <p>(Significant concurrent positions) Lawyer, Counselor, Hitashimachi LPC Professor, the Law School of Tokai University Outside Corporate Auditor of Mitsubishi Plastics, Inc. * Outside Director of Mitsubishi UFJ Financial Group, Inc. (* Scheduled to resign as Outside Director of Mitsubishi UFJ Financial Group, Inc. on June 27, 2014)</p>	0

No.	Name (Date of birth)	Personal history, position at the Company and significant concurrent positions outside the Company	Number of the Company's shares held
3	Taigi Ito (October 13, 1946) (Newly appointed / Outside the Company)	<p>Jan. 1970      Joined Tsuji Audit Corporation</p> <p>May 1973      Registered as a Certified Public Accountant</p> <p>Feb. 1989      Representative Partner of MISUZU Audit Corporation</p> <p>Jul. 2004      Deputy Chairman of the Japanese Institute of Certified Public Accountants (JICPA) (until Jun. 2007)</p> <p>May 2006      Executive Board Member of MISUZU Audit Corporation</p> <p>Jul. 2007      Retired from MISUZU Audit Corporation</p> <p>Apr. 2009      Professor, the Graduate School of Accounting of Waseda University (until Mar. 2013)</p> <p>Jan. 2012 to present      Chairman of Disciplinary Committee of JICPA (Significant concurrent positions)</p> <p>Certified Public Accountant</p> <p>Outside Corporate Auditor of IT Holdings Corporation</p> <p>Outside Corporate Auditor of Idemitsu Kosan Co., Ltd.</p> <p>(Scheduled to assume the position of Outside Corporate Auditor of Mitsubishi Chemical Corporation on June 24, 2014)</p>	0

Notes:

1. LSI Medience Corporation, where Kazuchika Yamaguchi concurrently holds his position, changed its name from Mitsubishi Chemical Medience Corporation in April 2014.
2. Kazuhiro Watanabe and Taigi Ito are candidates for outside Corporate Auditors. If this proposal is approved and the two candidates are inaugurated as outside Corporate Auditors, they are expected to become independent officers pursuant to the rules and regulations of the Tokyo Stock Exchange.
3. We conclude that Kazuhiro Watanabe, given his experience and professional viewpoint as a prosecutor and lawyer, and Taigi Ito, given his experience and professional viewpoint as a certified public accountant, would be highly capable of performing fair audit as outside Corporate Auditors. Therefore, we request that Kazuhiro Watanabe and Taigi Ito be elected as proposed. While they have not been involved in practical business management except for serving as outside Corporate Auditors, we trust that they will properly execute their duties as outside Corporate Auditors of the Company.
4. If this proposal is approved and candidates Kazuhiro Watanabe and Taigi Ito are inaugurated as outside Corporate Auditors, the Company intends to conclude with them a liability-limiting agreement as prescribed in Article 423, Paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of said Act, and set an upper limit of the liability for damages under said agreement to be the minimum amount of liability for damages as set forth in Article 425, Paragraph 1 of said Act.
5. There are no special interests between the candidates and MCHC.