



September 26, 2013

To whom it may concern,

Company name: Mitsubishi Chemical Holdings Corporation  
Name of representative: Yoshimitsu Kobayashi  
President & Chief Executive Officer  
(TSE Code: 4188, First Section of the TSE)

Company name: Taiyo Nippon Sanso Corporation  
Name of representative: Shinji Tanabe, President  
(TSE Code: 4091, First Section of the TSE)

### **Notice regarding the Capital and Business Alliance between Mitsubishi Chemical Holdings Corporation and Taiyo Nippon Sanso Corporation**

Mitsubishi Chemical Holdings Corporation (“MCHC”) and Taiyo Nippon Sanso Corporation (“TNSC”) hereby announce that today they have executed a capital and business alliance agreement (the “Agreement”); and the capital and business alliance created under the Agreement shall hereinafter be referred to as the “Capital and Business Alliance”), as stated below.

#### 1. Reason for Creating the Capital and Business Alliance

Since its development of Japan’s first oxygen generator in 1934, TNSC has been focusing primarily on air separation plants that produce industrial gases (oxygen, nitrogen, and argon), while working to advance a variety of technologies and develop its business as an industrial gas manufacturer.

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

TNSC was formed in 2004 through the merger of Nippon Sanso Corporation and Taiyo Toyo Sanso Co., Ltd. (“Taiyo Toyo Sanso”). At that time, Taiyo Toyo Sanso was in an alliance relationship with Mitsubishi Chemical and engaged in the industrial gas manufacturing business through a joint venture of Taiyo Toyo Sanso and Mitsubishi Chemical, and Mitsubishi Chemical possessed 34.85% (the percentage of the number of shares held, to the total number of issued shares) of the Taiyo Toyo Sanso stock. As a result of the formation of TNSC, Mitsubishi Chemical became the largest shareholder of TNSC, holding 10.09% of TNSC stock. Mitsubishi Chemical continued to acquire TNSC stock thereafter through the market, and as a result, by the end of 2009, its shareholding percentage reached the current percentage of 15.12% (the percentage of the number of shares held, to the total number of issued shares).

MCHC, Mitsubishi Chemical’s parent company, deeply understands the effectiveness of business strategies and the potential improvement of TNSC. TNSC and MCHC therefore believed that they would be able to further expand their business opportunity by causing TNSC to establish a broad alliance relationship with the respective companies of the Mitsubishi Chemical Holdings Group, including Mitsubishi Chemical. They thus agreed to create a business alliance relationship. Specifically, the companies aim to mutually cooperate and strengthen the relationship in a broad range of areas, including the construction and operation of a supply chain in and outside of Japan, marketing activities utilizing the global network, logistics using a business base, and research and development.

In addition, for the purpose of making the business alliance even more firm and generating a synergetic effect, and also, meeting its financial needs concerning future business development, including capital investment, TNSC has decided to issue new shares and dispose of treasury shares by way of third-party allotment (collectively, the “Capital Increase by Third-Party Allotment”), and to appoint MCHC as the allottee.

## 2. Details of the Capital and Business Alliance

### (1) Details of the business alliance

#### (i) Business related to industrial gases

TNSC has thus far supplied gases through the piping (on-site plant) method, mainly to large customers in Japan. From now on, TNSC intends to extend the know-how for stably supplying gases, which it has fostered over years for domestic customers, to new overseas manufacturing bases planned by MCHC. By doing so, TNSC aims to further expand overseas business. TNSC will also procure the base load that is stable for the long term, by supplying gases through the piping method, and absorb demands for liquefied gases, cylinder gases, and gas-related equipment in neighboring markets, thereby aiming to expand its sales through the synergetic effect generated with the existing products/businesses. In order to promptly realize transactions and cooperative business in overseas as stated above, TNSC and MCHC will establish a working group after executing the Agreement to specifically consider the relevant matters.

#### (ii) Mutually using the distribution channel

In order to promote the mutual use of the respective companies’ distribution channel, TNSC and MCHC will establish a working group after executing the Agreement to specifically consider the relevant matters. To be more specific, the working group will consider the possibilities of the cooperative business and transactions in every business segment, including the expansion of sales in TNSC’s medical care business (medical gases and related equipment) through MCHC’s distribution channel, and the utilization of the TNSC’s distribution channels for MCHC’s artificial carbonated springs and carbon fiber containers.

### (2) Details of the capital alliance

Upon creating the business alliance with TNSC, MCHC will acquire, by October 15, 2013, 45,096,000 shares of common stock of TNSC through the Capital Increase by Third-Party Allotment (the percentage to the total number of issued shares after the Capital Increase by Third-Party Allotment will be 10.41%). In conjunction with the Capital Increase by Third-Party Allotment, MCHC intends to acquire shares of TNSC from TNSC’s existing shareholders through transactions via the ToSTNeT market or through negotiated transactions outside the market (collectively, “Negotiated Transactions”). If such share acquisitions actually takes place, the shareholding percentage of MCHC (the percentage to the total number of issued shares after the Capital Increase by Third-Party Allotment, including those held indirectly) will be approximately 27% at maximum.

For details of the Capital Increase by Third-Party Allotment, please refer to the “Notice Regarding Issuance of New Shares and Disposition of Treasury Shares by Way of Third-Party Allotment, and Change of the Principal Shareholder” separately disclosed by TNSC today.

TNSC has updated the “Measures against Large Volume Purchases of the Company Stock (Defensive Measures for Mergers)” in the seventh ordinary meeting of shareholders held on June 29, 2011, which had been introduced in the fourth ordinary meeting of shareholders held on June 27, 2008. In its board of directors’ meeting held today, TNSC has resolved that the acquisition of TNSC stock by MCHC through the Capital Increase by Third-Party Allotment and Negotiated Transactions would not fall under the category of a large volume purchase as stipulated under the said defensive measures.

3. Outline of the Parties to the Capital and Business Alliance

(As of March 31, 2013, unless specifically indicated)

Corporate Name	Taiyo Nippon Sanso Corporation	Mitsubishi Chemical Holdings Corporation		
Location	1-3-26, Koyama, Shinagawa-ku, Tokyo	1-1-1, Marunouchi, Chiyoda-ku, Tokyo		
Title and Name of the Representative	Shinji Tanabe, President	Yoshimitsu Kobayashi President & Chief Executive Officer		
Details of Business	Production and sale of industrial gases and related equipment/devices	Management and control of group companies (establishing strategies, distributing resources, and other matters for or in relation to the entire group)		
Stated Capital	27,039 million yen	50,000 million yen		
Date of Incorporation	July 19, 1918	October 3, 2005		
Number of Issued Shares	403,092,837 shares	1,506,288,107 shares		
Date of Settlement of the Account	March 31	March 31		
Number of Employees	11,468 (consolidated); 1,386 (non-consolidated)	55,131 (consolidated); 97 (non-consolidated)		
Major Customers	Manufacturers inside and outside Japan	Mitsubishi Chemical Corporation Mitsubishi Tanabe Pharma Corporation Mitsubishi Plastics, Inc. Mitsubishi Rayon Co., Ltd.		
Major Transacting Banks	Mizuho Corporate Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd. The Norinchukin Bank	The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation Mizuho Corporate Bank, Ltd. The Norinchukin Bank		
Major Shareholders and Shareholding Percentage	Mitsubishi Chemical Corporation	15.12%	Master Trust Bank of Japan ,Ltd.. (Trust Account)	4.69%
	JFE Steel Corporation	6.27%	Meiji Yasuda Life Insurance Company (Standing Proxy), Trust & Custody Services Bank, Ltd.	4.27%
	Taiyo Nippon Sanso Corporation’s shareholding association	5.14%	Japan Trustee Services Bank, Ltd. (trust account)	4.07%
	Meiji Yasuda Life Insurance Company	3.97%	Takeda Pharmaceutical Company Limited	3.43%
	National Mutual Insurance Federation of Agricultural Cooperatives	3.77%	Nippon Life Insurance Company	3.28%
	Mizuho Corporate Bank, Ltd.	3.59%	The Bank of Tokyo-Mitsubishi	2.72%

		UFJ, Ltd.	
	Master Trust Bank of Japan ,Ltd. (Trust Account) 2.93%	Tokio Marine & Nichido Fire Insurance Co., Ltd. 2.26%	
	Japan Trustee Services Bank, Ltd. (Trust Account) 2.78%	SSBT OD05 OMNIBUS ACCOUNT - TREATY CLIENTS (Standing proxy), The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch 2.05%	
	The Norinchukin Bank 2.48%	TAIYO LIFE INSURANCE COMPANY 1.64%	
	Dai-ichi Life Insurance Company, Limited 1.87%	Japan Trustee Services Bank, Ltd. (Trust Account 4) 1.55%	

Relationship between the Parties

Capital Relationship	TNSC holds 10,477,182 shares (including those held indirectly) of the stock of MCHC. MCHC holds 60,947,870 shares (including those held indirectly) of the stock of TNSC.
Personnel Relationship	One (1) officer of MCHC concurrently serves as the outside-director of TNSC.
Transactional Relationship	There are no material transactional relationships between TNSC and MCHC to be noted. There are no material transactional relationships to be specifically noted, between people or companies affiliated with TNSC, and those affiliated with MCHC.
Application as a Related Party	TNSC is an equity method affiliate of MCHC, and falls under the category of a related party.

Operational Results and Financial Conditions for the Last 3 Fiscal Years

Accounting Period	March 2011	March 2012	March 2013	March 2011	March 2012	March 2013
Net assets (consolidated)	207,416	219,611	224,253	1,114,003	1,144,954	1,203,316
Total assets (consolidated)	617,676	607,024	615,820	3,294,014	3,173,970	3,307,758
Net assets per share (consolidated; in yen)	481.71	506.02	525.38	514.30	522.77	553.54
Sales (consolidated)	483,620	477,451	468,387	3,166,771	3,208,168	3,088,577
Operating income (consolidated)	35,468	31,067	24,884	226,493	130,579	90,241
Ordinary income (consolidated)	34,167	29,730	23,060	223,899	133,614	87,054
Net income for the year	12,736	21,200	Δ2,071	83,581	35,486	18,596

(consolidated)							
Net income per share for the year (consolidated; in yen)	31.86	53.33	Δ5.25	58.72	24.06	12.61	
Dividends per share (yen)	12.0	12.0	12.0	10.0	10.0	12.0	

(in millions of yen, unless specifically indicated)

#### 4. Schedule

(1)	Resolution of board of directors	September 26, 2013 (today)
(2)	Execution of the Agreement	September 26, 2013 (today)
(3)	Commencement date of the Capital and Business Alliance Relationship	October 15, 2013
(4)	Due date of payment for the Capital Increase by Third-Party Allotment	October 15, 2013

#### 5. Future Prospects

The specific effect of the Capital and Business Alliance on the business results of TNSC and MCHC is currently unknown. If any matters that should be disclosed occur, the companies will promptly disclose the details thereof, as soon as they become aware of them.

[Contact for the Case at Issue]

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