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**Announcement Regarding Disposition of Treasury Shares via Allotment to Subsidiary
(Acquisition of Parent Company Shares by a Subsidiary
in Accordance with the Provisions of Article 800 of the Companies Act)**

Mitsubishi Chemical Holdings Corporation (“MCHC”) hereby announces that it has today determined to dispose of treasury shares via allotment to a third party (hereinafter, “Treasury Share Disposition”) as described below. This Treasury Share Disposition is to be carried out to provide Mitsubishi Chemical Corporation (“Mitsubishi Chemical”), a wholly owned subsidiary of MCHC, with common shares of MCHC as the consideration needed to complete MCC’s share exchange with Nippon Kasei Chemical Company Limited (“Nippon Kasei Chemical”), which is a consolidated subsidiary of MCC. This share exchange (hereinafter, “Share Exchange”) was disclosed in the September 14, 2016 “Announcement regarding the Conversion of Nippon Kasei Chemical Company Limited by means of the Share Exchange into a Wholly-Owned Subsidiary of Mitsubishi Chemical Corporation”

1. Overview of disposition

(1)	Date of disposition	Monday, December 26, 2016
(2)	Number of shares for disposition	7,744,392 common shares of MCHC
(3)	Disposition price	695 yen per share
(4)	Amount of funds to be procured	5,382,352,440 yen
(5)	Placement/disposition method (intended recipient)	Through allotment to a third party Mitsubishi Chemical 7,744,392 shares
(6)	Other	The above items are contingent on the entry into force of notification under the Financial Instruments and Exchange Act

2. Purpose and reason for disposition

The purpose of the Treasury Share Disposition is to allow Mitsubishi Chemical, the wholly-owning parent company in the Share Exchange to receive the consideration needed to carry out this Share Exchange. The acquisition of MCHC common shares by Mitsubishi Chemical through this transaction corresponds to the acquisition of parent company shares by a subsidiary in accordance with the provisions of Article 800 of the Companies Act.

3. Amount, use, and scheduled expenditure of funds to be procured

(1) Amount of funds to be procured

(i) Total amount paid	5,382,352,440 yen
(ii) Issue expenses (estimated)	0 yen
(iii) Funds to be procured after expenses (estimated)	5,382,352,440 yen

(2) Specific uses of funds to be procured

The purpose of the Treasury Share Disposition is to allow Mitsubishi Chemical, the wholly-owning parent company in the Share Exchange, to receive the consideration needed to carry out the Share Exchange, and is not to procure funds. The full amount of the aforementioned estimated funds to be procured after expenses (5,382,352,440 yen) is to be applied by December 2016 to the repayment of loans to, and the funding of loans by, a subsidiary (the subsidiary within the MCHC Group responsible for financing functions). These funds will be managed in MCHC's bank account until such time as they are applied to the above uses.

4. Perspective on rationality of fund use

As noted in the preceding "(2) Specific uses of funds to be procured," the purpose of the Treasury Share Disposition is to enable the wholly-owning parent company in the Share Exchange to receive the consideration needed to carry out the Share Exchange, and is not to procure funds.

5. Rationality of disposition conditions, etc.

(1) Calculation basis for disposition price and specific details

The disposition price was set at the average closing price of 695 yen (rounded up to the nearest yen) for MCHC's common shares on the Tokyo Stock Exchange, Inc., for the one-month period preceding the day prior to the date on which the Treasury Share Disposition was determined (Monday, October 31, 2016 – Tuesday, November 29, 2016). The reasons for using the average closing price for MCHC's common shares on the Tokyo Stock Exchange, Inc., for the one-month period preceding the day prior to the date on which the Treasury Share Disposition was determined as the price to be paid are that adopting a smoothed price, i.e., the average share price over a set period of time rather than selecting a specific point in time as the standard would make it possible to eliminate the impact of temporary share price fluctuations and other special factors, and that adopting an average price as close as possible chronologically to the Treasury Share Disposition was deemed an objective and rational basis for calculation. Given that the purpose of the Treasury Share Disposition is to allow the intended recipient to receive the consideration needed to carry out the Share Exchange, the decision was made not to apply a discount to the average closing price of MCHC's common shares on the Tokyo Stock Exchange, Inc., in the one-month period up to the day prior to the day on which the Treasury Share Disposition was determined.

The disposition price of 695 yen differs by -4.4% (rounded off to the nearest two decimal places) from the closing price of 727 yen for MCHC's common shares on November 29, 2016, the day prior to the date on which the Treasury Share Disposition was determined, by +5.3% (rounded off to the nearest two decimal places) from the average closing price of 660 yen for MCHC's common shares for the preceding three-month period (August 30, 2016 – November 29, 2016), and by +17.4% (rounded off to the nearest two decimal places) from the average closing price of 592 yen for MCHC's common shares for the preceding six-month period (May 30, 2016 – November 29, 2016). Accordingly, the aforementioned disposition price conforms to the Japan Securities Dealers Association's "Guidelines on Handling the Allotment of New Shares to Third

Parties” with respect to the closing price for MCHC’s common shares on the day prior to the date on which the Treasury Share Disposition was determined as well as with respect to the average closing prices of MCHC’s shares for the one-month, three-month, and six-month periods preceding the date of this determination, and it was therefore deemed that the aforementioned disposition price did not constitute a particularly advantageous disposition price.

(2) Basis for deeming the disposition quantity and degree of share dilution reasonable

The total number of common shares to be disposed of in this Treasury Share Disposition is 7,744,392 shares, resulting in a small 0.51% dilution rate vis-à-vis MCHC’s total number of common shares outstanding (1,506,288,107 shares as of September 30, 2016), (0.53% dilution rate vis-à-vis MCHC’s total number of voting right units outstanding (14,613, 923 units as of September 30, 2016)), and the dilution of shares and its impact on the secondary market are therefore expected to be slight. As this Share Exchange is aimed at optimally and effectively utilizing the MCHC Group’s management resources and promoting shared business strategies between Mitsubishi Chemical and Nippon Kasei Chemical, and as the resultant greater earnings capacity and competitiveness of both companies would help improve the corporate value of both Mitsubishi Chemical and Nippon Kasei Chemical, the disposition quantity and the degree of share dilution were both deemed reasonable.

6. Reasons for selection of intended recipient, etc.

(1) Profile of intended recipient

(1)	Name	Mitsubishi Chemical Corporation
(2)	Head office address	1-1-1 Marunouchi, Chiyoda-ku, Tokyo
(3)	Name/title of representative	Hiroaki Ishizuka, President & Chief Executive Officer
(4)	Business	Manufacturing and distribution of chemical products
(5)	Capital	50,000 million yen
(6)	Date established	June 1, 1950
(7)	Number of shares issued	2,177,675,032 shares
(8)	Fiscal year end	March
(9)	Number of employees(as of September 30, 2016)	22,720 (consolidated)
(10)	Main customers	Mitsubishi Corporation JX Nippon Oil & Energy Corporation JSR Corporation
(11)	Main banks	The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation Mizuho Bank, Ltd.
(12)	Major shareholders and shareholding ratio	Mitsubishi Chemical Holdings Corporation 100%

(13) Relationship between the parties			
Capital ties	MCHC holds 100% of the voting rights in Mitsubishi Chemical.		
Concurrent holding of positions	Four of MCHC's directors concurrently hold positions as directors (two) and statutory auditors (two) at Mitsubishi Chemical.		
Transactions	MCHC receives group management fees from Mitsubishi Chemical.		
Related party	MCHC is the parent company of Mitsubishi Chemical and is treated as a related party of Mitsubishi Chemical.		
(14) Financial data for the most recent three years (consolidated)			
Fiscal year	Ended March 2014	Ended March 2015	Ended March 2016
Consolidated net assets	439,748	459,612	380,399
Consolidated total assets	1,691,304	1,599,929	1,374,734
Consolidated net assets per share (in yen)	163.86	172.82	134.96
Consolidated revenues	2,159,667	1,942,985	1,745,987
Consolidated operating income (loss)	23,078	19,435	69,392
Consolidated ordinary income (loss)	14,851	21,264	64,367
Consolidated net income attributable to parent company shareholders	2,199	△24,357	△34,158
Consolidated net income per share (in yen)	1.00	△11.18	△15.68
Dividend per share (in yen)	1.22	1.07	1.00

(Note 1) As of November 30, 2016, unless otherwise indicated

(Note 2) In millions of yen, unless otherwise indicated

(Note 3) Although Mitsubishi Chemical has adopted international accounting standards as of the fiscal year ending March 2017, the financial data for the fiscal year ended March 2014 through that ended March 2016 given above is based on Japanese accounting standards.

(Note 4) Mitsubishi Chemical, the intended recipient, is a wholly-owned subsidiary of MCHC, which is a company listed on the Tokyo Stock Exchange, Inc. As noted in the Corporate Governance Report (dated November 2, 2016) submitted by MCHC to the Tokyo Stock Exchange, Inc., the MCHC Group, inclusive of Mitsubishi Chemical, has taken a firm stance on severing ties to any and all anti-social forces in its "Fair Business Practices" that constitute part of the "Mitsubishi Chemical Holdings Group Charter of Corporate Behavior" and, in preparing to counter unreasonable demands by anti-social forces, the general affairs departments responsible for dealing with such matters as well as other departments have been working in close cooperation with relevant government agencies, etc., to collect and assess information pertaining to anti-social forces, to thoroughly disseminate this information throughout the Group, and to take other necessary approaches. These steps have enabled MCHC to confirm that Mitsubishi Chemical and its executives have no ties whatsoever with anti-social forces or persons connected thereto, and MCHC has submitted a letter of confirmation to that effect to the Tokyo Stock Exchange, Inc.

(2) Reason the intended recipient was selected

As noted in the September 14, 2016 “Announcement regarding the Conversion of Nippon Kasei Chemical Company Limited by Means of the Share Exchange into a Wholly-Owned Subsidiary of Mitsubishi Chemical Corporation,” the Share Exchange is aimed at optimally and efficiently utilizing the MCHC Group’s management resources and promoting shared business strategies between Mitsubishi Chemical and Nippon Kasei Chemical, and its purpose is to help improve the corporate value of both Mitsubishi Chemical and Nippon Kasei Chemical by strengthening their earnings capacity and competitiveness.

The decision was made to carry out this Share Exchange via a “triangular share exchange” to realize the above purpose and because (i) with consideration coming in the form of common shares of Mitsubishi Chemical, an unlisted company, the minority shareholders of Nippon Kasei Chemical will be obtaining shares with low liquidity, (ii) with consideration coming not in cash but in common shares of MCHC, minority shareholders in Nippon Kasei Chemical will be afforded opportunities to share in synergy through the Share Exchange, and (iii) the 100% parent company ties between MCHC and Mitsubishi Chemical must be maintained within the MCHC Group. It was thus decided to allot not shares of Mitsubishi Chemical but rather common shares of MCHC, the wholly-owning parent company of Mitsubishi Chemical, as consideration for this Share Exchange. MCHC consequently made the choice of Mitsubishi Chemical as the intended recipient of this Treasury Share Disposition.

(3) Holding policy of the intended recipient

From the allotted common shares of MCHC, the intended recipient is to use that number of allotted shares required as consideration for the Share Exchange.

(4) Confirmation of availability of assets needed for payment by intended recipient

It has been confirmed via Mitsubishi Chemical’s consolidated balance sheet (as of March 31, 2016) that Mitsubishi Chemical, the intended recipient, has sufficient cash/deposits for payment. Mitsubishi Chemical’s consolidated financial statements (contains consolidated balance sheet) have undergone the audits required under the Companies Act; these were conducted by Ernst & Young ShinNihon LLC.

The cash and deposits listed in Mitsubishi Chemical’s consolidated balance sheet for FY2016 (as of March 31, 2016) amount to 51,530 million yen.

7. Major shareholders and shareholding ratios after disposition

Before disposition (as of September 30, 2016)	
The Master Trust Bank of Japan, Ltd. Trust Account	5.75 %
Japan Trustee Services Bank, Ltd. Trust Account	5.49 %
Meiji Yasuda Life Insurance Company	4.27 %
Nippon Life Insurance Company	2.82 %
Japan Trustee Services Bank, Ltd. Trust Account 9	1.60 %
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1.60 %
Tokyo Marine & Nichido Fire Insurance Co., Ltd.	1.53 %
Japan Trustee Services Bank, Ltd. Trust Account 4	1.40 %
THE BANK OF NEW YORK MELLON SA/NV 10	1.34 %
CBNY GOVERNMENT OF NORWAY	1.28 %

(Note 1) The shareholding ratios shown are the ratios of shares held to the total number of shares outstanding.

(Note 2) Shareholders have been listed based on the shareholder registry as of September 30, 2016

(Note 3) MCHC holds 41,425,000 shares (2.75% of the total number of shares outstanding) as treasury shares, and is excluded from the above list of major shareholders.

(Note 4) While not listed above, 2,375,000 shares (0.15% of the total number of shares outstanding) were being held in an employee pension trust by The Bank of Tokyo-Mitsubishi UFJ, Ltd. (listed as "The Nomura Trust and Banking Co., Ltd. (Employee Pension Trust Bank of Tokyo-Mitsubishi UFJ Account)" in the shareholder registry) as of September 30, 2016. The voting rights for these shares are retained by The Bank of Tokyo-Mitsubishi UFJ, Ltd., under the trust agreement

(Note 5) Mitsubishi UFJ Financial Group, Inc., provided notice in a report on major shareholdings, etc., submitted on April 4, 2016 that The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ Kokusai Asset Management Co., Ltd., and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., all subsidiaries of the Mitsubishi UFJ Financial Group, held shares in the amounts/ratios listed below as of March 28, 2016. However, MCHC has been unable to confirm the actual numbers of shares held by each company as of September 30, 2016 and has therefore entered the number of shares held by the above major shareholders in accordance with the shareholder registry.

Name	Head office address	Shares held (x1,000)	Ratio of shares held to total shares outstanding (%)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2-7-1 Marunouchi, Chiyoda-ku, Tokyo	35,855	2.38
Mitsubishi UFJ Trust and Banking Corporation	1-4-5 Marunouchi, Chiyoda-ku, Tokyo	69,259	4.60
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	1-12-1 Yurakucho, Chiyoda-ku, Tokyo	8,659	0.57
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	2-5-2 Marunouchi, Chiyoda-ku, Tokyo	3,758	0.25
Total for Mitsubishi UFJ Financial Group, Inc.	—	117,532	7.80

(Note 6) This Treasury Share Disposition is not expected to result in long-term holding, so no list of major shareholders and shareholding ratios after the disposition is provided.

8. Future outlook

The impact of this Treasury Share Disposition on MCHC's consolidated financial results for the term ending March 2017 is expected to be negligible.

9. Items pertaining to procedures under the Corporate Behavior Guidelines

Because this Treasury Share Disposition (1) has a dilution rate of less than 25% and (2) does not involve any change among controlling shareholders, the procedures for obtaining the views of independent third parties and confirming the intent of shareholders as prescribed in Article 432 of the Securities Listing Regulations established by the Tokyo Stock Exchange, Inc., and in Article 2 of the Regulations Concerning Corporate Behavior Guidelines established by the Osaka Stock Exchange, Inc., are not required.

10. Financial data and equity finance for the most recent three years

(1) Financial data for the most recent three years (consolidated)

	Term ended March 2014	Term ended March 2015	Term ended March 2016
Consolidated sales	3,498,834	3,656,278	3,823,098
Consolidated operating income (loss)	110,460	165,681	280,026
Consolidated ordinary income (loss)	103,092	163,059	270,616
Current net income attributable to parent company shareholders	32,248	60,859	46,444
Consolidated net income per share (yen)	21.89	41.40	31.70
Dividend per share (yen)	12.0	13.0	15.0
Consolidated net assets per share (yen)	611.95	669.77	636.43

(Note 1) In millions of yen, unless otherwise indicated

(Note 2) Although MCHC has adopted international accounting standards as of the fiscal year ending March 2017, the financial data for the fiscal year ended March 2014 through that ended March 2016 given above is based on Japanese accounting standards.

(2) Common shares outstanding and issuable shares as of September 30, 2016

	Number of shares	Percentage of shares outstanding
Shares outstanding	1,506,288,107 shares	100%
Issuable shares at current conversion price (exercise price)	838,850 shares	0.056%
Issuable shares at minimum conversion price (exercise price)	—	—
Issuable shares at maximum conversion price (exercise price)	—	—

(3) Most recent share prices

(i) Most recent three years

	Term ended March 2014	Term ended March 2015	Term ended March 2016
Opening price	433 yen	428 yen	691 yen
High price	593 yen	758.4 yen	847 yen
Low price	399 yen	402 yen	541.1 yen
Closing price	429 yen	698.6 yen	587.5 yen

(ii) Most recent six months

	May	June	July	August	September	October
Opening price	553.3 yen	562 yen	470.7 yen	535 yen	654.5 yen	632.3 yen
High price	587.2 yen	566.4 yen	568 yen	658 yen	661.5 yen	691.8 yen
Low price	527.2 yen	437.3 yen	440.7 yen	512.2 yen	585.3 yen	625.5 yen
Closing price	564.4 yen	464.7 yen	562.4 yen	652.8 yen	628.2 yen	691 yen

(iii) Share price on trading day prior to date of resolution on disposition

	November 29, 2016
Opening price	720.2 yen
High price	727.2 yen
Low price	718 yen
Closing price	727 yen

(Note) The prices in (i) - (iii) are all provided by the Tokyo Stock Exchange, Inc.

(4) Equity finance for the most recent three years

Not applicable

11. Overview of disposition

(1) Type and number of shares for disposition	MCHC common shares 7,744,392 shares
(2) Disposition price	695 yen per share
(3) Recipient and number of shares for disposition	Mitsubishi Chemical Corporation 7,744,392 shares
(4) Application date	Thursday, December 22, 2016
(5) Payment date	Monday, December 26, 2016
(6) Other	The above items are contingent on the entry into force of notification under the Financial Instruments and Exchange Act