

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, 2019

To Shareholders:

Notice of the 14th 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 14th 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, you can exercise your voting rights by mail or the Internet. Please refer to the “Reference Materials for the General Meeting of Shareholders” on pages 5 to 22 of this notice and exercise your voting rights following the instructions on “Exercise of Voting Rights” on pages 3 to 4 no later than 5:45 p.m. on Monday, June 24, 2019.

(Supplemental Note: Foreign investors may not vote by mail or the 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,

Hitoshi Ochi, Director, President and CEO
Mitsubishi Chemical Holdings Corporation

- 1. Date** Tuesday, June 25, 2019, 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 Audit Committee of the Consolidated Financial Statements for the 14th fiscal year from April 1, 2018, to March 31, 2019
- Item 2. The contents of the Non-consolidated Financial Statements for the 14th fiscal year from April 1, 2018, to March 31, 2019

Matters to be Resolved

- Agendum Election of Twelve (12) Directors of the Board

Disclosure on the Internet

1. Pursuant to the relevant laws and regulations and Article 18 of MCHC's Articles of Incorporation, the Matters Related to Stock Acquisition Rights, the Basic Policy on Control of the Company, the Consolidated Statement of Changes in Equity and the Notes to the Consolidated Financial Statements, and the Non-consolidated Statement of Changes in Net Assets and the Notes to the Non-consolidated Financial Statements are posted on MCHC's website (<https://www.mitsubishichem-hd.co.jp/>), and thus they are not presented as attachments to this Notice of the 14th Ordinary Meeting of Shareholders.
(Supplemental Note: This English translation file contains the Matters Related to Stock Acquisition Rights, the Consolidated Statement of Changes in Equity and the Notes to the Consolidated Financial Statements, and the Non-consolidated Statement of Changes in Net Assets and the Notes to the Non-consolidated Financial Statements.)
2. Please be aware that if it becomes necessary to revise information contained in the Reference Materials for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, or the Non-consolidated Financial Statements, the revised information will be posted on the MCHC's website (<https://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 on pages 5 to 22 of this notice.

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: Tuesday, June 25, 2019, 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 Monday, June 24, 2019

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 on the next page.

Exercise due date: No later than 5:45 p.m. on Monday, June 24, 2019

*Shareholders will be responsible for the Internet connection charges and the communication charges, etc. arising from accessing the Voting Website.

[Exercising Voting Rights via the Internet]

Scanning QR code®

You can simply login to the website for exercising voting rights without entering your login ID and temporary password printed on the Voting Instructions Form.

1. Please scan the QR code® located on the right side of the Voting Instructions Form.

* “QR code” is a registered trademark of DENSO WAVE INCORPORATED.

2. Indicate your approval or disapproval by following the instructions on the screen.

Note that you can login to the website only once by using QR code®.

If you wish to redo your vote or exercise your voting rights without using QR code®, please refer to the “Entering login ID and temporary password” on the right.

Entering login ID and temporary password

Voting Website:
<https://evote.tr.mufg.jp/>

1. Please access the Voting Website.
2. Enter your “login ID” and “temporary password” printed on the Voting Instructions Form.
3. Please register a new password.
4. Indicate your approval or disapproval by following the instructions on the screen.

[System Support]

Mitsubishi UFJ Trust and Banking Corporation
Stock Transfer Agency Division (Help Desk)
0120-173-027 (toll-free, within Japan only / 9:00 a.m. to 9:00 p.m.)

[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 exercised via the Internet will be considered effective. If voting rights are exercised multiple times via the Internet, 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.

[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.

Reference Materials for the General Meeting of Shareholders

Agenda and References

Agendum Election of Twelve (12) Directors of the Board

The terms of office of all 12 Directors will expire at the conclusion of this General Meeting of Shareholders. Based on the decision by the Nominating Committee, the Board of Directors proposes the election of 12 Directors.

The candidates for Directors are as described in No. 1 to 12 below.

Candidate No.	Name	Present position and duty at the Company		Area of expertise the Company expects from candidates for Directors in particular*							
				Management experience	Finance and accounting	Science technology, IT and production	Risk management	Business strategy and marketing	Laws and regulations, etc.	Globality and diversity	
1	Yoshimitsu Kobayashi	Director of the Board, Chairperson Member of the Nominating Committee	Reelection	•		•					•
2	Hitoshi Ochi	Director of the Board, Corporate Executive Officer, President and CEO Member of the Nominating Committee	Reelection	•		•		•			
3	Ken Fujiwara	Director of the Board, Managing Corporate Executive Officer Member of the Compensation Committee	Reelection				•		•		•
4	Glenn H. Fredrickson	Director of the Board	Reelection			•		•			•
5	Hisao Urata	Director of the Board Member of the Audit Committee	Reelection			•	•	•			
6	Hidefumi Date	Managing Corporate Executive Officer	Newly elected		•		•				•
7	Shigeru Kobayashi		Newly elected	•			•	•			

Candidate No.	Name	Present position and duty at the Company		Area of expertise the Company expects from candidates for Directors in particular*							
				Management experience	Finance and accounting	Science technology, IT and production	Risk management	Business strategy and marketing	Laws and regulations, etc.	Globality and diversity	
8	Taigi Ito	Director of the Board Member of the Audit Committee Member of the Compensation Committee	Reelection Outside Director Independent Officer		•		•				
9	Hideko Kunii	Director of the Board Member of the Nominating Committee Member of the Audit Committee	Reelection Outside Director Independent Officer			•		•			•
10	Takayuki Hashimoto	Director of the Board Member of the Nominating Committee	Reelection Outside Director Independent Officer	•				•			•
11	Chikatomo Hodo		Newly elected Outside Director Independent Officer	•		•					•
12	Kiyomi Kikuchi		Newly elected Outside Director Independent Officer							•	•

* Up to three particular areas of expertise the Company expects from each of candidates for Director are indicated for reference purposes.

The MCHC has established the “Mitsubishi Chemical Holdings Corporate Governance Guidelines,” which set down the constitution of the Board of Directors and the policy on nomination of Director candidates, etc. An overview of the guidelines is as follows.

Constitution of the Board of Directors


In order to establish the Group’s basic management policies and oversee management appropriately, Directors who possess an advanced level of knowledge and deep insight in management experience, finance and accounting, science technology, IT and production, risk management, business strategy and marketing, laws and regulations, etc., and globalism and diversity are appointed.


Furthermore, in a bid to enhance oversight functions, a majority of the Board of Directors shall not concurrently serve as Corporate Executive Officers.

Policy on nomination of Director candidates


The Nominating Committee nominates persons who fulfill the following criteria as candidates for Directors.


- possess deep insight, as well as objective and fair judgment, which are necessary to fulfill the responsibilities of a director of a company with Nominating Committee, etc.
- possess high ethical standards and a law-abiding mind.
- healthy enough to fulfill the responsibilities as a Director.
- For Outside Directors, fulfill independence standards that are separately stipulated (on pages 21 to 22), and be able to secure enough time to execute business. In addition, be able to secure diversity among Outside Directors.


	No.1 (Reelection)	Yoshimitsu Kobayashi			
		Date of birth	November 18, 1946		
		Number of the Company's shares held	102,596		
		Term of office	13 years		
		Attendance at meetings of the Board of Directors, etc.	Board of Directors meeting 11/11 (100%) Nominating Committee meeting 6/6 (100%)		
		Position and duty at the Company	Director of the Board, Chairperson Member of the Nominating Committee		
	[Personal history]				
Dec. 1974	Joined Mitsubishi Industries Limited	Mitsubishi Chemical	Apr. 2007	Director of the Board, President and CEO of Mitsubishi Chemical Holdings Corporation	
Jun. 2003	Executive Officer of Mitsubishi Chemical Corporation			Director of the Board, President and CEO of Mitsubishi Chemical Corporation	
Apr. 2005	Managing Executive Officer of Mitsubishi Chemical Corporation		Apr. 2012	Director of the Board, Chairperson of Mitsubishi Chemical Corporation (until March 2017)	
Jun. 2006	Director of the Board of Mitsubishi Chemical Holdings Corporation				
Feb. 2007	Director of the Board, Managing Executive Officer of Mitsubishi Chemical Corporation		Apr. 2015	Director of the Board, Chairperson of Mitsubishi Chemical Holdings Corporation (to present)	
[Significant concurrent positions]					
Director of the Board, Chairperson of The KAITEKI Institute, Inc. Outside Director of Toshiba Corporation					
[Reason for choosing as candidate for Director]					
<p>Yoshimitsu Kobayashi engaged in research and development departments and the performance products business domain and then has served as Director of the Board, President and CEO of MCHC and Mitsubishi Chemical Corporation ("MCC") successively. Also having acted as a member of the Council on Economic and Fiscal Policy and the Council for Industrial Competitiveness, and Chairperson of the Japan Association of Corporate Executives, he has abundant experience and profound insight. Currently serving as Chairperson of the Board of Directors, he focuses on heightening the effectiveness of the Board of Directors partially by endeavoring to create an environment that enables Outside Directors to speak out actively, and serving as an internal Director who does not concurrently serve as an Executive Officer he appropriately engages in management oversight. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of MCHC through such initiatives, the Board of Directors requests that he be reelected as proposed.</p>					


	No.2 (Reelection)	Hitoshi Ochi	
		Date of birth	October 21, 1952
		Number of the Company's shares held	33,509
		Term of office	9 years
		Attendance at meetings of the Board of Directors, etc.	Board of Directors meeting 11/11 (100%) Nominating Committee meeting 6/6 (100%)
		Position and duty at the Company	Director of the Board, Corporate Executive Officer, President and CEO Member of the Nominating Committee
		[Personal history]	
Apr. 1977	Joined Mitsubishi Chemical Industries Limited	Apr. 2011	Director of the Board of Mitsubishi Chemical Holdings Corporation (until June 2011)
Jun. 2007	Executive Officer of Mitsubishi Chemical Holdings Corporation Executive Officer of Mitsubishi Chemical Corporation (until March 2010)	Apr. 2012	Director of the Board, Managing Executive Officer of Mitsubishi Chemical Corporation (until March 2012)
Apr. 2009	Director of the Board of Mitsubishi Plastics, Inc. (until March 2011)	Jun. 2012	Director of the Board of Mitsubishi Chemical Holdings Corporation
Jun. 2009	Director of the Board, Executive Officer of Mitsubishi Chemical Holdings Corporation	Apr. 2015	Director of the Board, President and CEO of Mitsubishi Chemical Holdings Corporation
Jun. 2010	Director of the Board, Managing Executive Officer of Mitsubishi Chemical Holdings Corporation Director of the Board of Mitsubishi Rayon Co., Ltd. (until June 2011)	Jun. 2015	Director of the Board, Corporate Executive Officer, President and CEO of Mitsubishi Chemical Holdings Corporation (to present)
[Significant concurrent positions]			
Director of the Board of The KAITEKI Institute, Inc. Director of Chi Mei Corporation			
[Reason for choosing as candidate for Director]			
After having engaged in manufacturing departments and the Corporate Strategy Office and other departments of MCHC and MCC, Hitoshi Ochi served as Director of the Board, President and CEO of Mitsubishi Rayon Co., Ltd., and thus has abundant experience and profound insight. Currently taking on management of MCHC as its Corporate Executive Officer, President and CEO, he spearheads various initiatives to facilitate sustainable growth of the MCHC Group while also fulfilling accountability to the Board of Directors which involves regularly reporting to the Board of Directors on the state of overall corporate management. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of MCHC through such initiatives, the Board of Directors requests that he be reelected as proposed.			


	No.3 (Reelection)	Ken Fujiwara			
		Date of birth		August 10, 1960	
		Number of the Company's shares held		6,841	
		Term of office		1 year	
		Attendance at meetings of the Board of Directors, etc.		Board of Directors meeting 7/7 (100%) Compensation Committee meeting 5/5 (100%)	
		Position and duty at the Company		Director of the Board, Managing Corporate Executive Officer (Legal, Administration and Human Resources, Internal Control, Overseas Administrative Headquarters) Chief Compliance Officer Member of the Compensation Committee	
		[Personal history]			
Apr. 1984	Joined Mitsubishi Industries Limited	Chemical	Apr. 2018	Managing Corporate Executive Officer of Mitsubishi Chemical Holdings Corporation	
Apr. 2015	Executive Officer of Mitsubishi Chemical Holdings Corporation		Jun. 2018	Director of the Board, Managing Corporate Executive Officer of Mitsubishi Chemical Holdings Corporation	
Apr. 2017	Executive Officer of Mitsubishi Chemical Corporation (until March 2018)			(to present)	
[Significant concurrent positions]					
Director of Mitsubishi Chemical Holdings (Beijing) Co., Ltd. CEO of Mitsubishi Chemical Holdings Europe GmbH					
[Reason for choosing as candidate for Director]					
<p>Ken Fujiwara engaged in international risk management and M&As in the legal departments of the MCHC Group, and thus has abundant experience and profound insight. Currently serving as Managing Corporate Executive Officer (Chief Compliance Officer), he engages in management of MCHC and spearheads efforts that involve developing internal control systems and strengthening the compliance framework. During Board of Directors meetings, he fulfills accountability as an Executive Officer and makes suggestions pertaining to matters such as risk management and corporate compliance. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of MCHC through such initiatives, the Board of Directors requests that he be reelected as proposed.</p>					


	No.4 (Reelection)	Glenn H. Fredrickson	
		Date of birth	May 8, 1959
		Number of the Company's shares held	0
		Term of office	5 years
		Attendance at meetings of the Board of Directors, etc.	Board of Directors meeting 11/11 (100%)
		Position and duty at the Company	Director of the Board
[Personal history]			
Jan. 1990	Associate Professor, Departments of Chemical Engineering and Materials, University of California, Santa Barbara	Apr. 2014	Managing Executive Officer of Mitsubishi Chemical Holdings Corporation
Jul. 1991	Distinguished Professor, Departments of Chemical Engineering and Materials, University of California, Santa Barbara (to present)	Jun. 2014	Director of the Board, Managing Executive Officer of Mitsubishi Chemical Holdings Corporation
May 1998	Chairperson, Department of Chemical Engineering, University of California, Santa Barbara (until July 2001)	Jun. 2015	Director of the Board, Managing Corporate Executive Officer of Mitsubishi Chemical Holdings Corporation
Mar. 2001	Director of Mitsubishi Chemical Center for Advanced Materials at the University of California, Santa Barbara (to present)	Apr. 2017	Director of the Board of Mitsubishi Chemical Holdings Corporation (to present)
[Significant concurrent positions]			
Distinguished Professor, Departments of Chemical Engineering and Materials, University of California, Santa Barbara			
[Reason for choosing as candidate for Director]			
<p>Glenn H. Fredrickson is a university professor in the U.S. and has profound insight as an international authority in the polymer chemistry domain and abundant experience as a consultant for global corporations. Currently acting as an internal Director who does not concurrently serve as an Executive Officer, he appropriately engages in management oversight and makes suggestions pertaining to the field of advanced technology and other such matters. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of MCHC through such initiatives, the Board of Directors requests that he be reelected as proposed.</p>			


	No.5 (Reelection)	Hisao Urata	
		Date of birth	February 20, 1956
		Number of the Company's shares held	11,344
		Term of office	3 years
		Attendance at meetings of the Board of Directors, etc.	Board of Directors meeting 11/11 (100%) Audit Committee meeting 13/13 (100%)
		Position and duty at the Company	Director of the Board Member of the Audit Committee
		[Personal history]	
Jan. 1991	Joined Mitsubishi Kasei Corporation	Jun. 2015	Managing Corporate Executive Officer of Mitsubishi Chemical Holdings Corporation (until March 2016)
Jun. 2011	Executive Officer of Mitsubishi Chemical Holdings Corporation	Jun. 2016	Director of the Board of Mitsubishi Chemical Holdings Corporation (to present)
Apr. 2015	Managing Executive Officer of Mitsubishi Chemical Holdings Corporation	Apr. 2017	Corporate Auditor of Mitsubishi Plastics, Inc. (until March 2017) Corporate Auditor of Life Science Institute, Inc. (to present)
[Significant concurrent positions]			
Corporate Auditor of Life Science Institute, Inc. Corporate Auditor of The KAITEKI Institute, Inc. (Scheduled to retire from the position of Corporate Auditor of Life Science Institute, Inc. on June 20, 2019, and to assume the position as Corporate Auditor of Mitsubishi Chemical Corporation effective on June 21, 2019.)			
[Reason for choosing as candidate for Director]			
After having engaged in research and development departments and the corporate strategy division of MCC, Hisao Urata served as Corporate Auditor of Mitsubishi Plastics, Inc., and thus has abundant experience and profound insight. Currently serving as a full-time member of the Audit Committee who hails from MCHC, he engages in management oversight primarily by ensuring effectiveness of audits, which involves assessing the operational status of internal control systems and regularly sharing information in meetings of the Audit Committee, drawing on his extensive understanding of MCHC Group operations and his advanced ability to gather information. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of MCHC through such initiatives, the Board of Directors requests that he be reelected as proposed.			


	No.6	Hidefumi Date	
	(Newly elected)	Date of birth July 10, 1958	
		Number of the Company's shares held 4,234	
		Position and duty at the Company Managing Corporate Executive Officer (Corporate Management, IR) Chief Financial Officer	
[Personal history]			
Apr. 1982	Joined Mitsubishi Chemical Industries Limited	Apr. 2018	Managing Corporate Executive Officer of Mitsubishi Chemical Holdings Corporation
Apr. 2013	Executive Officer of Mitsubishi Chemical Corporation (until March 2015)		(to present)
Apr. 2015	Executive Officer of Mitsubishi Chemical Holdings Corporation		
[Significant concurrent positions]			
Director of the Board of Mitsubishi Chemical Holdings Corporate Staff, Inc. (Scheduled to assume the position as Director of the Board of Taiyo Nippon Sanso Corporation effective on June 20, 2019.)			
[Reason for choosing as candidate for Director]			
Hidefumi Date engaged in corporate management as well as accounting, tax affairs, and finances in the accounting and financial departments of the MCHC Group, and thus has abundant experience and profound insight. Currently serving as Managing Corporate Executive Officer (Chief Financial Officer), he engages in management of MCHC and spearheads efforts that involve developing financial strategy and carrying out investor relations activities. As he is expected to make contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of MCHC through such initiatives by making suggestions in meetings of the Board of Directors drawing on such expertise, in addition to fulfilling accountability in relation to financial strategy of the MCHC Group, the Board of Directors requests that he be newly elected as proposed.			


	No.7	Shigeru Kobayashi	
	(Newly elected)	Date of birth	February 14, 1958
		Number of the Company's shares held	3,500
[Personal history]			
Apr. 1980	Joined Mitsubishi Chemical Industries Limited	Apr. 2017	Managing Executive Officer of Mitsubishi Chemical Corporation (until March 2019)
Apr. 2013	Executive Officer of Mitsubishi Plastics, Inc.		(to present)
Apr. 2015	Director of the Board, Executive Officer of Mitsubishi Plastics, Inc.		
Apr. 2016	Director of the Board, Managing Executive Officer of Mitsubishi Plastics, Inc.		
[Significant concurrent positions]			
(Scheduled to assume the position of Corporate Auditor of the Life Science Institute, Inc. effective on June 20, 2019.)			
[Reason for choosing as candidate for Director]			
<p>Shigeru Kobayashi engaged in the performance products and industrial materials business domains of the MCHC Group and served as a president of an overseas Group company successively, and thus has abundant experience and profound insight. As he is expected to make contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of MCHC, as an internal Director who does not concurrently serve as an Executive Officer, drawing on his extensive understanding of MCHC Group operations and his management experience, the Board of Directors requests that he be newly elected as proposed.</p>			

	No.8	Taigi Ito	
	(Reelection	Date of birth	October 13, 1946
	/ Outside	Number of the Company's	12,574
	Director /	shares held	
	Independent	Term of office	5 years
	Officer)	Attendance at meetings of the Board of Directors, etc.	Board of Directors meeting 11/11 (100%) Audit Committee meeting 13/13 (100%) Compensation Committee meeting 7/7 (100%)
		Position and duty at the Company	Director of the Board Member of the Audit Committee Member of the Compensation Committee
[Personal history]			
Jan. 1970	Joined Tsuji Audit Corporation	Apr. 2009	Professor, Graduate School of Accounting, Waseda University (until March 2013)
May 1973	Registered as a Certified Public Accountant		
Feb. 1989	Representative Partner of MISUZU Audit Corporation	Jan. 2012	Chairperson of Disciplinary Committee of JICPA (until August 2016)
Jul. 2004	Deputy Chairperson of the Japanese Institute of Certified Public Accountants (JICPA) (until June 2007)	Jun. 2014	Outside Corporate Auditor of Mitsubishi Chemical Holdings Corporation Corporate Auditor of Mitsubishi Chemical Corporation (until March 2017)
May 2006	Executive Board Member of MISUZU Audit Corporation (until July 2007)	Jun. 2015	Outside Director of Mitsubishi Chemical Holdings Corporation (to present)
[Significant concurrent positions]			
Certified Public Accountant Outside Director of KOA SHOJI HOLDINGS CO., LTD. Outside Corporate Auditor of Idemitsu Kosan Co., Ltd. Outside Corporate Auditor (External Audit & Supervisory Board Member) of TIS Inc.			
[Reason for choosing as candidate for Director]			
Taigi Ito served as Deputy Chairperson of the Japanese Institute of Certified Public Accountants, and thus has abundant experience and profound insight as a certified public accountant. During Board of Directors meetings, he provides oversight of overall risk management from an independent and impartial standpoint, while making useful suggestions in relation to matters such as finance and accounting, and portfolio management. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of MCHC through such initiatives, the Board of Directors requests that he be reelected as proposed. While he has not been involved in corporate management except for serving as Outside Director, the Board of Directors believes that he will properly execute his duties as an Outside Director of the Company based on the above reasons.			

	No.9	Hideko Kunii	
	(Reelection	Date of birth	December 13, 1947
	/ Outside	Number of the Company's	
	Director /	shares held	2,841
	Independent	Term of office	4 years
	Officer)	Attendance at meetings of the Board of Directors, etc.	Board of Directors meeting 11/11 (100%) Nominating Committee meeting 6/6 (100%) Audit Committee meeting 13/13 (100%)
		Position and duty at the Company	Director of the Board Member of the Nominating Committee Member of the Audit Committee
[Personal history]			
May 1982	Joined Ricoh Company, Ltd.	Apr. 2012	Professor, Graduate School of Engineering Management, Shibaura Institute of Technology
Jun. 2005	Corporate Senior Deputy CEO of Ricoh Company, Ltd. (until March 2008)	Apr. 2013	Deputy President, Shibaura Institute of Technology (until March 2018)
Apr. 2008	Chairperson of Ricoh Software Co., Ltd. (currently Ricoh IT Solutions Co., Ltd.)	Oct. 2013	Head of the office of the Gender Equality Promotion Center, Shibaura Institute of Technology (until March 2018)
Apr. 2009	Associate Director of Ricoh Company, Ltd. (until March 2013)	Jun. 2015	Outside Director of Mitsubishi Chemical Holdings Corporation (to present)
Jul. 2009	Chairperson of Ricoh IT Solutions Co., Ltd. (until March 2013)	Apr. 2018	Visiting Professor, Graduate School of Engineering Management, Shibaura Institute of Technology (until March 2019)
		Apr. 2019	Visiting Professor, Shibaura Institute of Technology (to present)
[Significant concurrent positions]			
Visiting Professor, Shibaura Institute of Technology External Director of INCJ, Ltd. Outside Director of Tokyo Electric Power Company Holdings, Incorporated Outside Director of Honda Motor Co., Ltd. (Scheduled to retire from the position of Outside Director of Honda Motor Co., Ltd. on June 19, 2019)			
[Reason for choosing as candidate for Director]			
Hideko Kunii has extensive experience in company management and expertise in the information processing domain, as well as profound insight in diversity promotion as a member of the Cabinet Office Gender Equality Promotion Joint Meeting. During Board of Directors meetings, she provides oversight of overall corporate management from an independent and impartial standpoint, while making useful suggestions in relation to matters such as woman's empowerment promotion, science technology, and IT. As she is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of MCHC through such initiatives, the Board of Directors requests that she be reelected as proposed.			

	No.10	Takayuki Hashimoto	
	(Reelection	Date of birth	July 9, 1954
	/ Outside	Number of the Company's	3,659
	Director /	shares held	
	Independent	Term of office	3 years
	Officer)	Attendance at meetings of	Board of Directors meeting 11/11 (100%)
		the Board of Directors, etc.	Nominating Committee meeting 6/6 (100%)
	Position and duty at the Company	Director of the Board Member of the Nominating Committee	
[Personal history]			
Apr. 1978	Joined IBM Japan, Ltd.	May 2012	Director of the Board, Chairperson of IBM Japan, Ltd.
Apr. 2000	Director of the Board of IBM Japan, Ltd.	Apr. 2014	Chairperson of IBM Japan, Ltd.
Apr. 2003	Managing Executive Officer of IBM Japan, Ltd.	Jan. 2015	Vice Chairperson of IBM Japan, Ltd.
Jan. 2007	Senior Managing Executive Officer of IBM Japan, Ltd.	Jun. 2016	Outside Director of Mitsubishi Chemical Holdings Corporation (to present)
Apr. 2008	Director of the Board, Senior Managing Officer of IBM Japan, Ltd.	May 2017	Honorary Executive Advisor of IBM Japan, Ltd. (to present)
Jan. 2009	Director of the Board, President of IBM Japan, Ltd.		
[Significant concurrent positions]			
Honorary Executive Advisor of IBM Japan, Ltd. Outside Director of KAGOME CO., LTD. Outside Director of CHUBU Electric Power Co., Inc. Outside Corporate Auditor of IHI Corporation (Scheduled to retire from the position of Outside Corporate Auditor of the IHI Corporation on June 20, 2019)			
[Reason for choosing as candidate for Director]			
Takayuki Hashimoto has extensive experience in corporate management and profound insight into digital business, having served successively as a president and a chairperson of a Japanese subsidiary of a global corporation that provides products and services related to information system. During Board of Directors meetings, he provides oversight of overall corporate management from an independent and impartial standpoint, while making useful suggestions mainly in relation to global management, business strategy, and portfolio management. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of MCHC through such initiatives, the Board of Directors requests that he be reelected as proposed.			

	No.11	Chikatomo Hodo	
	(Newly elected /	Date of birth	July 31, 1960
	Outside Director /	Number of the Company's shares held	0
	Independent Officer)		
[Personal history]			
Sep. 1982	Joined Accenture Japan Ltd	Sep. 2017	Director and Senior Corporate Advisor of Accenture Japan Ltd
Sep. 2005	Representative Director of Accenture Japan Ltd	Jul. 2018	Senior Corporate Advisor of Accenture Japan Ltd (to present)
Apr. 2006	Representative Director and President of Accenture Japan Ltd		
Sep. 2015	Director and Chairman of Accenture Japan Ltd		
[Significant concurrent positions]			
Senior Corporate Advisor of Accenture Japan Ltd Outside Director of Konica Minolta, Inc. Outside Director of Mynavi Corporation Director of Sumitomo Mitsui Asset DS Management Company, Limited			
[Reason for choosing as candidate for Director]			
Chikatomo Hodo has extensive experience in corporate management and profound insight in digital business successively as a president and a chairperson of a Japanese subsidiary of a global corporation, which provides management consulting and IT services. Making the best of such experience and insights, he is expected to make contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of MCHC from a perspective mainly of management experience, science technology, IT, and globalism, as an independent Outside Director. As such, the Board of Directors requests that he be newly elected as proposed.			

	No.12	Kiyomi Kikuchi	
	(Newly elected /	Date of birth	February 2, 1963
	Outside Director /	Number of the Company's shares held	0
	Independent Officer)		
[Personal history]			
Apr. 1986	Joined The Dai-Ichi Kangyo Bank, Ltd. (currently Mizuho Bank, Ltd.) (until December 1990)	May 2003	Admitted to the bar of the State of New York
Apr. 1999	Registered as a lawyer Asahi Law Offices	Oct. 2003 Sep. 2004	Asahi Law Offices Taiyo Law Office (currently Paul Hastings LLP/Gaikokuho Kyodo Jigyo)
Sep. 2002	Allen & Overy LLP (London)	Sep. 2006 Apr. 2008	JPMorgan Securities Japan Co., Ltd. TMI Associates (to present)
[Significant concurrent positions]			
Lawyer of TMI Associates External Director of Nishimatsu Construction Co., Ltd. Outside Corporate Auditor, GECOSS CORPORATION External Auditor, Nissay Asset Management Corporation			
[Reason for choosing as candidate for Director]			
Kiyomi Kikuchi has abundant experience working at financial institutions in addition to her profound insight as a lawyer specialized in corporate legal affairs. Making the best of such experience and insight, she is expected to make contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of MCHC from a perspective mainly of domestic and foreign laws and regulations, and legal risk, as an independent Outside Director. As such, the Board of Directors requests that she be newly elected as proposed. While she has not been involved in corporate management except for serving as Outside Director, the Board of Directors believes that she will properly execute her duties as an Outside Director of the Company based on the above reasons.			

Notes:

1. There are no special interests between each candidate and MCHC.
2. For Ken Fujiwara, listed above is his record of attendance at the Board of Directors meetings, etc. held during the fiscal year under review after he assumed the position of Director of the Company in June 2018.
3. Taigi Ito, Hideko Kunii, Takayuki Hashimoto, Chikatomo Hodo, and Kiyomi Kikuchi are candidates for Outside Directors. The Company has designated Taigi Ito, Hideko Kunii, and Takayuki Hashimoto as independent officers pursuant to the rules and regulations of the Tokyo Stock Exchange, and has notified the stock exchange accordingly. If this proposal is approved and Taigi Ito, Hideko Kunii, and Takayuki Hashimoto are inaugurated as Outside Directors, they are expected to continue serving as independent officers. In addition, if this proposal is approved and Chikatomo Hodo and Kiyomi Kikuchi are inaugurated as Outside Directors, they are also expected to serve as independent officers. Taigi Ito, Hideko Kunii, Takayuki Hashimoto, Chikatomo Hodo, and Kiyomi Kikuchi all meet the “Standards for Independence of Outside Directors” (on following page) stipulated by the Company.
4. For Takayuki Hashimoto, Honorary Executive Advisor of IBM Japan, Ltd., with which the MCHC Group had a very small amount of business transactions in fiscal 2018, no more than 1% of its consolidated net sales or MCHC’s consolidated net sales, the Company sees no issue with his independence. For Chikatomo Hodo, Senior Corporate Advisor of Accenture Japan Ltd, with which the MCHC Group had a very small amount of business transactions in fiscal 2018, no more than 1% of its consolidated net sales or MCHC’s consolidated net sales, the Company sees no issue with his independence. For Kiyomi Kikuchi, a lawyer with TMI Associates, with which the MCHC Group had a very small amount of business transactions in fiscal 2018, no more than 1% of the firm’s revenue or MCHC’s consolidated net sales, the Company sees no issue with her independence.
5. The Company has concluded with Taigi Ito, Hideko Kunii, and Takayuki Hashimoto 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, the Company will renew the agreement with Taigi Ito, Hideko Kunii, and Takayuki Hashimoto, and will also conclude the same agreement with Chikatomo Hodo and Kiyomi Kikuchi.
6. Takayuki Hashimoto has been serving as Outside Corporate Auditor of IHI Corporation since June 2015. During his term, the Ministry of Economy, Trade and Industry and the Ministry of Land, Infrastructure, Transport and Tourism imposed an administrative punishment on IHI due to improper operations in the commercial aircraft engine maintenance business. While he was not aware of these facts in advance, he had been providing advice on the importance of compliance and internal control on a regular basis as Outside Corporate Auditor. After these facts came to light, he assessed circumstances with respect to investigations of factual matters upon receiving successive reports in that regard, and otherwise appropriately carried out his assigned duties particularly in terms of calling for the compliance framework to be strengthened further by promptly investigating effects on safety and taking appropriate action to prevent recurrence.
7. If this proposal is approved, the Company plans to set up each committee as follows:

Nominating Committee:	Takayuki Hashimoto, Yoshimitsu Kobayashi, Hideko Kunii, Chikatomo Hodo and Kiyomi Kikuchi
Audit Committee:	Hisao Urata, Shigeru Kobayashi, Taigi Ito, Hideko Kunii and Kiyomi Kikuchi
Compensation Committee:	Taigi Ito, Hidefumi Date, Ken Fujiwara, Takayuki Hashimoto and Chikatomo Hodo

Standards for Independence of Outside Directors

The Company shall elect those as Outside Directors who do not fall under any of the following and are capable of overseeing the Company's management from a fair and neutral standpoint, free of a conflict of interest with general shareholders.

1. Related party of the Company
 - (1) A person engaged in execution of operation of the MCHC Group (Executive Director, Corporate Executive Officer, Executive Officer, Manager, employee, partner, etc. The same shall apply hereafter.)
 - (2) A person who was engaged in execution of operation of the MCHC Group over the last 10 years
2. Major shareholder

A person who directly or indirectly holds 10% or more of MCHC's total voting rights or a person engaged in execution of operation of a company that directly or indirectly holds 10% or more of MCHC's total voting rights
3. Major business partner
 - (1) A person engaged in execution of operation of a company*¹ whose major business partner includes MCHC and Group Operating Companies (Mitsubishi Chemical Corporation, Mitsubishi Tanabe Pharma Corporation, Life Science Institute, Inc., and Taiyo Nippon Sanso Corporation. The same shall apply hereafter.)
 - (2) A person engaged in execution of operation of a major business partner*² of MCHC and Group Operating Companies
4. Accounting Auditor

Accounting Auditor of the MCHC Group or an employee thereof
5. Transaction as an individual

A person who receives money and other financial benefits of 10 million yen or more per year from any of MCHC and Group Operating Companies
6. Donation

A person who receives a donation or financial assistance of 10 million yen or more per year from any of MCHC and Group Operating Companies or a person engaged in execution of operation of a company that receives a donation or financial assistance of 10 million yen or more per year from any of MCHC and Group Operating Companies
7. Reciprocal assumption of the position of Director

A person engaged in execution of operation of a company that has elected any of the Directors and employees of the MCHC Group as its Director

8. Close relatives, etc.
 - (1) Close relatives, etc. of a person engaged in execution of important operations of the MCHC Group (spouse, relatives within the second degree of kinship or any person who shares the same livelihood. The same shall apply hereafter.)
 - (2) Close relatives, etc. of any person who meets the definition of items 3 through 7 above
 - (3) Other
A person who met the definition of items 3 through 7 above over the last three years

- *1 If the said business partner receives from MCHC and Group Operating Companies an amount equivalent to 2% or more of its annual consolidated net sales in the latest fiscal year, this company shall be considered as the one whose major business partner includes MCHC.

- *2 If MCHC and Group Operating Companies receive from the said business partner an amount equivalent to 2% or more of MCHC's annual consolidated net sales in the latest fiscal year or the said business partner loans to the MCHC Group an amount equivalent to 2% or more of MCHC's total consolidated assets, the said business partner shall be considered as a major business partner of MCHC.

(Attachment)

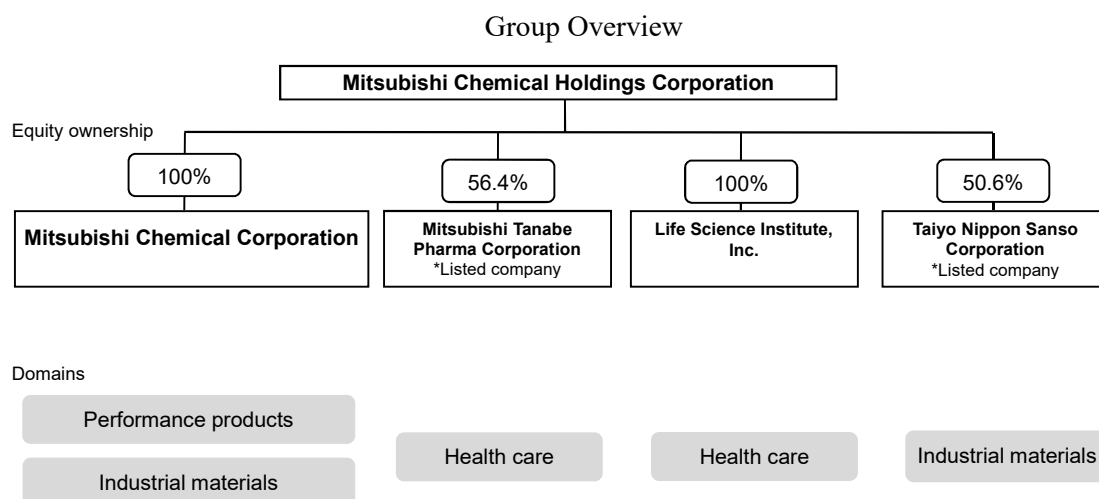
Business Report
(From April 1, 2018 to March 31, 2019)

1. Group Overview of Operation

(1) Mitsubishi Chemical Holdings Group

Under the leadership of Mitsubishi Chemical Holdings Corporation (“Company” or “MCHC”) as the holding company, the MCHC Group conducted business activities in the three business domains of performance products, industrial materials and health care with Mitsubishi Chemical Corporation (“MCC”), Mitsubishi Tanabe Pharma Corporation (“MTPC”), Life Science Institute, Inc., and Taiyo Nippon Sanso Corporation (“TNSC”) serving as its four operating companies.

MCHC will formulate the strategy, manage the business portfolio, implement an optimal allocation of management resources, and supervise the business operations of the MCHC Group as a whole toward the implementation of the “APTSIS 20” medium-term management plan, and will work to further improve the corporate value of the MCHC Group.



(2) Business Development and Performance

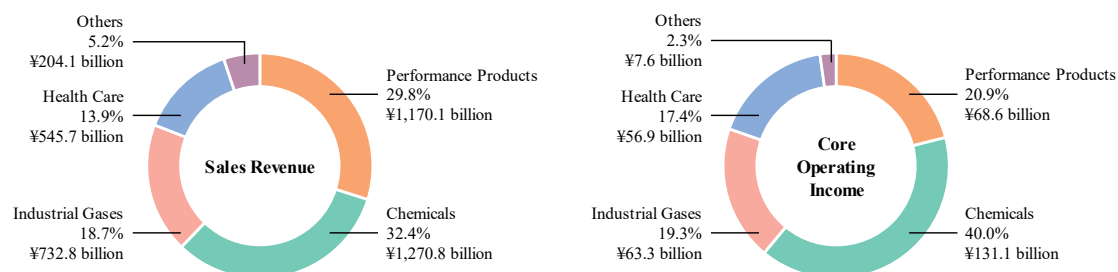
The business environment surrounding the MCHC Group remained favorable in the first half of the fiscal year, due to continued strong market prices for products in the industrial materials domain, despite the impact of slowing demand and higher raw material costs in the performance products domain and the NHI price revision in April 2018 in the health care domain. On the other hand, a sense of uncertainty about the future increased in the second half, as the supply and demand balance for some products loosened due to growing concerns over more serious U.S.-China trade friction and other factors.

In these circumstances, sales revenue for fiscal 2018 was ¥3,923.4 billion, up ¥199.0 billion compared with a year earlier. Core operating income* decreased ¥63.3 billion year on year to ¥317.2 billion and operating income was ¥298.0 billion, a year-on-year down of ¥57.7 billion. Net income attributable to owners of parent was ¥169.5 billion, down ¥42.3 billion year on year.

* Core operating income is operating income excluding profit/loss arising from extraordinary factors (extraordinary items).

Performance by segments is shown from P.26 to P.27.

Performance Overview by Segment



Note: MCHC Group adopted International Financial Reporting Standard ("IFRS") .

[For reference] Changes in the Conditions of Assets and Profit/Loss of Direct Investees for the Fiscal 2018 (fiscal year under review)

Category	Mitsubishi Chemical Corporation	Mitsubishi Tanabe Pharma Corporation	Life Science Institute, Inc.	Taiyo Nippon Sanso Corporation
Sales revenue (in billion yen)	2,661.7	424.8	131.8	740.3
Core operating income (in billion yen)	202.1	55.8	0.8	65.8
Total assets (in billion yen)	2,704.8	1,056.3	150.7	1,771.0

Note: MCHC, in preparing consolidated financial statements, makes a consolidated adjustment such as eliminating inter-segment transactions (transactions between subsidiaries, etc.), and therefore simply adding up the figures of the operating companies (consolidated) in the table above does not agree with the consolidated figures of MCHC.

Performance Products Domain

Performance Products Segment

Principal Businesses: Electronics and displays, high performance films, environment and living solutions, advanced moldings and composites, advanced polymers, high performance chemicals, new energy

Sales revenue for the segment totaled ¥1,170.1 billion, up ¥24.2 billion year on year, while core operating income stayed at ¥68.6 billion, down ¥25.4 billion year on year.

Although lower sales volumes were seen in some optical films caused by the U.S.-China trade friction, mainly in the second half of the fiscal year, there were also higher sales volumes of high-performance engineering plastics and other products in advanced moldings and composites, as well as battery materials for automobiles in new energy.

In advanced polymers, sales revenue rose, reflecting continued strong market prices for phenol-polycarbonate chain materials in the first half of the fiscal year, despite a drop in the second half of the year.

Core operating income decreased primarily due to a rise in raw material costs as a whole, an increase in fixed costs, production problems, and an impact from scheduled maintenance and repairs for phenol-polycarbonate chain materials in advanced polymers.

Industrial Materials Domain

Chemicals Segment

Principal Businesses: MMA, petrochemicals, carbon

Sales revenue in this segment increased by ¥93.4 billion year on year to ¥1,270.8 billion, while core operating income stayed at ¥131.1 billion, down ¥16.8 billion year on year.

In MMA, strong market prices for MMA monomer and other products continued in the first half of fiscal year, despite deceleration of demand growth, especially in China in the second half of fiscal year.

In petrochemicals, sales prices rose, brought on by higher raw material prices, despite decreased sales volumes, reflecting the impact from large-scale scheduled maintenance and repairs at an ethylene production facility.

In carbon, growth in the market prices of needle coke was seen with the continuing firm demand for coke and other products.

Core operating income decreased due not only to the impact of the large-scale scheduled maintenance and repairs as well as the incurrence of inventory revaluation losses associated with a sharp decline in raw material prices since the end of last year in petrochemicals, but also to decreased sales volumes in MMA, despite a widened price spread between raw materials and products in carbon products.

Industrial Gases Segment

Principal Businesses: Industrial gases

Sales revenue in this segment increased by ¥94.1 billion to ¥732.8 billion and core operating income grew by ¥5.8 billion to ¥63.3 billion.

In industrial gases, both sales revenue and core operating income increased, reflecting continued firmness overseas, acquisition of some European businesses of Praxair, Inc. (U.S.A.) in December 2018 and the addition of those businesses' earnings to the Group beginning in the third quarter of the fiscal year under review, as well as other factors.

Health Care Domain

Health Care Segment

Principal Businesses: Pharmaceuticals, life science

Sales revenue in this segment totaled ¥545.7 billion, a decrease of ¥10.9 billion year on year, and core operating income decreased ¥24.3 billion year on year to ¥56.9 billion.

Pharmaceuticals recorded lower sales revenue, mainly attributable to the NHI price revision in domestic ethical pharmaceuticals in April 2018 and a decline in royalty income, despite sales growth of *Radicava*, a treatment for amyotrophic lateral sclerosis (ALS) in the U.S. Core operating income also decreased, mainly attributable to decreased sales revenue and increased research and development costs. Royalty income from licensing out *Gilenya*, a medicine used to treat multiple sclerosis, to Novartis Pharma K.K. (Switzerland), decreased as sales revenue was not partially recognized in accordance with International Financial Reporting Standard 15 due to the commencement of arbitration to claim that Novartis Pharma K.K. has no obligation to pay a portion of royalties.

Others

Principal Businesses: Engineering, logistics

Sales revenue in "Others" decreased by ¥1.8 billion to ¥204.1 billion, while core operating income totaled ¥7.6 billion, up ¥0.5 billion year on year.

(3) Outstanding Issues

With “KAITEKI Value for Tomorrow” as its corporate slogan, the MCHC Group pursues “KAITEKI Management” to enhance its corporate value, which is considered as the sum of three values—improved capital efficiency, improvement of innovation capability to create innovative products and services, and provision of solutions to contribute to the enhanced sustainability of people, society, and the Earth—in an effort to achieve the “sustainable well-being of people, society and our planet Earth,” or KAITEKI.

Under the “APTSIS 20” medium-term management plan (extending from fiscal 2016 to fiscal 2020), the MCHC Group has engaged in various portfolio reforms with the basic policy of “aiming to remain a high growth/high profit-model company through businesses in the performance products, industrial materials, and health-care domains.” In fiscal 2019, we will continue to work on strengthening our business base along with the steady implementation of measures for further growth.

Global warming, ocean plastic pollution, maldistribution of natural resources, and population aging are just some of the increasingly serious problems that people, society, and Earth face today. The MCHC Group, with its focus on the markets it particularly needs to (mobility, electronics, medical, package, environmental energy, and health-care), will aim to solve such social issues and provide optimal solutions.

Meanwhile, technology such as AI and IoT has continually evolved at amazing speed, bringing significant changes to how society should be and the industry structure. Under these circumstances, the MCHC Group will create innovative products and services to precisely accommodate increasingly complex market needs, by promoting coordination among business segments, as well as by strengthening R&D and technological capabilities through open innovation and digitalization. Further, we will globally access cutting-edge technologies and new business models via a corporate venture capital subsidiary established in Silicon Valley so that we can promote the early commercialization in next-generation growth fields. In the fundamental materials business including chemicals and industrial gases, we will pursue enhanced productivity and efficiency under the global supply system in an effort to strengthen our competitive edge.

In December 2018, MCHC revised targets for financial indicators as of the final fiscal year (FY2020) of the “APTSIS 20” medium-term management plan. Despite an uncertain outlook for the business environment surrounding the MCHC Group such as the US-China

trade friction and Brexit problems (UK's withdrawal from EU), we will continue efforts to achieve core operating income of ¥410.0 billion in fiscal 2020.

In order to deepen KAITEKI Management further, MCHC has also started to consider action plans targeted at what we want MCHC to be in fiscal 2030, which is deduced from the ideal future society in 2050. Going forward, we will take on the creation of new values that contribute to the realization of a circular economy (an optimized recycling society), the measures for global warming and others by reflecting them in specific management strategies.

In addition to above, the MCHC Group will address not only safety management, thorough compliance and reinforcement of group governance through internal controls systems, but also will further promote KAITEKI health management focused on health support, work style reforms, and diversity promotion for employees.

The MCHC Group will address these business challenges with its collective strength and further improve corporate and shareholder value. We ask for your understanding and continued support going forward.

(4) Capital Expenditures

The MCHC Group's aggregate capital expenditures for the fiscal year under review stood at ¥231.7 billion, the majority of which was applied to construction of new and additional production facilities and renewal of existing facilities.

The amount by each segment includes the following:

Domain / Segment	Capital expenditures	Major facilities completed during the fiscal year under review	Major facilities under construction
Performance Products Performance Products	65.2 billion yen	Mitsubishi Polyester Film, Inc. (U.S.A.) Production facility for polyester film (addition)	The Nippon Synthetic Chemical Industry Co., Ltd. Production facility for polyvinyl alcohol film (addition)
Industrial Materials Chemicals	70.6 billion yen		Japan Polypropylene Corporation Production facility for polypropylene (addition)
Industrial Gases	72.0 billion yen	Matheson Tri-Gas Inc. (U.S.A.) Air separation systems (new)	
Health Care Health Care	18.0 billion yen	Life Science Institute, Inc. Facility for processing cells for regenerative medicine (new)	Medicago Inc. (U.S.A.) Production facility for vaccine (new)

Notes:

1. Other than the above, there were capital expenditures of ¥5.9 billion in "Others" and "Company-wide (Common)."
2. Mitsubishi Chemical Corporation absorbed The Nippon Synthetic Chemical Industry Co., Ltd. as of April 1, 2019.

(5) Fund Procurement

Item	Balance at April 1, 2018	Balance at March 31, 2019	Change
Borrowings	1,049.1 billion yen	1,578.3 billion yen	Up 529.2 billion yen
Corporate bonds and commercial paper	557.0 billion yen	668.5 billion yen	Up 111.5 billion yen
Total	1,606.1 billion yen	2,246.8 billion yen	Up 640.7 billion yen

(6) Principal Lenders (as of March 31, 2019)

Lenders	Amount Borrowed
Mizuho Bank, Ltd.	589.3 billion yen
MUFG Bank, Ltd.	406.0 billion yen

(7) Significant Business Realignment

– Mitsubishi Chemical Corporation acquired all of the shares of Cleanpart Group GmbH (Germany), which provides semiconductor-related businesses in Europe and the U.S. in October 2018, to expand the said businesses globally.

(Performance Products Segment)

– Mitsubishi Chemical Corporation transferred the acrylic sheet business in Europe operated by its subsidiary in the U.K., to Schweiter Technologies AG (Switzerland), in December 2018.

(Chemicals Segment)

– Taiyo Nippon Sanso Corporation acquired a portion of the European businesses of Praxair, Inc. (U.S.A.) through Taiyo Nippon Sanso Corporation’s subsidiary in Europe in December 2018, aiming at accelerating global expansion by acquiring businesses with certain shares in Europe.

(Industrial Gases Segment)

– Taiyo Nippon Sanso Corporation acquired a portion of the HyCO business and related assets in the U.S. of Linde Gas North America LLC through Taiyo Nippon Sanso Corporation’s subsidiary Matheson Tri-Gas, Inc. (U.S.A.), in February 2019.

(Industrial Gases Segment)

(For reference)

Mitsubishi Chemical Corporation merged in April 2019 with its subsidiary Nippon Synthetic Chemical Industry Co., Ltd. to pursue growth of related business through the integration of management resources.

(Performance Products Segment)

(8) Employees of the MCHC Group (as of March 31, 2019)

(a) Status of Employees of the MCHC Group

Domain	Segment	No. of Employees	Year-on-year Increase/Decrease
Performance Products	Performance Products	23,950	Up 349
Industrial Materials	Chemicals	8,168	Down 342
	Industrial Gases	19,229	Up 2,483
Health Care	Health Care	11,989	Up 95
Others		7,857	Up 271
Company-wide (Common)		827	Down 66
Sum Total		72,020	Up 2,790

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.
4. The increase in the Industrial Gases Segment is mainly attributable to Taiyo Nippon Sanso Corporation's acquisition of certain European operations of Praxair, Inc. (U.S.A.) in December 2018.

(b) Status of Employees of MCHC

No. of Employees (Year-on-year Change)	Average Age	Average Years of Service
149 (Down 9)	47 years and 5 months	19 years and 1 month

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.

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

Category	11th Term (Fiscal 2015)	12th Term (Fiscal 2016)	13th Term (Fiscal 2017)	14th Term (Year under Review; Fiscal 2018)
Japanese GAAP				
Net sales (in billion yen)	3,823.1			
Operating income (in billion yen)	280.0			
ROS (%)	7.3			
Profit attributable to owners of parent (in billion yen)	46.4			
Earnings per share (in yen)	31.70			
ROE (%)	4.8			
Net assets (in billion yen)	1,554.5			
Net assets per share (in yen)	636.43			
Total assets (in billion yen)	4,061.6			

IFRS				
Sales revenue (in billion yen)	3,543.4	3,376.1	3,724.4	3,923.4
Core operating income (in billion yen)	300.4	307.5	380.5	317.2
ROS (%)	8.5	9.1	10.2	8.1
Net income attributable to owners of parent (in billion yen)	51.4	156.3	211.8	169.5
Basic earnings per share (in yen)	35.06	106.73	147.14	119.22
ROE (%)	5.2	15.1	17.8	12.7
Total equity (in billion yen)	1,596.2	1,698.2	1,919.5	2,025.9
Equity attributable to owners of parent per share (in yen)	663.71	758.30	893.26	970.46
Total assets (in billion yen)	4,223.8	4,463.5	4,701.4	5,572.5

Notes:

1. MCHC adopted IFRS in fiscal 2016 (12th Term). Also, figures restated according to IFRS are shown for fiscal 2015 (11th Term) for reference.
2. ROS has been calculated as follows.
Japanese GAAP: Operating income / Net sales
IFRS: Core operating income / Sales revenue
3. Earnings per share and basic earnings per share are calculated on the basis of average aggregate number of issued and outstanding shares during fiscal year excluding treasury stocks.
4. Net assets per share and equity attributable to owners of parent 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.
5. ROE has been calculated as follows.
Japanese GAAP: Profit attributable to owners of parent / Equity (Yearly Average)

IFRS: Net income attributable to owners of parent / Equity attributable to owners of parent (Yearly Average)

6. Figures for fiscal 2017 (13th Term) were retroactively adjusted to reflect the finalization of the provisional amounts of the business combination completed in the same term.

(10) Status of MCHC, Major Subsidiaries and Affiliates (as of March 31, 2019)

(a) MCHC

Head Office	1-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo
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(b) Major Subsidiaries

[Direct Investees]

Company Name	Capital	Equity Investment Ratio (%)	Principal Business	Location
Mitsubishi Chemical Corporation	53.2 billion yen	100.0	Manufacture and marketing of chemical products	Tokyo
Mitsubishi Tanabe Pharma Corporation	50.0 billion yen	56.4	Manufacture and marketing of pharmaceuticals	Osaka
Life Science Institute, Inc.	3.0 billion yen	100.0	Healthcare solutions business and holding shares of company that manages the said business, etc.	Tokyo
Taiyo Nippon Sanso Corporation	37.3 billion yen	50.6	Manufacture and marketing of industrial gas	Tokyo

[Indirect Investees]

Domain / Segment	Company Name	Capital	Equity Investment Ratio of the Company (%)	Principal Business	Location
Performance Products Performance Products	J-Film Corporation	1.2 billion yen	100.0	Manufacture and marketing of plastic films	Tokyo
	Mitsubishi Chemical Infratec Co., Ltd.	0.4 billion yen	100.0	Manufacture and marketing of cold piping materials, equipment, civil engineering/waterproof reinforcement, and distribution materials	Tokyo
	Mitsubishi-Chemical Foods Corporation	0.5 billion yen	100.0	Manufacture and Marketing of food functional materials and active pharmaceutical ingredients, etc.	Tokyo
	Mitsubishi Chemical Media Co., Ltd.	4.1 billion yen	100.0	Marketing of recording media and computer peripheral equipment	Tokyo
	MC Ionic Solutions US, Inc.	100 U.S. dollars	100.0	Manufacture and marketing of electrolytes for lithium-ion secondary batteries	U.S.A.
	Quadrant AG	28 million Swiss franc	100.0	Management of subsidiary operating engineering plastics business	Switzerland
	Mitsubishi Chemical Performance Polymers, Inc.	100 U.S. dollars	100.0	Manufacture and marketing of thermoplastic compounds and functional polyolefin	U.S.A.
	Mitsubishi Polyester Film, Inc.	100 U.S. dollars	100.0	Manufacture and marketing of polyester film	U.S.A.

Domain / Segment	Company Name	Capital	Equity Investment Ratio of the Company (%)	Principal Business	Location
Industrial Materials Chemicals	Kansai Coke and Chemicals Co., Ltd.	6.0 billion yen	51.0	Manufacture and marketing of coke	Hyogo
	Japan Polyethylene Corporation	7.5 billion yen	58.0	Manufacture and marketing of polyethylene	Tokyo
	Japan Polypropylene Corporation	11.8 billion yen	65.0	Manufacture and marketing of polypropylene	Tokyo
	Mitsubishi Chemical Lucite Group Limited	111 million sterling pounds	100.0	Management of subsidiaries that engage in MMA business	U.K.
Industrial Gases	K.K. JFE SANSO CENTER	90 million yen	60.0	Manufacture and marketing of industrial gas	Hiroshima
	NIPPON EKITAN Corporation	0.6 billion yen	84.2	Manufacture and marketing of industrial gas	Tokyo
	Nippon Gases Euro-holding Sl.	100 million euros	100.0	Management of subsidiaries that engage in the industrial gas business	Spain
	Matheson Tri-Gas, Inc.	56 U.S. dollars	100.0	Manufacture and marketing of industrial gas	U.S.A.

Domain / Segment	Company Name	Capital	Equity Investment Ratio of the Company (%)	Principal Business	Location
Health Care Health Care	LSI Medience Corporation	3.0 billion yen	100.0	Clinical testing and medical support related services, and pharmaceutical development support services; manufacture and marketing of in vitro diagnostic agents and devices, etc.	Tokyo
	Qualicaps Co., Ltd.	2.9 billion yen	100.0	Manufacture and marketing of capsules for pharmaceuticals and health food, and pharmaceutical processing equipment	Nara
	Mitsubishi Tanabe Pharma Factory Ltd.	1.1 billion yen	100.0	Manufacture and marketing of pharmaceuticals	Osaka
	Mitsubishi Tanabe Pharma Holdings America, Inc.	167 U.S. dollars	100.0	Planning and execution of targets and strategies relating to development of the pharmaceuticals business in the U.S., and management of U.S. subsidiaries	U.S.A.
Others	Mitsubishi Chemical Engineering Corporation	1.4 billion yen	100.0	Engineering and construction services	Tokyo
	Mitsubishi Chemical Logistics Corporation	1.5 billion yen	100.0	Logistics and warehouse services	Tokyo

Note: Quadrant AG changed its trade name to Mitsubishi Chemical Advanced Materials AG as of April 1, 2019.

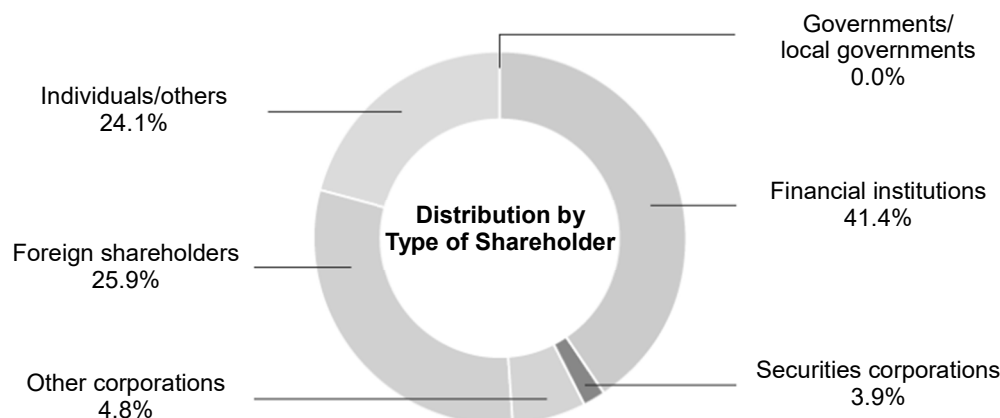
(c) Matters Related to Specified Wholly-Owned Subsidiary

Name of specified wholly-owned subsidiary	Address of specified wholly-owned subsidiary	Total amount of book value as of the end of the fiscal year under review of shares of specified wholly-owned subsidiary owned by MCHC
Mitsubishi Chemical Corporation	1-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo	432,052 million yen

Note: The total amount recorded in the asset section of MCHC's balance sheet as of the end of the fiscal year under review is ¥1,618,567 million.

2. Matters Related to Corporate Stocks (as of March 31, 2019)

- (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:
206,844 (representing a year-on-year increase of 31,307 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)	103.414	7.3
Japan Trustee Services Bank, Ltd. (Trust Account)	82.308	5.8
Meiji Yasuda Life Insurance Company	64.389	4.5
Nippon Life Insurance Co.	42.509	3.0
Japan Trustee Services Bank, Ltd. (Trust Account 4)	28.319	2.0
Japan Trustee Services Bank, Ltd. (Trust Account 5)	25.724	1.8
Japan Trustee Services Bank, Ltd. (Trust Account 7)	25.552	1.8
SSBTC CLIENT OMNIBUS ACCOUNT	21.503	1.5
MUFG Bank, Ltd.	20.553	1.4
STATE STREET BANK WEST CLIENT-TREATY 505234	20.472	1.4

Notes:

1. In addition to the above, MCHC holds 83.118 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 stock (83.118 million shares).
3. In addition to the above, equity investments of MUFG Bank, Ltd. in MCHC include 2.375 million shares of stock (representing the equity investment ratio of 0.2%) held in the name of "The Nomura Trust and Banking Co., Ltd. (Retirement Benefit Trust MUFG Bank Account)" over which MUFG Bank, Ltd. retains the right to issue instructions regarding the exercise of the relevant voting right.

3. Matters Related to the Company's Officers

(1) Details of Directors (as of March 31, 2019)

Name	Position and responsibility at the Company	Significant concurrent positions
Yoshimitsu Kobayashi	Director of the Board, Chairperson Member of the Nominating Committee	Director of the Board, Chairperson of The KAITEKI Institute, Inc. Outside Director of Toshiba Corporation Chairperson of Japan Association of Corporate
Hitoshi Ochi	Director of the Board Member of the Nominating Committee Corporate Executive Officer, President and CEO	Director of the Board of The KAITEKI Institute, Inc. Director of Chi Mei Corporation
Kenkichi Kosakai	Director of the Board Member of the Compensation Committee Corporate Executive Officer, Deputy CEO	Director of the Board of Taiyo Nippon Sanso Corporation Director of the Board, President and CEO of Mitsubishi Chemical Holdings Corporate Staff, Inc. Director of the Board of Mitsubishi Chemical Corporation
Ken Fujiwara	Director of the Board Member of the Compensation Committee Managing Corporate Executive Officer	Director of Mitsubishi Chemical Holdings (Beijing) Co., Ltd. CEO of Mitsubishi Chemical Holdings America, Inc. CEO of Mitsubishi Chemical Holdings Europe GmbH
Glenn H. Fredrickson	Director of the Board	Distinguished Professor, Departments of Chemical Engineering and Materials, University of California, Santa Barbara
Yoshihiro Umeha	Director of the Board Member of the Audit Committee (Chairperson)	Corporate Auditor of Mitsubishi Chemical Corporation
Hisao Urata	Director of the Board Member of the Audit Committee	Corporate Auditor of Life Science Institute, Inc. Corporate Auditor of The KAITEKI Institute, Inc.
Takeo Kikkawa	Outside Director of the Board Member of the Nominating Committee (Chairperson) Member of the Compensation Committee	Professor, Graduate School of Management, Tokyo University of Science Outside Director of Idemitsu Kosan Co., Ltd.
Taigi Ito	Outside Director of the Board Member of the Audit Committee Member of the Compensation Committee (Chairperson)	Certified Public Accountant Outside Director of KOA SHOJI HOLDINGS CO., LTD. Outside Corporate Auditor of Idemitsu Kosan Co., Ltd. Outside Corporate Auditor of TIS Inc.
Kazuhiro Watanabe	Outside Director of the Board Member of the Audit Committee Member of the Compensation Committee	Lawyer, Counselor, Higashimachi LPC
Hideko Kunii	Outside Director of the Board Member of the Nominating Committee Member of the Audit Committee	Visiting Professor, Graduate School of Engineering Management, Shibaura Institute of Technology External Director of INCJ, Ltd. Outside Director of Tokyo Electric Power Company Holdings, Incorporated Outside Director of Honda Motor Co., Ltd.
Takayuki Hashimoto	Outside Director of the Board Member of the Nominating Committee	Honorary Executive Advisor of IBM Japan, Ltd. Outside Director of KAGOME CO., LTD Outside Director of CHUBU Electric Power Co., Inc. Outside Corporate Auditor of IHI Corporation

Notes:

- Five Directors, Takeo Kikkawa, Taigi Ito, Kazuhiro Watanabe, Hideko Kunii and Takayuki Hashimoto are

Outside Directors as prescribed in Article 2, Item 15 of the Companies Act. The Company has designated these five Outside Directors as independent officers pursuant to the rules and regulations of the Tokyo Stock Exchange and notified the Stock Exchange accordingly.

2. Director Yoshihiro Umeha has considerable knowledge of finance and accounting obtained from many years of business experience relating to accounting and finance.
3. Director Taigi Ito has considerable knowledge of finance and accounting, as he is qualified as Certified Public Accountant.
4. There is no special relationship between other corporations, where the Company's Outside Directors hold concurrent positions and the Company.
5. Directors Yoshihiro Umeha and Hisao Urata are the full-time members of the Audit Committee. The Company appoints full-time members for the Audit Committee in order to increase the effectiveness of audits by the Committee.
6. In accordance with Article 427, Paragraph 1 of the Companies Act, the Company and its Outside Directors have entered into liability-limiting agreements as prescribed in Article 423, Paragraph 1 of the Act. The maximum limit of damage compensation liability under the agreement is set to the extent of the minimum limit of liability as prescribed in Article 425, Paragraph 1 of the Act.

(2) Main Activities and Attendance at Board of Directors Meetings and Committee Meetings
by Outside Officers

Name	Status of activities	Attendance
Takeo Kikkawa	<p>During the Board of Directors meetings, he provided input on such matters as risks in the industrial materials domain and the portfolio management, drawing on his profound insight on company management from a view of the business history as well as his experience as an energy industry expert.</p> <p>At the Nominating Committee, he led meetings as its chair with respect to major agenda items such as senior management turnover and roles expected of Directors, and otherwise fulfilled his assigned duties in part by reporting outcomes of discussions to the Board of Directors. As a member of the Compensation Committee, he provided appropriate input with respect to major agenda items such as compensation levels of senior management and revision of the performance-based compensation system.</p>	<p>Board of Directors meetings 11/11 (100%)</p> <p>Nominating Committee meetings 5/6 (83%)</p> <p>Compensation Committee meetings 7/7 (100%)</p>
Taigi Ito	<p>During the Board of Directors meetings, he provided input on such matters as finance and accounting as well as the risk management, drawing on his experience and profound insight as a certified public accountant.</p> <p>At the Audit Committee, he appropriately fulfilled his assigned duties as an outside member of the Audit Committee in terms of conducting audits based on audit plans, focusing on matters such as the development and operations of the internal control system, and intensive auditing regarding the progress of the “APTSIS 20” medium-term management plan during the fiscal year under review. At the Compensation Committee, he led meetings as its chair with respect to major agenda items such as compensation levels of senior management and revision of the performance-based compensation system, and otherwise fulfilled his assigned duties in part by reporting outcomes of discussions to the Board of Directors.</p>	<p>Board of Directors meetings 11/11 (100%)</p> <p>Audit Committee meetings 13/13 (100%)</p> <p>Compensation Committee meetings 7/7 (100%)</p>
Kazuhiro Watanabe	<p>During the Board of Directors meetings, he provided input on such matters as the internal control and the compliance, drawing on his experience and profound insight as a prosecutor and lawyer.</p> <p>At the Audit Committee, he appropriately fulfilled his assigned duties as an outside member of the Audit Committee in terms of conducting audits based on audit plans, focusing on matters such as the development and operations of the internal control system, and intensive auditing regarding the progress of the “APTSIS 20” medium-term management plan during the fiscal year under review. At the Compensation Committee, he provided appropriate input to the committee with respect to major agenda items such as compensation levels of senior management and revision of the</p>	<p>Board of Directors meetings 11/11 (100%)</p> <p>Audit Committee meetings 13/13 (100%)</p> <p>Compensation Committee meetings 7/7 (100%)</p>

	performance-based compensation system.	
Hideko Kunii	<p>During the Board of Directors meetings, she provided input on matters such as woman's empowerment promotion, science technology, and IT, drawing on her profound insight in diversity promotion as well as her extensive experience in company management and her expertise in the information processing domain.</p> <p>At the Nominating Committee, she provided appropriate input to the committee with respect to major agenda items such as senior management turnover and roles expected of Directors. At the Audit Committee, she appropriately fulfilled her assigned duties as an outside member of the Audit Committee in terms of conducting audits based on audit plans, focusing on matters such as the development and operations of the internal control system, and intensive auditing regarding the progress of the "APTSIS 20" medium-term management plan during the fiscal year under review.</p>	<p>Board of Directors meetings 11/11 (100%)</p> <p>Nominating Committee meetings 6/6 (100%)</p> <p>Audit Committee meetings 13/13 (100%)</p>
Takayuki Hashimoto	<p>During Board of Directors meetings, he provided input mainly in relation to global management, business strategy, and portfolio management, drawing on his extensive experience in company management and profound insights into digital business.</p> <p>At the Nominating Committee, he provided appropriate input to the committee with respect to major agenda items such as senior management turnover and roles expected of Directors.</p>	<p>Board of Directors meetings 11/11 (100%)</p> <p>Nominating Committee meetings 6/6 (100%)</p>

(3) Details of Corporate Executive Officers (as of March 31, 2019)

Name	Position	Responsibility at the Company	Significant concurrent positions
Hitoshi Ochi	Representative Corporate Executive Officer President and CEO		Director of the Board of The KAITEKI Institute, Inc. Director of Chi Mei Corporation
Kenkichi Kosakai	Representative Corporate Executive Officer Deputy CEO	Advisor to CEO	Director of the Board of Taiyo Nippon Sanso Corporation Director of the Board of Mitsubishi Chemical Corporation Director of the Board, President and CEO of Mitsubishi Chemical Holdings Corporate Staff, Inc.
Yoshihiro Ikegawa	Managing Corporate Executive Officer	Corporate Strategy	
Larry Meixner	Managing Corporate Executive Officer	Emerging Technology and Business Development	
Hidefumi Date	Managing Corporate Executive Officer Chief Financial Officer	Corporate Management, and IR	Director of the Board of Mitsubishi Chemical Holdings Corporate Staff, Inc.
Ken Fujiwara	Managing Corporate Executive Officer Chief Compliance Officer	Public Policy and Relation, Legal, Administration and Human Resources, and Internal Control	Director of Mitsubishi Chemical Holdings (Beijing) Co., Ltd. CEO of Mitsubishi Chemical Holdings America, Inc. CEO of Mitsubishi Chemical Holdings Europe GmbH
Haruo Watanabe	Corporate Executive Officer	Information Systems, Production Technology, and PR	President and Chief Executive Officer of LSI Medience Corporation

Notes:

1. Corporate Executive Officers Hitoshi Ochi, Kenkichi Kosakai and Ken Fujiwara also serve as Directors.
2. Corporate Executive Officers Kenkichi Kosakai and Haruo Watanabe resigned from their positions as Corporate Executive Officer on April 1, 2019.

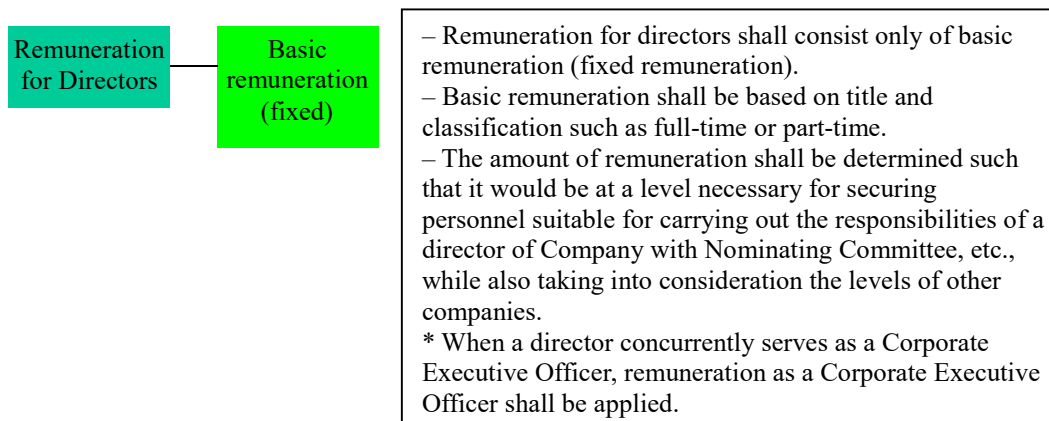
[For reference] Details of Corporate Executive Officers (as of April 1, 2019)

Name	Position	Responsibility at the Company	Significant concurrent position
Hitoshi Ochi	Representative Corporate Executive Officer President and CEO		Director of the Board of The KAITEKI Institute, Inc. Director of Chi Mei Corporation
Kazuyuki Okubo	Representative Corporate Executive Office Senior Managing Corporate Executive Officer	Information Systems, and Production Technology	
Yoshihiro Ikegawa	Managing Corporate Executive Officer	Corporate Strategy	Director of the Board of Mitsubishi Chemical Corporation
Larry Meixner	Managing Corporate Executive Officer	Emerging Technology and Business Development	
Hidefumi Date	Managing Corporate Executive Officer Chief Financial Officer	Corporate Management, and IR	Director of the Board of Mitsubishi Chemical Holdings Corporate Staff, Inc.
Ken Fujiwara	Managing Corporate Executive Officer Chief Compliance Officer	Legal, Administration and Human Resources, Internal Control, and Overseas Administrative Headquarters	Director of Mitsubishi Chemical Holdings (Beijing) Co., Ltd. CEO of Mitsubishi Chemical Holdings Europe GmbH
Shigeki Habuka	Corporate Executive Officer	Public Policy and Relation, and PR	

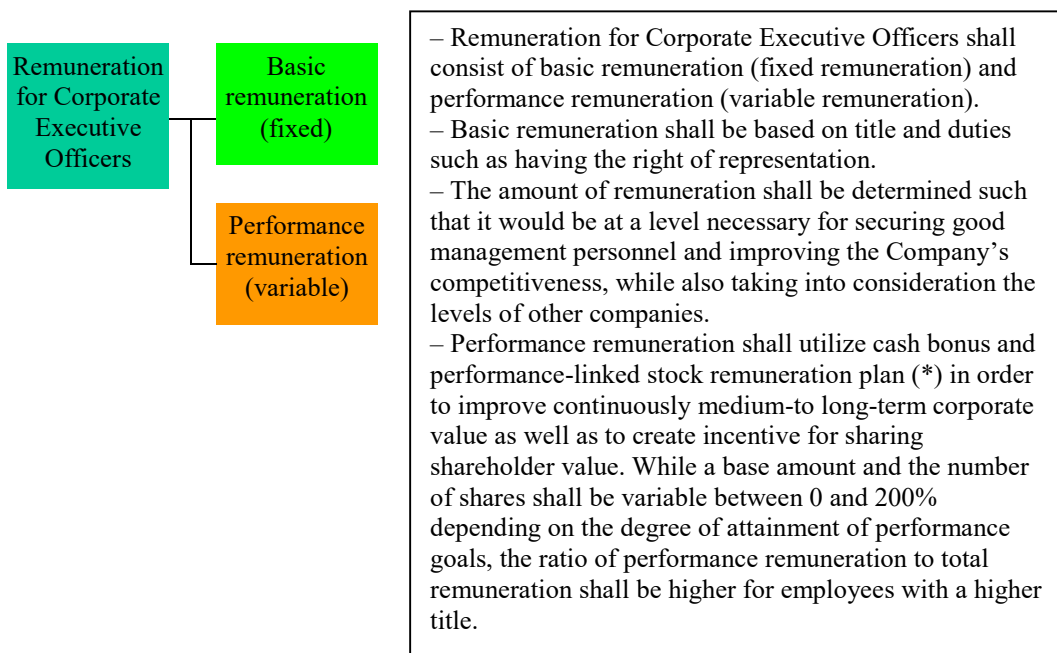
(4) Policy on Deciding Remuneration for Directors and Corporate Executive Officers

The remuneration system for Directors, and that for corporate executive officers shall be different. Remuneration is determined by the Compensation Committee based on the following concepts:

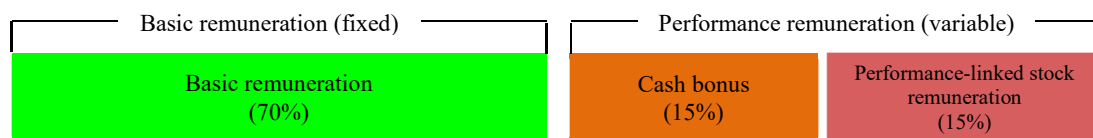
(Director)



(Corporate Executive Officer)



* The performance-linked stock remuneration plan uses a board incentive plan (BIP) as the means to deliver shares of the Company to the Company’s officers.



*In the case of President

Performance remuneration (variable remuneration) is decided at the Compensation Committee based on the following formula.

Performance remuneration (variable)	=	Base amount and number of shares by title	x	Coefficient based on evaluation* for performance remuneration
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* Evaluation for performance remuneration is decided at the Corporate Executive Officers Committee meetings based on the degree of attainment of annual goals, and its validity is verified at the Compensation Committee.

– The evaluation for cash bonus is determined by adding a qualitative evaluation for the status of initiatives that tackle the management’s key issues to the aggregate evaluation from the three axes of MOE indicator, MOT indicator and MOS indicator.

– The evaluation for the performance-linked, stock remuneration plan is determined by using the MOE indicator, MOT indicator and MOS indicator.

MOE indicator: Indicator for core operating income, ROE, ROIC, free cash flow, and asset compression

MOT indicator: Indicator for efficiency of research and development, superiority of technologies, and consistency with social needs

MOS indicator: Indicator determined as significant in terms of contribution of MCHC in resolving environmental and social issues

(5) Aggregate Amount of Remuneration of Company's Officers

Category	No. of Persons	Amount of Remuneration, etc. Paid (in million yen)		
		Basic Remuneration	Performance Remuneration	Total
Directors (inside)	6	223	52	275
Directors (outside)	5	71	-	71
Corporate Executive Officers	7	304	144	448
Sum Total	18	598	196	794

Notes:

1. The total amount of remuneration, etc. MCHC and its subsidiaries paid to officers is shown as the amount of remuneration, etc. paid above.
2. The amount of remuneration, etc. MCHC paid is ¥343 million to eleven Directors (of which, ¥71 million to five Outside Directors) and ¥430 million to seven Corporate Executive Officers.
3. MCHC remunerates Directors who concurrently serve as Corporate Executive Officers for their services as Corporate Executive Officers as stated in the policy in (4).
4. Performance remuneration to Directors (inside) is cash bonus and stock options paid to Directors who concurrently served as Corporate Executive Officers in the previous fiscal year as performance remuneration at the time of standing as Corporate Executive Officers.
5. Performance remuneration to Corporate Executive Officers is remuneration paid by MCHC based on cash bonus and stock options, and cash bonus paid by subsidiaries of MCHC.
6. At the June 6, 2018 meeting of the Compensation Committee, MCHC decided to introduce a new stock remuneration plan with a board incentive plan (BIP) trust. With the introduction of the plan, stock remuneration-type stock options will no longer be issued from fiscal 2019 (15th Term) onward.

4. 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	57
(ii) Sum total of money and other financial benefits to be paid by MCHC and its subsidiaries to the Accounting Auditor	954

Notes:

1. 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.
2. The Audit Committee checked the details of the audit plans of the Accounting Auditor, execution status of duties of accounting audits, calculation basis for remuneration estimates and reviewed their validity before approving of the amount of remuneration for the Accounting Auditor.

(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 advise on internal controls over financial reporting and prepare a letter of comfort for issuance of bonds, etc.

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

If the Accounting Auditor is deemed to fall under any of the items prescribed in Article 340, Paragraph 1 of the Companies Act, the Audit Committee will dismiss the Accounting Auditor subject to the unanimous consent of all members.

In addition, if the Accounting Auditor is deemed to be incapable of performing the audit service in a proper manner, MCHC will, based on the resolution of the Audit Committee, propose at the General Shareholders' Meeting 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).

5. System to Ensure that the Company Operates in an Appropriate Manner and Overview of its Implementation

(1) 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 is as follows.

1) System required for execution of duties of the Audit Committee

- i) Management shall set the Office of Audit Committee as a body to assist the Audit Committee's duties and have it assist in auditing based on the instructions thereof. The appointment (transfer, evaluation, etc.) of employees of the Office of Audit Committee and the development of the budget of the Office of Audit Committee shall be subject to approval of the Audit Committee.
- ii) Pursuant to regulations such as the Audit Standard of the Audit Committee, Directors, Corporate Executive Officers, and employees shall inform the Audit Committee of any important management matters to MCHC and a corporate group with MCHC as a parent company under the Companies Act ("MCHC Group") (including any fact or fraudulent act that might do material harm to MCHC or any important fact in violation of laws, regulations or Articles of Incorporation).
- iii) Management stipulates that any Director, Corporate Executive Officer, Corporate Auditor, or employee of the MCHC Group who has made a report to the Audit Committee shall not be treated unfavorably because of the report.
- iv) Of expenses incurred by the Audit Committee or members of the Audit Committee, those deemed necessary for the execution of their duties shall be borne by MCHC.
- v) In order to ensure that Audit Committee's audits are conducted in an effective manner, Management shall appoint full-time members of the Audit Committee as well as facilitate the Audit Committee's regular meetings with senior executives, including the President, and coordination and information exchange between the Audit Committee and the Internal Audit Office.

2) System for ensuring that Corporate Executive Officers execute their duties efficiently

- i) Except matters that significantly affect the MCHC Group's portfolio management and matters to be resolved by the Board of Directors as required by law (basic management policy, etc.), the Board of Directors allows Corporate Executive Officers to make swift decisions by delegating all the business execution decisions to them in principle.

- ii) To make decisions on business execution delegated to Corporate Executive Officers, Management shall develop a system in which the MCHC Group's decisions and execution of business are made properly and efficiently by setting a rule that the MCHC Group's important management matters are deliberated and decided at the Corporate Executive Officers Committee, and by defining the authority of responsible Corporate Executive Officers, responsibilities of each department, and authority assigned to subsidiaries on other matters.
 - iii) Corporate Executive Officers shall conduct management administration of subsidiaries in accordance with the basic management policy formulated by the Board of Directors (the Group's medium-term management plan, annual budgets, etc.) in an effort to achieve them. In addition, Corporate Executive Officers shall develop a system in which important management matters of subsidiaries are reported to the Company through the Corporate Executive Officers Committee and medium-term management plans, annual budget control, etc.
- 3) System for ensuring that Corporate Executive Officers' and employees' execution of their duties conform to laws, regulations, and Articles of Incorporation
- i) The MCHC Group shall treat the Group Charter of Corporate Behavior as the basic regulations on compliance matters within the MCHC Group.
 - ii) Management shall develop, properly operate and manage internal control systems in order to ensure the reliability of financial reporting.
 - iii) In accordance with the Group Compliance Promotion Regulations and other relevant rules and regulations, Management shall develop a promoting framework for compliance, training and education programs, audit/monitoring systems, hotlines, and other compliance promotion programs of the MCHC Group and properly operate and manage these programs by appointing a Corporate Executive Officer in charge of compliance promotion (Chief Compliance Officer).
- 4) Regulations, structure and systems for managing risks of loss
- Corporate Executive Officer, President and CEO 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 Corporate Executive Officer, President and CEO shall be responsible for preventing serious risks from occurring in connection with or arising from the MCHC Group's business activities, and for developing, properly operating and managing risk management systems for minimizing damage if any risk occurs.

- 5) System for preserving and managing information related to Corporate Executive Officers' execution of their duties

In accordance with the Information Security Policy, Information Management Rules, and other relevant rules and regulations of the MCHC Group, Management shall preserve and manage the minutes of the Corporate Executive Officers Committee, approval documents, and other documents and electromagnetic records related to Corporate Executive Officers' execution of their duties and develop a system that allows Corporate Executive Officers and Directors to inspect them.

- 6) System for assuring operational legitimacy within the corporate group

In accordance with the above policy and the Group's Management Regulations and other relevant rules and regulations, Management shall implement the management of the MCHC Group (management of business objectives, reporting and approval of important matters and the Group's internal audits, etc.) and ensure operational legitimacy within the MCHC Group by sharing the Group's internal control policies and systems covering compliance and risk management within the MCHC Group.

- (2) Overview of Implementation of System to Ensure that the Company Operates in an Appropriate Manner

In accordance with the above basic policy to develop a system to ensure that the Company operates in an appropriate manner, the Company has strived for the development of the system and its appropriate implementation. The overview of the implementation of the system to ensure operational legitimacy during the fiscal year under review is as follows.

- 1) System required for execution of duties of the Audit Committee

– Two employees have been assigned to the Office of Audit Committee to assist the audit operations of the Audit Committee and their reassignment is subject to prior consent of the Audit Committee.

– In accordance with the Audit Committee Audit Standard, etc., Directors, Corporate Executive Officers, and employees reported the MCHC Group's important management matters to the Audit Committee and circulated important approval documents to the members of the Audit Committee.

– The hotline system is operated with the Internal Control Office, external lawyers and the Audit Committee as contact points. The management has stipulated rules that prohibit any Director, Corporate Executive Officer, Corporate Auditor, or employee of the MCHC Group who reports an incident to the Audit Committee, including reporting an incident through the hotline system, from being treated unfavorably for making such a report.

– The Company bore a portion of costs disbursed by the Audit Committee or its members, which is reasonably deemed necessary for executing the duties of the committee or its members.

– While attending Board of Directors meetings, Corporate Executive Officers Committee meetings, and other important meetings, Members of the Audit Committee had proactive information exchanges with Corporate Executive Officers including the President and CEO, and Executive Officers, as well as the Presidents, officers, etc. of the MCHC’s operating companies. The Audit Committee has well communication with the Internal Audit Office and Internal Control Office by receiving a regular report from them on their activities etc., in an effort to enhance the effectiveness of audits.

2) System for ensuring that Corporate Executive Officers execute their duties efficiently

– The Board of Directors, as a general rule, delegates to the Corporate Executive Officers authority to make decisions on the execution of their duties in order to facilitate prompt decision-making by Corporate Executive Officers. In deciding on the execution of duties delegated to Corporate Executive Officers, valuing proper decision-making, the decisions on matters essential to the management of the MCHC Group are made through consultations among Corporate Executive Officers after they are deliberated at the Corporate Executive Officers Committee meetings. The authority to make decisions on other matters is delegated to responsible Corporate Executive Officers and departments as well as subsidiaries in order to ensure efficient business operations.

– By taking account of growth strategies, M&A deals, and market risks, the Company revised numerical targets for the “APTSIS 20” medium-term management plan and executed business monitoring based on key management indicators.

3) System for ensuring that Corporate Executive Officers’ and employees’ execution of their duties conform to laws, regulations, and Articles of Incorporation

– Using the Group Charter of Corporate Behavior translated into languages used in countries and regions where subsidiaries are located, the Company committed to the penetration of the MCHC Group’s Charter.

– In accordance with the evaluation standard for internal controls to ensure reliable financial reporting, the Company evaluated their development and implementation and confirmed the effectiveness of internal controls.

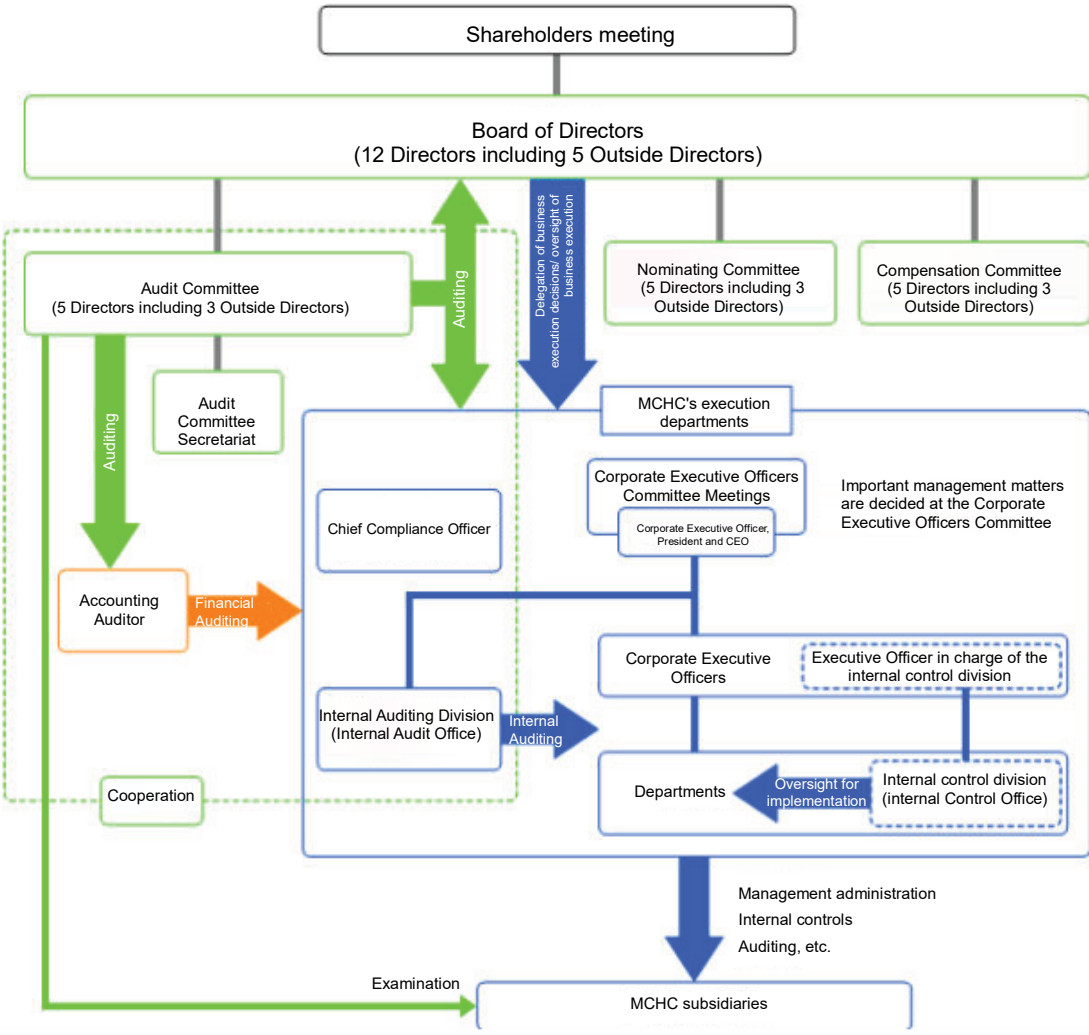
– The Company conducted compliance training suited for regions and trainees in and out of Japan and continued monitoring based on employee awareness surveys in an effort to enhance compliance awareness in the MCHC Group.

- 4) Regulations and other systems for managing risks of loss
 - The Company focused on the prevention of violation of various laws and regulations including EU GDPR (European Union General Data Protection Regulation) and the countermeasures for safety and security and for large-scale natural disasters, and promoted the development of a risk management system by extracting quality control and labor control-related risks to take actions.

- 5) System for preserving and managing information related to Corporate Executive Officers' execution of their duties
 - The Company worked to strengthen the information management system in accordance with the guidelines based on Information Security Policy, and continued to carry out company training on information security, including countermeasures against targeted email attacks.
 - In accordance with the “Cybersecurity Management Guidelines” established by the Ministry of Economy, Trade and Industry, the Company developed a recovery system to prepared for damages.

- 6) System for assuring operational legitimacy within the corporate group
 - The Company has managed subsidiaries in accordance with the “APTSIS 20” medium-term management plan as well as the annual budget, annual financial plan and annual investment plan, and provided necessary oversight for their operations.
 - For the purpose of improving group governance, the Company revised relevant rules and regulations and made self-assessments on the status of development of overall internal controls using a unified assessment method.
 - The Company worked toward ensuring compliance and risk management in the Americas, Europe, China, and Asia based on the characteristics of each region.
 - The Company received reports from subsidiaries in accordance with the guideline for reporting compliance violation incidents to the Company and provided necessary guidance and supervision to them.

System to Ensure that the Company Operates in an Appropriate Manner (Overview)



(As of March 31, 2019)

6. Policy on Decisions on Appropriation of Retained Earnings, etc.

(1) Medium- to Long-term Policy

The basic policy of the Company for shareholder returns is to enhance its shareholder value by increasing corporate value. The Company works to pay stable dividends and maintain the consolidated dividend payout ratio at 30% of the medium-term profit level while keeping an eye to increasing retained earnings that will fund its future business activities.

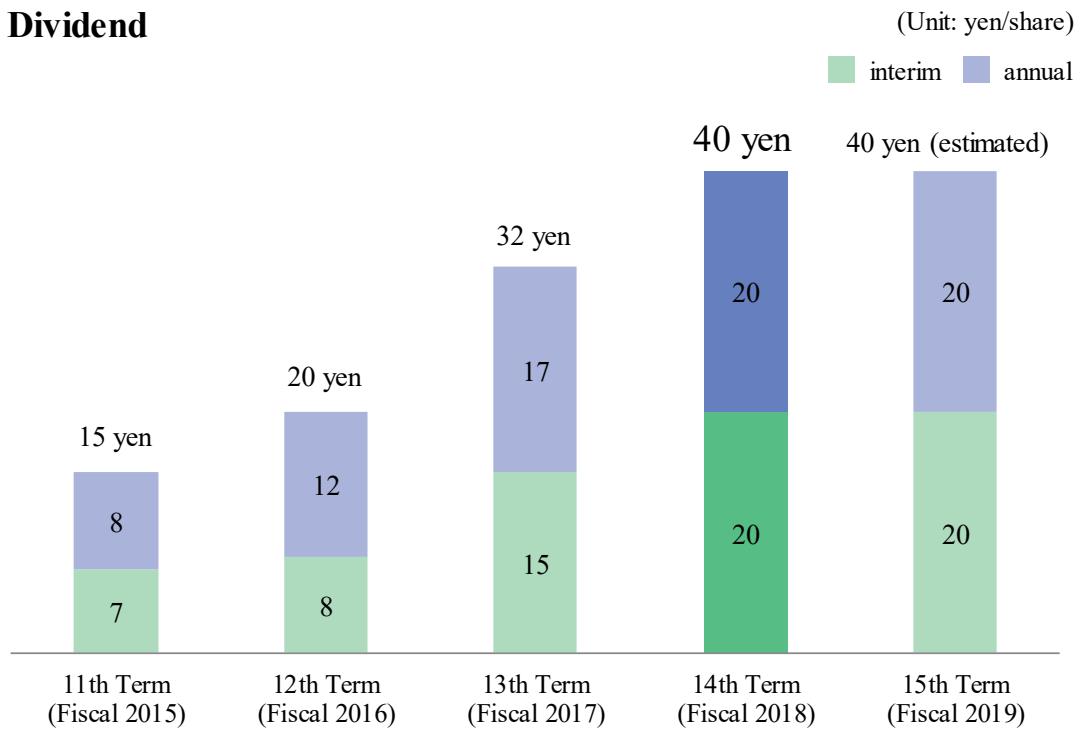
(2) Factors Affecting the Dividend Distribution for the Fiscal Year under Review

During the fiscal year under review, core operating income and net income attributable to owners of parent decreased in comparison with the previous fiscal year partially due to the impact of slowing demand in the performance products domain and the NHI price revision, despite sales revenue having increased in comparison with the previous fiscal year.

After taking a comprehensive look at the above policy (1) and these circumstances as well as future business developments etc., the Company decided to increase the year-end dividend by ¥3 over last year's figure to make it ¥20 per common share.

Combined with an interim dividend of ¥20 per share, the total annual dividend will be ¥40 per share, with the consolidated dividend payout ratio standing at 33.6%.

Dividend



Matters Related to Stock Acquisition Rights

(1) Overview of Stock Acquisition Rights Held by MCHC's Officers (as of March 31, 2019)

Date of Resolution for Issue	Amount Paid in per Stock Acquisition Right	Exercise Period	Status of Stock Acquisition Rights Held by Officers	Type and No. of Stock as Objects of Stock Acquisition Rights
August 25, 2008	¥25,700	From September 11, 2008 to September 10, 2028	1 person 269 units	13,450 shares of MCHC's common stock
August 30, 2010	¥19,800	From September 15, 2010 to September 14, 2030	2 persons 638 units	31,900 shares of MCHC's common stock
August 30, 2011	¥24,300	From September 15, 2011 to September 14, 2031	1 person 630 units	31,500 shares of MCHC's common stock
August 28, 2012	¥14,050	From September 13, 2012 to September 12, 2032	1 person 210 units	10,500 shares of MCHC's common stock
August 28, 2014	¥24,250	From September 13, 2014 to September 12, 2034	1 person 210 units	10,500 shares of MCHC's common stock
September 11, 2015	¥26,500	From September 29, 2015 to September 28, 2035	1 person 630 units	31,500 shares of MCHC's common stock
July 1, 2016	¥22,750	From July 20, 2016 to July 19, 2036	2 persons 960 units	48,000 shares of MCHC's common stock
July 10, 2017	¥44,350	From July 26, 2017 to July 25, 2037	2 persons 855 units	42,750 shares of MCHC's common stock
July 9, 2018	¥41,700	From July 25, 2018 to July 24, 2038	5 persons 1,782 units	89,100 shares of MCHC's common stock

Notes:

- 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.
- The value of assets to be invested on the occasion of exercise of the aforementioned stock acquisition rights would be ¥1 per share.
- In principle, the grantees may exercise the aforementioned stock acquisition rights only if they lose all of their positions as Director, Corporate Executive Officer, Corporate Auditor, or Executive Officer of MCHC and its subsidiaries during the respective Exercise Periods.
- In addition to the status described in the foregoing table, one MCHC's officer 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. One another MCHC's officer is in possession of 270 units of stock acquisition rights issued pursuant to the issuance resolution of July 1, 2016, which he obtained as a retiring Corporate Executive Officer.
- MCHC does not issue any stock acquisition rights to its Outside Director in compensation for performance of their duties.
- The table provided above does not include stock acquisition rights received by MCHC's officers who have received such rights as Executive Officers of MCHC, or Directors, Corporate Auditors or Executive Officers of MCHC's subsidiaries.

(2) Stock Acquisition Rights Issued for Executive Officers, etc. during the Fiscal Year under Review

Date of Resolution for Issue	Amount Paid for Stock Acquisition Right	Exercise Period	Status of Stock Acquisition Rights Allocated for Executive Officers, etc.	Type and No. of Stock as Objects of Stock Acquisition Rights
July 9, 2018	Gratis	From July 25, 2018 to July 24, 2038	MCHC's Executive Officers (8) 1,008 units MCHC's retired Corporate Executive Officers (2) 780 units	89,400 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 stock acquisition rights only if they lose all of their positions as Director, Corporate Executive Officer, Corporate Auditor, or Executive Officer of MCHC and its subsidiaries during the respective Exercise Periods.

(3) Stock Acquisition Rights for Convertible Bonds (As of March 31, 2019)

a) Zero Coupon Convertible Bonds due 2022

Date of resolution for issue	March 14, 2017
Number of stock acquisition rights	7,500 units
Type of stock as objects of stock acquisition right	MCHC's common stock
Number of stock as objects of stock acquisition right	Number obtained by dividing face value of this Corporate Bond (¥75.0 billion) by conversion value
Amount paid in	Gratis
Conversion value	1,262.2 yen
Exercise period	From April 13, 2017 to March 16, 2022
Number of stock acquisition rights as of last day of fiscal year under review	7,500 units

b) Zero Coupon Convertible Bonds due 2024

Date of resolution for issue	March 14, 2017
Number of stock acquisition rights	7,500 units
Type of stock as objects of stock acquisition right	MCHC's common stock
Number of stock as objects of stock acquisition right	Number obtained by dividing face value of this Corporate Bond (¥75.0 billion) by conversion value
Amount paid in	Gratis
Conversion value	1,244.4 yen
Exercise period	From April 13, 2017 to March 15, 2024
Number of stock acquisition rights as of last day of fiscal year under review	7,500 units

Note: The conversion value of a) and b) will be adjusted if MCHC issues or disposes of its common stock at the amount below the market value, or conducts share split of its common stock.

(4) Aggregate Number of Stock Acquisition Rights (as of March 31, 2019)

The aggregate number of stock acquisition rights issued by MCHC and the type and the number of stock as objects of stock acquisition right as of the end of the fiscal year under review are as follows.

a) Stock acquisition rights issued for Officers and Executive Officers, etc. of MCHC:

Aggregate number 20,570 units
 Type and number of stock as objects
 MCHC's common stock 1,028,500 shares

b) Stock acquisition rights issued as stock acquisition rights for convertible bond:

Aggregate number 15,000 units
 Type and number of stock as objects
 MCHC's common stock 118,387,500 shares

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.

MITSUBISHI CHEMICAL HOLDINGS CORPORATION

Consolidated Statement of Profit or Loss

14th Consolidated Fiscal Year (Year ended March 31, 2019)

	Unit: Millions of yen
Sales revenue	3,923,444
Cost of sales	(2,821,889)
Gross profit	<hr/> 1,101,555
Selling, general and administrative expenses	(800,843)
Other income	21,462
Other expenses	(51,074)
Equity income	26,850
Operating income	<hr/> 297,950
Financial income	10,243
Financial expenses	(20,137)
Earnings before taxes	<hr/> 288,056
Income taxes	(71,327)
Net income	<hr/> 216,729
Net income attributable to	
Owners of the parent	169,530
Non-controlling interests	<hr/> 47,199

mitsubishi chemical holdings corporation
Consolidated Statement of Financial Position
14th Consolidated Fiscal Year (As of March 31, 2019)

Unit: Millions of yen

Assets

Current assets:

Cash and cash equivalents	321,541
Trade receivables	855,107
Inventories	623,049
Other financial assets	248,262
Other current assets	76,072
Subtotal	2,124,031
Assets held for sales	17,810
Total current assets	2,141,841

Non-current assets

Property, plant and equipment	1,683,354
Goodwill	648,806
Intangible assets	568,787
Investments accounted for using the equity method	183,067
Other financial assets	228,571
Other non-current assets	33,573
Deferred tax assets	84,509
Total non-current assets	3,430,667

Total assets	5,572,508
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mitsubishi chemical holdings corporation
Consolidated Statement of Financial Position (continued)
14th Consolidated Fiscal Year (As of March 31, 2019)

Unit: Millions of yen

Liabilities and Equity

Liabilities

Current liabilities:

Trade payables	492,404
Bonds and borrowings	1,108,643
Income tax payable	31,768
Other financial liabilities	222,377
Provisions	8,296
Other current liabilities	138,089

Subtotal	2,001,577
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Liabilities directly associated with assets held for sales	11,723
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Total current liabilities	2,013,300
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Non-current liabilities

Bonds and borrowings	1,138,108
Other financial liabilities	26,755
Retirement benefit liabilities	120,816
Provisions	28,294
Other non-current liabilities	41,971
Deferred tax liabilities	177,410

Total non-current liabilities	1,533,354
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Total liabilities	3,546,654
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Equity

Common stock	50,000
Additional paid-in capital	321,477
Treasury stock	(63,560)
Retained earnings	1,073,873
Other components of equity	(3,843)

Equity attributable to owners of the parent	1,377,947
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Non-controlling interests	647,907
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Total equity	2,025,854
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Total liabilities and equity	5,572,508
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Consolidated Statement of Changes in Equity
14th Consolidated Fiscal Year (Year ended March 31, 2019)

Unit: Millions of yen

	Common stock	Additional paid-in capital	Treasury stock	Retained earnings
Balance at April 1, 2018	50,000	321,111	(43,569)	956,946
Cumulative effects of changes in accounting policies	—	—	—	(85)
Restated balance at April 1, 2018	50,000	321,111	(43,569)	956,861
Net income	—	—	—	169,530
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	—	169,530
Purchase of treasury stock	—	—	(20,033)	—
Disposal of treasury stock	—	(39)	42	—
Cash dividends	—	—	—	(52,867)
Share-based payment transactions	—	609	—	—
Share-based payment transactions of consolidated subsidiaries	—	—	—	—
Changes in interests in subsidiaries	—	(204)	—	—
Business combinations or business divestitures	—	—	—	—
Changes in scope of consolidation	—	—	—	(24)
Transfer from other components of equity to retained earnings	—	—	—	373
Transfer from other components of equity to non-financial assets	—	—	—	—
Total transactions with owners	—	366	(19,991)	(52,518)
Balance at March 31, 2019	50,000	321,477	(63,560)	1,073,873

	Other components of equity				Total	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	Net gain (loss) on revaluation of financial assets measured at fair value	Remeasurements of defined benefit pensions plans	Exchange differences on translation of foreign operations	Net gain (loss) on derivatives designated as cash flow hedges				
Balance at April 1, 2018	51,544	—	(50,455)	173	1,262	1,285,750	633,740	1,919,490
Cumulative effects of changes in accounting policies	—	—	—	—	—	(85)	(61)	(146)
Restated balance at April 1, 2018	51,544	—	(50,455)	173	1,262	1,285,665	633,679	1,919,344
Net income	—	—	—	—	—	169,530	47,199	216,729
Other comprehensive income	4,152	(3,823)	(5,075)	(3,129)	(7,875)	(7,875)	(2,956)	(10,831)
Total comprehensive income	4,152	(3,823)	(5,075)	(3,129)	(7,875)	161,655	44,243	205,898
Purchase of treasury stock	—	—	—	—	—	(20,033)	—	(20,033)
Disposal of treasury stock	—	—	—	—	—	3	—	3
Cash dividends	—	—	—	—	—	(52,867)	(38,025)	(90,892)
Share-based payment transactions	—	—	—	—	—	609	—	609
Share-based payment transactions of consolidated subsidiaries	—	—	—	—	—	—	25	25
Changes in interests in subsidiaries	—	—	—	—	—	(204)	5,796	5,592
Business combinations or business divestitures	—	—	—	—	—	—	2,265	2,265
Changes in scope of consolidation	—	—	—	—	—	(24)	(76)	(100)
Transfer from other components of equity to retained earnings	(4,196)	3,823	—	—	(373)	—	—	—
Transfer from other components of equity to non-financial assets	—	—	—	3,143	3,143	3,143	—	3,143
Total transactions with owners	(4,196)	3,823	—	3,143	2,770	(69,373)	(30,015)	(99,388)
Balance at March 31, 2019	51,500	—	(55,530)	187	(3,843)	1,377,947	647,907	2,025,854

Notes to the Consolidated Financial Statements

Basis of Preparation of Consolidated Financial Statements

1. Basis of Presenting Consolidated Financial Statements

The consolidated financial statements of the Company and its subsidiaries (hereinafter the “the MCHC Group”) are prepared in accordance with International Financial Reporting Standards (hereinafter “IFRS”) under the provision of Article 120, Paragraph 1 of the Ordinance on Accounting of Companies. In the consolidated financial statements, some items required to be disclosed in IFRS are omitted under the provision of the second sentence of the same Paragraph.

2. Scope of Consolidation

Number of consolidated subsidiaries: 554

The number above includes four (4) jointly-operating companies.

Names of major consolidated subsidiaries: MCC, MTPC, Life Science Institute, Inc., TNSC

Significant change in scope of consolidation

As of the end of the fiscal year under review, Nippon Gases Euro-Holding and 37 other companies were newly added to the scope of consolidation given the acquisition of the European business of Praxair, Inc. (U.S.) by the Company’s consolidated subsidiary Taiyo Nippon Sanso Corporation.

3. Scope of Equity Method

Number of associated companies accounted for by the equity method: 151

Name of major affiliate: Mitsubishi Engineering-Plastics Corporation

Significant change in scope of equity method

As of the end of the fiscal year under review, 18 companies were newly added to the scope of companies accounted for by the equity method given the acquisition of the European business of Praxair, Inc. (U.S.) by the Company’s consolidated subsidiary Taiyo Nippon Sanso Corporation.

4. Accounting Policies

(1) Basis and method of valuation for financial assets other than derivatives

(i) Initial recognition and measurement

The MCHC Group initially recognizes trade receivables on each accrual date, while other financial assets on each transaction date when the MCHC Group became a party of the contract for the financial assets.

Financial assets are classified into financial assets measured at fair value through profit or loss, fair value through other comprehensive income, and amortized cost. The MCHC Group determines the classification at initial recognition.

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met.

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments meeting both of the following conditions are classified as financial assets measured at fair value through other comprehensive income. The other debt instruments are classified as financial assets measured at fair value through profit or loss.

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and sales of financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

With regard to equity instruments invested in not for the purpose of trading, a designation is made to individually measure at fair value through profit or loss or measure at fair value through other comprehensive income, and such designation is continuously applied.

Financial assets are measured at fair value plus transaction costs that are attributable to the financial assets, except for financial assets measured at fair value through profit or loss.

(ii) Subsequent measurement

After initial recognition, financial assets are measured based on the classification as follows:

(a) Financial assets at amortized cost

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method.

(b) Other financial assets

Financial assets other than those measured at amortized cost are measured at fair value.

Changes in the fair values of financial assets measured at fair value are recognized as profit or loss or as other comprehensive income.

Changes in the fair value of equity instruments designated as measured at fair value through other comprehensive income are recognized as other comprehensive income and the amount in other comprehensive income is transferred to retained earnings when equity instruments are derecognized or the decline in its fair value compared to its acquisition cost is significant.

(iii) Derecognition

The MCHC Group derecognizes a financial asset only when the contractual right to receive the cash flows from the asset expires or when the MCHC Group transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

When the MCHC Group does not transfer substantially all the risks and rewards but does not retain them either, and yet retains the ownership of the financial asset

transferred, the MCHC Group recognizes retained interests in the financial assets and a liability that the MCHC Group may be required to pay in association therewith, to the extent of the Group's continuing involvement.

(iv) Impairment

The MCHC Group recognizes impairment of financial assets and financial guarantee transaction contracts based on whether or not credit risks of financial assets, the financial assets group or financial guarantee transaction contracts measured at amortized cost on balance sheet date have experienced significant increase compared to their initial recognition.

If there is no significant increase of credit risk in financial assets or financial assets group measured at amortized cost compared to their initial recognition, expected credit losses for 12 months are recognized as allowance for doubtful receivables, while for trade receivables, expected credit losses for the remaining period are recognized since their initial recognition.

When there is a significant change in credit risk from the time of initial recognition, expected credit losses for the remaining period are recognized as allowance for doubtful receivables. Whether the increase in credit risk is significant or not is determined based on changes in default risks; to determine whether there is a change in default risk, we primarily consider overdue (past due information).

Expected credit losses are measured based on a discounted present value, which is the difference between the amount receivable under the contract, and the amount expected to receive taking into consideration past credit losses, etc.

(2) Basis and method of valuation for derivatives

The MCHC Group utilizes derivatives, including forward foreign exchange contracts and interest rate swap contracts, to hedge foreign exchange and interest rate risks. These derivatives are initially measured at fair value when the contract is entered into, and are subsequently remeasured at fair value.

Changes in the fair value of derivatives are recognized as profit or loss in the consolidated statement of income. However, the gains or losses on the hedging instrument relating to the effective portion of cash flow hedges and hedges of net investment in foreign operations (foreign subsidiaries) are recognized as other comprehensive income.

At the inception of the hedging relationships, the MCHC Group formally designates and documents the hedging relationship to which hedge accounting is applied and the objectives and strategies of risk management for undertaking the hedge. The document includes specific methods of hedging, items or transactions to be hedged against, or nature of risks to be hedged against, fair value of hedged items attributable to hedged risks, or methods of evaluating effectiveness of changes in fair value of hedge instruments to offset exposure to changes in cash flows (including analysis of a cause for why any portion of the hedge is found not effective, and the method of determining the hedging ratio). The MCHC Group also assesses whether a derivative used in the hedge transaction is effective in offsetting fair value of the hedged item or changes in cash flows, at the designating hedging relationships or on an ongoing basis. Specifically, the MCHC Group deems hedge transaction as effective when such hedge offsets economic relations between the hedged item and the hedge instrument.

Hedges that meet the requirements for hedge accounting are classified in the following categories and accounted for in accordance with IFRS 9 “Financial Instruments”.

(a) Fair value hedges

Changes in the fair value of derivatives are recognized as profit or loss. Changes in fair value of the hedged item attributable to hedged risks are recognized in profit or loss by modifying the carrying amount of the hedged item.

(b) Cash flow hedges

The effective portion of gains or losses on hedging instruments is recognized as other comprehensive income in the consolidated statement of comprehensive income, while the ineffective portion is recognized immediately as profit or loss.

The amounts of hedging instruments recognized in other comprehensive income are reclassified to profit or loss when the transactions of the hedged items affect profit or loss. In cases where hedged items result in the recognition of non-financial assets or liabilities, the amounts recognized as other comprehensive income are accounted for as adjustments to the original carrying amount of non-financial assets or liabilities.

If planned transactions are no longer expected to occur, any related cumulative gain or loss that has been recognized in equity as other comprehensive income is reclassified to profit or loss. When a hedging instrument expires or is sold or terminated or exercised without being replaced with other hedging instrument or renewal of the hedging instrument, or when a hedge accounting is discontinued due to a change of risk management purpose, any cumulative gain or loss recognized in equity as other comprehensive income remains in equity until a forecasted transaction is executed.

(c) Hedges of a net investment in foreign operations

Translation differences resulting from the net investment in foreign operations, are accounted for similarly to a cash flow hedge. The effective portion of gains or losses on hedging instruments is recognized as other comprehensive income, while the ineffective portion is recognized as profit or loss. At the time of the disposal of the foreign operations, any related cumulative gain or loss that has been recognized in equity as other comprehensive income is reclassified to profit or loss.

(3) Valuation basis and method for inventories

The acquisition cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Inventories are measured at acquisition cost, or if lower, at net realizable value. The costs are determined by mainly using the weighted-average method. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

(4) Depreciation and amortization method for significant depreciable assets

(i) Property, plant and equipment

The MCHC Group uses the cost model for measuring property, plant and equipment. Property, plant and equipment are presented in values that are calculated as acquisition cost less accumulated depreciation and accumulated impairment loss.

Acquisition cost includes expenses directly attributable to acquisition of the assets, estimated costs relating to scrap, removal and retirement and restoration, and the borrowing cost that satisfy the capitalization criteria.

Except land, all of the property, plant and equipment applied depreciation on a straight-line basis to regularly allocate depreciable amount, which is calculated by subtracting the remaining value on balance sheet date from its acquisition cost.

The estimated useful lives of major property, plant and equipment are as follows:

Buildings and structures:	3–50 years
Machinery and equipment:	2–22 years
Vehicles, tools, furniture and fixtures:	2–25 years

(ii) Intangible assets

The MCHC Group uses the cost model for measuring intangible assets.

An intangible asset is presented in values that are calculated as acquisition cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets acquired separately are measured as acquisition cost at the initial recognition, and the costs of intangible assets acquired through business combinations are recognized at fair value at the acquisition date. Expenditures on internally generated intangible assets are recognized as expense in the period when incurred, except for development expenses that satisfy the capitalization criteria.

Intangible assets with finite useful lives are amortized using the straight-line method over their estimated useful lives and are tested for impairment whenever there is any indication of impairment. The estimated useful lives and amortization method of intangible assets with finite useful lives are reviewed at each fiscal year end, and the effect of any changes in estimate would be accounted for on a prospective basis.

The estimated useful lives of major intangible assets are as follows:

Technology-related intangible assets:	4–20 years
Customer-related intangible assets:	5–20 years
Software:	3–5 years

Intangible assets with indefinite useful lives and intangible assets that are not ready to use are not amortized, but they are tested for impairment individually or by cash-generating unit annually or whenever there is any indication of impairment.

(iii) Lease

Lease agreements are classified as finance leases whenever substantially all the risks and rewards incidental to ownership of leased assets are transferred to the MCHC Group.

In finance leasing transactions, leased assets and leased obligations are presented in the consolidated statement of financial position at the fair value of the leased assets calculated at the inception of the lease or at the present value of the minimum lease payments if the present value is lower. Lease payments are allocated in finance cost or lease obligations payment in accordance with the interest method, and the finance cost is recognized as profit or loss. Leased assets are amortized on a straight-line basis over the useful life of the asset or, if shorter, the term of the lease.

In operating lease transactions, lease payments are recognized over the term of the lease on a straight-line basis. Variable lease payments are recognized as an expenses as incurred.

The MCHC Group determines if an agreement is a lease, or if an agreement includes a lease, based on the substance of the agreement, including those legally not in the form of leasing.

(5) Basis for provision of significant reserves

Allowances and provisions are recognized when the MCHC Group has a present (legal or constructive) obligation as a result of a past event when it is more likely than not that an outflow of resources having economic benefits will be required to settle the obligation and the amount of obligation has been reliably estimated.

Allowances and provisions are measured, where the time value of money is material, at present value of expenses estimated to be required to settle the obligation. The present value is calculated using the time value of money and a pre-tax discount rate that reflects the evaluation in the present market on the risks specific to the liabilities.

(6) Accounting treatment on retirement benefits

The MCHC Group sponsors defined benefit plans and defined contribution plans as employee retirement benefit plans.

The Group calculates the present value of defined benefit obligations, related current service cost and past service cost using the projected unit credit method.

The discount rate is calculated based on yields of high-quality corporate bonds on balance sheet date.

Liability or asset recognized in respect of the defined benefit plan is the present value of the defined benefit obligation less the fair value of plan assets.

Remeasured liability or asset value in respect of the defined benefit plan is recognized comprehensively as other comprehensive income in the period as incurred, and immediately reflected retained earnings. In addition, past service cost is recognized as expenses in the period as incurred.

Cost for defined contribution plan is recognized as expense in the period when contributed.

(7) Basis of revenue recognition

The MCHC Group recognizes revenue, based on the following 5-step model, in an amount that reflects the consideration to which the Group expects to be entitled in exchange for goods or services transferred to customers.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The MCHC Group offers a variety of products and services to domestic and foreign customers through its business activities in four business segments (“Performance Products”, “Chemicals”, “Industrial Gases” and “Health Care”), primarily by the four operating companies, Mitsubishi Chemical Corporation, Mitsubishi Tanabe Pharma Corporation, Life Science Institute, Inc., and Taiyo Nippon Sanso Corporation.

For the sales of such products, because the customer obtains control over the products upon delivery, the performance obligation is judged to have been satisfied and revenue is

therefore recognized upon delivery of the products. Revenue is measured at the consideration promised in a contract with a customer, less discounts, rebates, returned products and other items.

Consideration for products under sales contracts is mainly collected within 12 months of the transfer of control over said products and therefore the consideration includes no significant financial elements.

(8) Basis for translating significant foreign currency assets and liabilities into Japanese yen

Consolidated financial statements of the MCHC Group are presented in Japanese yen, which is the functional currency of the Company. Each company in the MCHC Group specifies its own functional currency and measures transactions based on it.

Foreign currency transactions are translated into the functional currency at the rates of exchange prevailing at the dates of transactions or an approximation of the rate.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange prevailing on balance sheet date. Differences arising from the translation and settlement are recognized as profit or loss.

However, exchange differences arising from the translation of financial instruments designated as hedging instruments for net investment in foreign operations, financial assets measured at fair value through other comprehensive income, and cash flow hedges are recognized as other comprehensive income.

The assets and liabilities of foreign operations are translated into Japanese yen at the rates of exchange prevailing at the fiscal year end date, while income and expenses of foreign operations are translated into Japanese yen at the rates of exchange prevailing at the dates of transactions or an approximation to the rate.

In cases where foreign operations are disposed of, the cumulative amount of translation differences related to the foreign operations is recognized as profit or loss in the period of disposition.

(9) Matters regarding goodwill

Goodwill is recorded at the value calculated as cost less any accumulated impairment loss.

Goodwill is allocated to each of the cash-generating units, or groups of cash-generating units, which are expected to benefit from synergies of the business combination after the acquisition date.

Goodwill is tested for impairment annually or whenever there is any indication of impairment.

However, impairment losses on goodwill are not reversed.

(10) Assets and discontinued operations held for sale

Non-current assets (or disposal groups) are classified as assets held for sale if their carrying amount expected to be recovered principally through a sale transaction rather than through continued use. This condition is regarded as met only when the sale within one year is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Non-current assets (or disposal groups) classified as assets held for sale are measured as carrying amount or if lowered, as fair value less costs to sell.

Property, plant and equipment and Intangible assets classified as assets held for sale are not depreciated or amortized.

Discontinued operations are recognized when an operation has been already disposed of or includes a component of the MCHC Group that is classified as an asset held for sale, represents one line of the MCHC Group's business, and the Group has a plan to dispose of such a business line.

(11) Accounting treatment of consumption taxes

Consumption taxes are excluded from transaction amounts.

5. Change in Accounting Policy

The major standards and interpretations the MCHC Group adopted from the consolidated fiscal year under review are as follows.

Standards and Interpretations	Description of New Standards and Amendments
<p style="text-align: center;">IFRS 15 Revenue from Contracts with Customers</p>	<p>IFRS 15 describes the revision of the current accounting treatment of revenue recognition and the disclosure method.</p> <p>It primarily requires an entity to recognize revenue to depict the transfer of goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.</p>

The adoption of IFRS 15 has no material impact on the consolidated financial statements of the MCHC Group.

In the adoption of IFRS 15, the Group has employed the method in which the cumulative effect of applying this standard is recognized at the date of initial application, which is allowed as the transition method. The amount of cumulative effect at the date of initial application of this standard is not material.

Notes to consolidated statement of financial position

1. Assets Pledged as Collateral and Debt Obligations Covered by Collateral
 - Assets pledged as collateral
 - Property, plant and equipment ¥24,894 million
 - Other ¥763 million
 - Debt obligations covered by collateral ¥8,856 million
2. Allowance for Doubtful Accounts Directly Deducted From Assets
 - Trade receivables ¥8,257 million
 - Other non-current assets ¥1,550 million
3. Accumulated Depreciation on Total Property, Plant and Equipment and Accumulated Depreciation ¥3,432,448 million
4. Contingent Liabilities
 - Guarantee of loans from financial institutions
 - Guarantees ¥10,196 million

Notes to consolidated statement of changes in equity

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
Board of Directors meeting May 16, 2018	Common stock	¥24,470 million	¥17	March 31, 2018	June 5, 2018
Board of Directors meeting November 1, 2018	Common stock	¥28,463 million	¥20	September 30, 2018	December 4, 2018

(Note) The total amount of dividends resolved at the Board of Directors meeting on November 1, 2018 includes ¥66 million of cash dividends paid to the Company's shares held by the BIP (Board Incentive Plan) trust.

- (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 Board of Directors meeting scheduled for May 22, 2019.

Resolution	Share Class	Aggregate Amount of Dividends	Source of Dividend	Dividend per share	Entitlement Date	Effective Date
Board of Directors meeting May 22, 2019	Common stock	¥28,463 million	Retained earnings	¥20	March 31, 2019	June 4, 2019

(Note) The total amount of dividends includes ¥66 million of cash dividends paid to the Company's shares held by the BIP (Board Incentive Plan) trust.

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 120,714 thousand shares

Notes on Financial Instruments

1. Matters Related to Status of Financial Instruments

The MCHC Group is exposed to financial risks during the course of business activities in a wide range of fields in various countries and regions. To reduce or avoid said risks, it manages risks based on a specific policy. With regard to derivative transactions, its policy limits derivatives within the actual demand and prohibits transactions for speculation purposes. In addition, in accordance with the internal rules that define the authority to do transactions, the upper limit to transactions, etc., the balance of contracts, fair values, etc. with regard to derivatives transactions are reported on a regular basis to the responsible Director.

2. Matters Related to Fair Value of Financial Instruments

The fair values and the carrying amounts in consolidated statement of financial position as of the end of the fiscal year under review are shown below except for financial instruments measured at fair value and financial instruments measured at amortized cost of which fair value reasonably approximates the carrying amount in consolidated statement of financial position.

		Unit: Millions of yen	
		Values in Consolidated Statement of Financial Position	Fair value
Assets			
Bonds		30,000	29,982
	Total	30,000	29,982
Liabilities			
Long-term borrowings		778,513	793,472
Bonds payable		600,468	609,081
	Total	1,378,981	1,402,553

Bonds

The fair value of bonds which do not have market prices is valued at quoted price at the exchange.

Long-term borrowings

The fair value of long-term borrowings is measured based on the present value which is obtained by discounting the total of the principal and interest by the interest rate assumed in a case where the same loan is newly made.

Bonds payable

The fair value of bonds payable is measured based on market price.

3. Matters Related to Transfer of Financial Assets

Of trade receivables transferred without satisfying the requirements for derecognition, ¥20,097 million is included in “trade receivables” and ¥24,322 million, which is received by transfer, is included in “bonds and borrowings.” The fair value reasonably approximates the carrying amount. Also, the net position is mainly arises from timing differences between the retained interests related to sale of trade receivables and payment of bonds receivables, and repayment of borrowings. As all or part of obligations related to these

bonds payables are retroactively designated to the MCHC Group if the drawer of the note or debtor becomes in default in payment, most of the risks relating to holding of the transferred assets and their economic value are deemed to be held by the MCHC Group.

Notes on Per Share Information

Equity attributable to owners of the parent company per share	¥970.46
Basic net income per share	¥119.22

Notes on Business Combination

1. TNSC's acquisition of the ownership of the European operation of Praxair, Inc. (USA)
TNSC, a consolidated subsidiary of the Company, has acquired the European business of Praxair, Inc. (USA) through Nippon Gases Euro-Holding S. L. U., a subsidiary of TNSC.

(1) Overview of business combination

- (i) Names of acquired companies and its business domain

Names of acquired companies

Praxair Espana, S.L.U. and 36 other companies

Business domain

Industrial gas business in Germany, Spain, Portugal, Italy, Norway, Denmark, Sweden, the Netherlands, and Belgium; carbon dioxide business in the United Kingdom, Ireland, the Netherlands, and France; and helium-related business of the Praxair's European business

- (ii) Primary reason for the business combination

TNSC is aiming at "one trillion yen in sales, a 10% operating margin ratio, 10% or more ROCE, 50% or more overseas sales" as its long-term management vision in order to make itself more globally competitive and to firmly establish its place in the industry reorganization environment. We regard this acquisition as a means to make a large advancement toward realizing such vision and an attractive opportunity with strategic significance at the same time.

The industrial gas market in Europe is the second largest behind the North American market, and its competition environment is stable. This acquisition will accelerate our global expansion by obtaining businesses with a certain share in the market in which we have not had previous participation. Further, we will be able to acquire profitable businesses with a certain scale and network (e.g., manufacturing base) as well as talented personnel including the current top management and business platform. Based on such business foundation, we are planning to provide our products, such as environmental responsive products, and to reinforce our group-wide functions, such as enhancement of our marketing to global firms.

- (iii) Acquisition date
December 3, 2018
 - (iv) Method for the acquiring company to obtain control over the acquired companies
Acquisition of shares for cash
 - (v) Percentage of capital acquired with voting rights
Primarily 100 percent
- (2) Assets acquired net of liabilities assumed, non-controlling interest and goodwill
- The fair values of identifiable assets acquired net of liabilities assumed as of the acquisition date are as follows.

Unit: Millions of yen

	Acquisition date (December 3, 2018)
Assets acquired net of liabilities assumed	327,711
Non-controlling interests	2,265
Goodwill	310,401

2. Acquisition of HyCO business and related business assets in the United States by Matheson Tri-Gas, Inc.

TNSC, a consolidated subsidiary of the Company, has acquired a portion of HyCO business and related assets in the United States operated by Linde Gas North America LLC, a subsidiary of Linde AG in Germany, through Matheson Tri-Gas, Inc., a wholly owned subsidiary of TNSC.

(1) Overview of business combination

(i) Name of acquired company and business domain

Name of acquired company

Linde Gas North America LLC

Business domain

A portion of HyCO business (See Note.) in the United States operated by Linde Gas North America LLC

(Note) “HyCO” stands for hydrogen (H₂) and carbon monoxide (CO), which are separated from natural gas and other gases through a technology called Steam Methane Reforming (“SMR”) and other equipment. The HyCO business provides large-scale supply of H₂ and CO to customers in oil refining and petrochemical industries by way of a pipeline.

(ii) Primary Reason for the Business Combination

TNSC is aiming to expand in the gas technology field by utilizing M&A as a strategy for its medium-term management plan entitled “Ortus Stage 2.” It decided on full-scale entry into the HyCO business from the perspective of strengthening its proposal capabilities with enhancements to its product lineup. The acquisition further realizes this endeavor, and the following can be expected as a result of the agreement:

- (a) Steady generation of earnings from on-site supply of H₂ and CO
 - (b) Acquisition of resources (people / technology) further facilitating operation of HyCO business
 - (c) Strengthening of the ability to offer proposals that will capture demand for new on-site projects in the U.S. (petroleum refining and petrochemicals, etc.)
- (iii) Acquisition date
February 27, 2019
- (iv) Method for the acquiring company to obtain control over the acquired company
Asset purchase for cash
- (2) Assets acquired net of liabilities assumed and goodwill

The fair values of identifiable assets acquired net of liabilities assumed as of the acquisition date are as follows.

Unit: Millions of yen

	Acquisition date (February 27, 2019)
Assets acquired net of liabilities assumed	38,948
Goodwill	7,185

The initial accounting for the business combination has not been completed, and therefore the above amounts are provisional fair value based on the best estimate. The said amount can be adjusted within one year from the acquisition date if additional information about facts or circumstances that existed as of the acquisition date is obtained and evaluated.

Subsequent Event

(Strategic capital partnership pertaining to the healthcare business of Life Science Institute, Inc.)

As of May 14, 2019, the Company's consolidated subsidiary Life Science Institute, Inc. (hereinafter "LSII") reached an agreement on a strategic capital partnership with PHC Holdings Corporation (hereinafter "PHCHD"), which engages in the healthcare business in Japan and overseas. In order to develop its healthcare business further, LSII will exchange all of its shares in LSI Medience Corporation for a portion of the shares of PHCHD, resulting in its capital participation of 13.72% in PHCHD.

PHCHD and LSII plan to complete the aforementioned share exchange, pending competition law-related regulatory approval.

mitsubishi **MITSUBISHI CHEMICAL HOLDINGS CORPORATION**

Non-consolidated Balance Sheet

As of March 31, 2019

Unit: Millions of yen

Assets

Current assets:

Cash and deposits	68
Income taxes receivable	26,968
Short-term loans receivable from subsidiaries and affiliates	542,897
Other	6,422
Total current assets	576,355

Fixed assets:

Property, plant and equipment

Buildings	1,923
Structures	47
Tools, furniture and fixtures	262
Construction in progress	26
Total property, plant and equipment	2,257

Intangible fixed assets:

Software	409
Other	4
Total intangible fixed assets	413

Investments and other assets:

Investment securities	5,271
Stocks of subsidiaries and affiliates	825,495
Investments in affiliated companies	162
Long-term loans receivable from subsidiaries and affiliates	205,460
Deferred income taxes—noncurrent	454
Other	2,700
Total investments and other assets	1,039,542
Total fixed assets	1,042,212
Total assets	1,618,567

MITSUBISHI CHEMICAL HOLDINGS CORPORATION

Non-consolidated Balance Sheet (continued)

As of March 31, 2019

Unit: Millions of yen

Liabilities

Current liabilities:

Short-term borrowings	175,019
Short-term borrowings to subsidiaries and affiliates	153,524
Current portion of long-term borrowings	111,146
Commercial paper	56,000
Current portion of bonds payable	60,000
Accounts payables	12,429
Accrued expenses	1,215
Accrued income taxes	20
Accrued bonuses	298
Provision for bonuses for directors (and other officers)	73
Other	497
	<hr/>
Total current liabilities	570,220
	<hr/>

Long-term liabilities:

Bonds payable	393,403
Long-term borrowings	209,261
Provision for stock benefits	135
Other	4,573
	<hr/>
Total long-term liabilities	607,372
	<hr/>
Total liabilities	1,177,592
	<hr/>

Net Assets

Shareholders' equity:

Common stock	50,000
Additional paid-in capital	264,981
Legal capital surplus	12,500
Other capital surplus	252,481
Retained earnings	195,525
Other retained earnings	195,525
Retained earnings brought forward	195,525
Less, Treasury stock at cost	(73,776)
	<hr/>
Total shareholders' equity	436,731
	<hr/>

Valuation and translation adjustments:

Net unrealized holding gain on other securities	497
	<hr/>
Total valuation and translation adjustments	497
	<hr/>

Stock acquisition rights

	3,747
	<hr/>
Total net assets	440,975
	<hr/>
Total liabilities and net assets	1,618,567
	<hr/>

MITSUBISHI CHEMICAL HOLDINGS CORPORATION

Non-consolidated Statement of Income

Year ended March 31, 2019

Unit: Millions of yen

Operating revenue	
Dividends from subsidiaries and affiliates	101,887
Operating costs receipts	6,734
Total operating revenue	108,621
General and administrative expenses	9,316
Operating income	99,305
Other income	
Interest income	4,924
Dividends income	308
Other	295
Total other income	5,527
Other expenses	
Interest expenses	4,479
Interest on bonds	2,582
Bond issuance cost	159
Other	48
Total other expenses	7,269
Ordinary income	97,563
Income before income taxes	97,563
Current income taxes	(1,028)
Deferred income taxes	(18)
Total income taxes	(1,046)
Profit	98,609

MITSUBISHI CHEMICAL HOLDINGS CORPORATION

Non-consolidated Statement of Changes in Net Assets

Year ended March 31, 2019

Unit: Millions of yen

	Shareholders' equity					
	Common stock	Additional paid-in capital			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at April 1, 2018	50,000	12,500	251,968	264,468	149,849	149,849
Changes during the fiscal year						
Cash dividends	—	—	—	—	(52,933)	(52,933)
Profit	—	—	—	—	98,609	98,609
Purchase of treasury stock	—	—	—	—	—	—
Disposition of treasury stock	—	—	513	513	—	—
Net change in items other than those in shareholders' equity	—	—	—	—	—	—
Total changes during the fiscal year	—	—	513	513	45,676	45,676
Balance at March 31, 2019	50,000	12,500	252,481	264,981	195,525	195,525
	Shareholders' equity		Valuation and translation adjustment		Warrants	Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized holding gain on other securities	Total valuation and translation adjustment		
Balance at April 1, 2018	(53,296)	411,021	1,301	1,301	3,652	415,974
Changes during the fiscal year						
Cash dividends	—	(52,933)	—	—	—	(52,933)
Profit	—	98,609	—	—	—	98,609
Purchase of treasury stock	(23,345)	(23,345)	—	—	—	(23,345)
Disposition of treasury stock	2,864	3,378	—	—	—	3,378
Net change in items other than those in shareholders' equity	—	—	(803)	(803)	95	(708)
Total changes during the fiscal year	(20,480)	25,709	(803)	(803)	95	25,001
Balance at March 31, 2019	(73,776)	436,731	497	497	3,747	440,975

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.

Provision for bonuses for directors (and other officers)

To provide for payments of bonuses to its corporate executive officers and executive officers, estimates of those accrued bonuses and social insurance costs corresponding thereto pertaining to the fiscal year under review, are recorded.

Provision for stock benefits

In order to prepare for the granting of stock benefit to corporate executive officers and executive officers of the Company in accordance with the share benefit rules, the projected amount of stock benefit obligations at the end of the fiscal year under review, is recorded.

5. Treatment of Consumption Taxes

Net of tax

6. Adoption of Consolidated Tax Payment System

Consolidated tax payment system

Changes in Methods of Presentation

Changes related to the application of “Partial Amendments to Accounting Standard for Tax Effect Accounting”

The Group has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) effective from the fiscal year under review. Accordingly, deferred tax assets (if any) were presented under “Investments and other assets” and deferred tax liabilities (if any) were presented under “Non-current liabilities.”

Notes to the Non-consolidated Balance Sheets

1. Accumulated Depreciation of Total Property, Plant and Equipment	¥1,858 million
2. Monetary Claims and Liabilities Against Subsidiaries and Affiliates (excluding those sectionally indicated)	
Short-term monetary claim	¥5,937 million
Short-term monetary liabilities	¥11,672 million
3. Contingent Liabilities	
Liabilities on guarantee for bank borrowings	
Guarantees	¥90,865 million

Notes to the Non-consolidated Statements of Income

Transactions with Subsidiaries and Affiliates

1. Operating revenue	¥108,621 million
General and administrative expenses	¥2,965 million
Transactions except for operational transactions	¥5,274 million

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

Class and Number of Treasury Stocks at the End of the Fiscal Year Under Review

Common stock	86,402 thousand shares
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Notes:

1. The number of shares of treasury stock increased by 19,500 thousand shares from the end of the previous fiscal year as a result of the acquisition of treasury shares by the resolution of the Board of Directors held on May 10, 2018.
2. The number of shares of treasury stock at the end of the fiscal year under review includes 3,285 thousand shares of the Company held by the board incentive plan (BIP) trust.

Notes on Tax Effect Accounting

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. 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, etc.

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	Lending of funds (Note 1)	4,987	Short-term loans receivable from subsidiaries and affiliates	454,703
						Long-term loans receivable from subsidiaries and affiliates	205,460
				Receipts of interest (Note 1)	2,492	Current assets and others	260
Subsidiary	Mitsubishi Chemical Corporation	Direct 100%	Interlocking of officers and Lending of funds	Collection of funds (Note 1)	2,370	Short-term loans receivable from subsidiaries and affiliates	80,291
				Receipts of interest (Note 1)	2,191	Current assets and others	382
Subsidiary	Mitsubishi Chemical Holdings Europe GmbH	Direct 100%	Interlocking of officers and Debt guarantee	Debt guarantee (Note 2)	21,826	–	–
				Receipts of guarantee commission (Note 2)	28	Current assets and others	22
Subsidiary	Mitsubishi Tanabe Pharma Corporation	Direct 56%	Fund borrowing	Fund borrowing (Note 3)	116	Short-term borrowings to subsidiaries and affiliates	153,524
				Payment of interest (Note 3)	116	–	–
Affiliate	The Saudi Methacrylates Company	Indirect 50%	Debt guarantee	Debt guarantee (Note 2)	40,403	–	–
				Receipts of guarantee commission (Note 2)	124	–	–

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.
Transactions relating to lending of funds and recovery are presented in net amounts.
- The Company acts as jointly and severally liable guarantor with respect to borrowings from a commercial bank. The guarantee commission is decided according to what is considered reasonable when considering the financial position of the debtor.
- Interests rates are reasonably decided reflecting market interest rates.
The amount of transactions relating to borrowings and repayments is indicated in a net amount.

Notes on Per Share Information

Net assets per share	¥307.93
Earnings per share	¥69.34

Note: Amounts of less than one million yen are rounded to the nearest unit.

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

Report of Independent Auditors

May 16, 2019

The Board of Directors
Mitsubishi Chemical Holdings Corporation

Ernst & Young ShinNihon LLC

Kaoru Kashima
Certified Public Accountant
Designated, Limited Liability and
Operating Partner

Kazuomi Nakamura
Certified Public Accountant
Designated, Limited Liability and
Operating Partner

Noriaki Kenmochi
Certified Public Accountant
Designated, Limited Liability and
Operating Partner

Takayuki Ueki
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 statement of profit or loss for the fiscal year from April 1, 2018 to March 31, 2019, the consolidated statement of financial position as of March 31, 2019 and the consolidated statement of changes in equity for the fiscal year from April 1, 2018 to March 31, 2019, 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 consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Corporate Calculation Regulations which permits companies to omit some disclosure items required under International Financial Reporting Standards in preparing consolidated financial statements; 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 injustice 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 injustice 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, which were prepared with some disclosure items required under International Financial Reporting Standards omitted pursuant to the provisions of the second sentence of first paragraph of Article 120 of the Corporate Calculation Regulations, present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of March 31, 2019 and the results of their operations for the period then ended.

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 16, 2019

The Board of Directors
Mitsubishi Chemical Holdings Corporation

Ernst & Young ShinNihon LLC

Kaoru Kashima
Certified Public Accountant
Designated, Limited Liability and
Operating Partner

Kazuomi Nakamura
Certified Public Accountant
Designated, Limited Liability and
Operating Partner

Noriaki Kenmochi
Certified Public Accountant
Designated, Limited Liability and
Operating Partner

Takayuki Ueki
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, 2019, and the statement of income and the statement of changes in net assets for the 14th fiscal year from April 1, 2018 to March 31, 2019, 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 injustice 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 injustice 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, 2019, 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 Audit Committee's Report

AUDIT REPORT

With respect to the Directors' and Corporate Executive Officers' performance of their duties during the 14th business year from April 1, 2018 to March 31, 2019, the Audit Committee has carried out the audit. We hereby report the method and the results of the audit as follows:

1. Method and Contents of Audit

Concerning the content of the Board of Directors resolution relating to matters raised in Article 416, paragraph (1) item i, sub-items (b) and (e) of the Companies Act and the system that has been established pursuant to that resolution (internal control system), the Audit Committee periodically received reports from the Directors, Corporate Executive Officers and employees and other relevant personnel on its establishment and operational status, sought explanations as necessary and made opinions. In addition to this, the Audit Committee implemented the audit using the following method.

(1) The Audit Committee attended important meetings, received reports from Directors, Corporate Executive Officers and other relevant personnel on matters relating to their performance of duties, sought explanations as necessary, reviewed important written decisions and other documents, and investigated the status of operations and assets, in compliance with the Audit Committee Audit Standard set forth by the Audit Committee, in line with the Audit Policy and the allocation of duties, etc., and in cooperation with the internal audit departments of the Company. Also, with respect to the subsidiaries, the Audit Committee maintained good communications and exchanged information with the Directors, Corporate Auditors and other relevant personnel of the subsidiaries and received reports from the subsidiaries on their business as necessary.

(2) The Audit Committee oversaw and verified 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. The Audit Committee was notified by the Accounting Auditor that it had established "a systems for the maintenance of appropriate execution of duties" (included in each paragraph of Article 131 of the Corporate Calculation Regulations) in accordance with the "Quality Control Standards for Audits," (Business Accounting Council; October 28, 2005) and requested explanations as necessary.

Based on the above-described methods, each Corporate Auditor examined the business report and the annexed specifications, 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 statement of profit or loss, the consolidated statement of financial position, consolidated statement of changes in equity, 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' and Corporate Executive Officers' 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 and Corporate Executive Officers' performance of their duties regarding the internal control system.

(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 21, 2019

The Audit Committee of
Mitsubishi Chemical Holdings Corporation

Member of the Audit Committee (full-time)	Yoshihiro Umeha
Member of the Audit Committee (full-time)	Hisao Urata
Member of the Audit Committee	Taigi Ito
Member of the Audit Committee	Kazuhiro Watanabe
Member of the Audit Committee	Hideko Kunii

Note: Member of the Audit Committee Mr. Taigi Ito, Mr. Kazuhiro Watanabe and Ms. Hideko Kunii are Outside Directors as stipulated in Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.