

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 2, 2016

To Shareholders:

Notice of the 11th 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 11th 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 Thursday, June 23, 2016.

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

Sincerely yours,

Hitoshi Ochi, Director, President and CEO

Mitsubishi Chemical Holdings Corporation

- 1. Date** Friday, June 24, 2016, 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 11th fiscal year from April 1, 2015, to March 31, 2016
- Item 2. The contents of the Non-consolidated Financial Statements for the 11th fiscal year from April 1, 2015, to March 31, 2016

Matters to be Resolved

- Agendum. Election of Fourteen (14) Directors

-
1. Pursuant to the relevant laws and ordinances and Article 18 of MCHC's Articles of Incorporation, the Matters Related to Stock Acquisition Rights, the Consolidated Statement of Changes in Net Assets 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 (<http://www.mitsubishichem-hd.co.jp/>), and thus they are not presented as attachments to this Notice of the 11th Ordinary Meeting of Shareholders.

(Supplemental Note: This English translation file contains the Matters Related to Stock Acquisition Rights, the Consolidated Statement of Changes in Net Assets 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, Business Report, Consolidated Financial Statements, or Non-consolidated Financial Statements, the revised information will be posted on the MCHC's website (<http://www.mitsubishichem-hd.co.jp/>).

Exercise of Voting Rights

Voting rights are principal rights of shareholders. Please exercise your voting rights after reading the Reference Materials for the General Meeting of Shareholders 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: Friday, June 24, 2016, 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 Thursday, June 23, 2016

3. By exercising voting rights via the Internet

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

Exercise due date: No later than 5:45 p.m. on Thursday, June 23, 2016

[Notes on exercising voting rights via the Internet]

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

[Exercising Voting Rights by Proxy]

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

[Handling of Redundant Voting]

In the case where the Card for Exercise of Voting Rights is submitted by mail and voting rights are exercised via the Internet, votes 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.

[Inquiries]

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

Mitsubishi UFJ Trust and Banking Corporation

Stock Transfer Agency Division (Help Desk)

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

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

(2) Other inquiries

Mitsubishi UFJ Trust and Banking Corporation

Stock Transfer Agency Division

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

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

Reference Materials for the General Meeting of Shareholders

Agenda and References

Agendum Election of Fourteen (14) Directors

The terms of office of all 13 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 14 directors (adding one outside director).

The candidates for directors are as described in No. 1 to 14 below.

Candidate No.	Name	Present position and duty at the Company	
1	Yoshimitsu Kobayashi	Member of the Board, Chairperson Member of the Nominating Committee	Reelected
2	Hiroaki Ishizuka	Member of the Board, Vice Chairperson Member of the Compensation Committee	Reelected
3	Takumi Ubagai	Member of the Board, Vice Chairperson Member of the Compensation Committee	Reelected
4	Hitoshi Ochi	Member of the Board, President, CEO Member of the Nominating Committee	Reelected
5	Masayuki Mitsuka	Member of the Board	Reelected
6	Yujiro Ichihara	Member of the Board	Reelected
7	Glenn H. Fredrickson	Member of the Board, Managing Corporate Executive Officer	Reelected
8	Yoshihiro Umeha	Member of the Board Member of the Audit Committee	Reelected
9	Hisao Urata		Newly Elected
10	Takeo Kikkawa	Member of the Board Member of the Nominating Committee Member of the Compensation Committee	Reelected Outside Director Independent Officer
11	Taigi Ito	Member of the Board Member of the Audit Committee Member of the Compensation Committee	Reelected Outside Director Independent Officer

Candidate No.	Name	Present position and duty at the Company	
12	Kazuhiro Watanabe	Member of the Board Member of the Nominating Committee Member of the Audit Committee Member of the Compensation Committee	Reelection Outside Director Independent Officer
13	Hideko Kunii	Member of the Board Member of the Nominating Committee Member of the Audit Committee	Reelection Outside Director Independent Officer
14	Takayuki Hashimoto		New Election Outside Director Independent Officer

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
1	 Yoshimitsu Kobayashi (November 18, 1946) (Reelection)	Dec. 1974 Joined Mitsubishi Chemical Industries Limited (present-day Mitsubishi Chemical Corporation) Jun. 2003 Executive Officer of Mitsubishi Chemical Corporation Apr. 2005 Managing Executive Officer of Mitsubishi Chemical Corporation Jun. 2006 Member of the Board of Mitsubishi Chemical Holdings Corporation Feb. 2007 Member of the Board, Managing Executive Officer of Mitsubishi Chemical Corporation Apr. 2007 Member of the Board, President and CEO of Mitsubishi Chemical Holdings Corporation Member of the Board, President and CEO of Mitsubishi Chemical Corporation Apr. 2012 Member of the Board, Chairperson of Mitsubishi Chemical Corporation (current) Apr. 2015 Member of the Board, Chairperson of Mitsubishi Chemical Holdings Corporation to present (Significant concurrent positions) Member of the Board, Chairperson of Mitsubishi Chemical Corporation Member of the Board, Chairperson of The KAITEKI Institute, Inc. Outside Director of Toshiba Corporation Chairperson of Japan Association of Corporate Executives Chairperson of Japan Chemical Industry Association Chairperson of Council on Competitiveness-Nippon (Scheduled to resign from the position of Chairperson of Japan Chemical Industry Association on May 26, 2016)	88,326
<p>[Attendance at meetings of the Board of Directors, etc.] Board of Directors meetings 11/11 (100%) Nominating Committee meetings 4/4(100%) [Reason for choosing as candidate for Director] Yoshimitsu Kobayashi engaged in research and development departments and the performance products business domain and then has served as President & 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 broad experience and profound insight. The Board of Directors believes that Yoshimitsu Kobayashi is qualified for Director and request that he be elected as proposed.</p>			

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
2	 Hiroaki Ishizuka (February 23, 1950) (Reelection)	<p>Apr. 1972 Joined Mitsubishi Chemical Industries Limited (present-day Mitsubishi Chemical Corporation)</p> <p>Apr. 2007 Executive Officer of Mitsubishi Chemical Corporation</p> <p>Apr. 2009 Managing Executive Officer of Mitsubishi Chemical Corporation</p> <p>Jun. 2009 Member of the Board, Managing Executive Officer of Mitsubishi Chemical Corporation</p> <p>Apr. 2011 Member of the Board, Senior Managing Executive Officer of Mitsubishi Chemical Corporation</p> <p>Apr. 2012 Member of the Board, President and CEO of Mitsubishi Chemical Corporation (current)</p> <p>Jun. 2012 Member of the Board of Mitsubishi Chemical Holdings Corporation</p> <p>Jun. 2015 to present Member of the Board, Vice Chairperson of Mitsubishi Chemical Holdings Corporation (Significant concurrent positions) Member of the Board, President and CEO of Mitsubishi Chemical Corporation Member of the Board of The KAITEKI Institute, Inc. Member of the Board, Chairperson of SPDC Ltd.</p>	30,699
<p>[Attendance at meetings of the Board of Directors, etc.] Board of Directors meetings 11/11 (100%) Compensation Committee meetings 4/4(100%) [Reason for choosing as candidate for Director] After having long engaged in the industrial materials business domain, Hiroaki Ishizuka currently serves as President and CEO of MCC. Given his abundant experience and profound insight in the business domains of industrial materials and performance products of the MCHC Group as well as in corporate management, the Board of Directors believes that he is qualified for Director and request that he be elected as proposed.</p>			

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
3	 Takumi Ubagai (August 7, 1948) (Reelection)	Apr. 1971 Joined Mitsubishi Rayon Co., Ltd. Jun. 2001 Member of the Board, Executive Officer of Mitsubishi Rayon Co., Ltd. Jun. 2004 Managing Director, Senior Executive Officer of Mitsubishi Rayon Co., Ltd. Jun. 2007 Member of the Board, Senior Managing Executive Officer of Mitsubishi Rayon Co., Ltd. (until March 2012) Apr. 2012 Member of the Board, President and CEO of Mitsubishi Plastics, Inc. (current) Jun. 2012 Member of the Board of Mitsubishi Chemical Holdings Corporation Jun. 2015 to present Member of the Board, Vice Chairperson of Mitsubishi Chemical Holdings Corporation (Significant concurrent positions) Member of the Board, President and CEO of Mitsubishi Plastics, Inc. Member of the Board of The KAITEKI Institute, Inc.	94,503
<p>[Attendance at meetings of the Board of Directors, etc.] Board of Directors meetings 11/11 (100%) Compensation Committee meetings 4/4(100%) [Reason for choosing as candidate for Director] Takumi Ubagai has long engaged in the industrial materials business domain and currently serves as the Member of the Board, President and CEO of Mitsubishi Plastics, Inc. ("MPI"). Given his abundant experience and profound insight in the business domains of industrial materials and performance products of the MCHC Group as well as in corporate management, the Board of Directors believes that he is qualified for Director and request that he be elected as proposed.</p>			

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
4	 Hitoshi Ochi (October 21, 1952) (Reelection)	<p>Apr. 1977 Joined Mitsubishi Chemical Industries Limited (present-day Mitsubishi Chemical Corporation)</p> <p>Jun. 2007 Executive Officer of Mitsubishi Chemical Holdings Corporation Executive Officer of Mitsubishi Chemical Corporation (until March 2010)</p> <p>Apr. 2009 Member of the Board of Mitsubishi Plastics, Inc. (until March 2011)</p> <p>Jun. 2009 Member of the Board, Executive Officer of Mitsubishi Chemical Holdings Corporation</p> <p>Jun. 2010 Member of the Board, Managing Executive Officer of Mitsubishi Chemical Holdings Corporation Member of the Board of Mitsubishi Rayon Co., Ltd. (until June 2011)</p> <p>Apr. 2011 Member of the Board of Mitsubishi Chemical Holdings Corporation (until June 2011) Member of the Board, Managing Executive Officer of Mitsubishi Chemical Corporation (until March 2012)</p> <p>Apr. 2012 Member of the Board, President and CEO of Mitsubishi Rayon Co., Ltd. (current)</p> <p>Jun. 2012 Member of the Board of Mitsubishi Chemical Holdings Corporation</p> <p>Apr. 2015 Member of the Board, President and CEO of Mitsubishi Chemical Holdings Corporation (Significant concurrent positions)</p> <p>to present Member of the Board, President and CEO of Mitsubishi Rayon Co., Ltd. Member of the Board of The KAITEKI Institute, Inc. Director, Chi Mei Corporation</p>	26,324
<p>[Attendance at meetings of the Board of Directors, etc.] Board of Directors meetings 10/11 (90%) Nominating Committee meetings 4/4(100%) [Reason for choosing as candidate for Director] After working in manufacturing departments, Hitoshi Ochi engaged in the Corporate Strategy Office and other departments of MCHC and MCC and now serves as President & CEO of MCHC and Member of the Board, President & CEO of MRC. He has abundant experience and profound insight in the businesses of the MCHC Group as well as in corporate management, the Board of Directors believes that he is qualified for Director and request that he be elected as proposed.</p>			

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
5	 Masayuki Mitsuka (October 30, 1954) (Reelection)	Apr. 1982 Joined Mitsubishi Chemical Industries Limited (present-day Mitsubishi Chemical Corporation) Jun. 2008 Executive Officer of Mitsubishi Tanabe Pharma Corporation Jun. 2009 Member of the Board, Executive Officer of Mitsubishi Tanabe Pharma Corporation Apr. 2012 Member of the Board, Managing Executive Officer of Mitsubishi Tanabe Pharma Corporation Apr. 2014 Member of the Board, Senior Managing Executive Officer of Mitsubishi Tanabe Pharma Corporation Jun. 2014 Member of the Board, President and CEO of Mitsubishi Tanabe Pharma Corporation to present Member of the Board of Mitsubishi Chemical Holdings Corporation (Significant concurrent positions) Member of the Board, President and CEO of Mitsubishi Tanabe Pharma Corporation Member of the Board of The KAITEKI Institute, Inc.	9,055
[Attendance at meetings of the Board of Directors] Board of Directors meetings 11/11 (100%) [Reason for choosing as candidate for Director] After engaged in research and development departments, Masayuki Mitsuka engaged in the Corporate Strategy departments of Mitsubishi Tanabe Pharma Corporation ("MTPC") and now serves as Member of the Board, President & CEO of MTPC after working in its Corporate Planning Department. Given his abundant experience and profound insight in the health care business domain of the MCHC Group as well as in corporate management, the Board of Directors believes that he is qualified for Director and request that he be elected as proposed.			

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
6	 Yujiro Ichihara (November, 13, 1951) (Reelection)	Apr. 1974 Joined Nippon Sanso Corporation (currently Taiyo Nippon Sanso Corporation) Jun. 2005 Executive Officer of Taiyo Nippon Sanso Corporation Jun. 2008 Managing Executive Officer of Taiyo Nippon Sanso Corporation Jun. 2010 Managing Director of Taiyo Nippon Sanso Corporation Jun. 2012 Senior Managing Director of Taiyo Nippon Sanso Corporation Jun. 2013 Vice President, Member of the Board of Taiyo Nippon Sanso Corporation Jun. 2014 President and CEO of Taiyo Nippon Sanso Corporation (current) Jun. 2015 Member of the Board of Mitsubishi Chemical Holdings Corporation to present (Significant concurrent positions) President and CEO of Taiyo Nippon Sanso Corporation Member of the Board of The KAITEKI Institute, Inc.	0
[Attendance at meetings of the Board of Directors] Board of Directors meetings 6/7 (85%) [Reason for choosing as candidate for Director] After having long engaged in the industrial materials business domain and worked in the corporate strategy division of Taiyo Nippon Sanso Corporation (“TNSC”), Yujiro Ichihara currently serves as President and CEO of TNSC. Given his abundant experience and profound insight in the industrial materials business domain of the MCHC Group as well as in corporate management, the Board of Directors believes that he is qualified for Director and request that he be elected as proposed.			

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
7	 <p>Glenn H. Fredrickson (May 8, 1959) (Reelection)</p>	<p>Jan. 1990 Associate Professor, Departments of Chemical Engineering and Materials, University of California, Santa Barbara</p> <p>Jul. 1991 Professor, Departments of Chemical Engineering and Materials, University of California, Santa Barbara</p> <p>May 1998 Chairperson, Department of Chemical Engineering, University of California, Santa Barbara (until July 2001)</p> <p>Mar. 2001 Director of Mitsubishi Chemical Center for Advanced Materials at the University of California, Santa Barbara (current)</p> <p>Apr. 2014 Managing Executive Officer of Mitsubishi Chemical Holdings Corporation</p> <p>Jun. 2014 Member of the Board, Managing Executive Officer of Mitsubishi Chemical Holdings Corporation</p> <p>Jun. 2015 to present Member of the Board, Managing Corporate Executive Officer of Mitsubishi Chemical Holdings Corporation (Significant concurrent positions) Professor, Departments of Chemical Engineering and Materials, University of California, Santa Barbara</p>	0
<p>[Attendance at meetings of the Board of Directors] Board of Directors meetings 10/11 (90%)</p> <p>[Reason for choosing as candidate for Director] 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. Therefore, the Board of Directors believes that he is qualified for Director and request that he be elected as proposed.</p>			

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
8	 <p>Yoshihiro Umeha (March 15, 1955) (Reelection)</p>	<p>Apr. 1977 Joined Mitsubishi Chemical Industries Limited (present-day Mitsubishi Chemical Corporation)</p> <p>Jun. 2008 Executive Officer of Mitsubishi Chemical Corporation</p> <p>Apr. 2012 Member of the Board, Managing Executive Officer of Mitsubishi Chemical Corporation (until March 2015)</p> <p>Jun. 2015 Corporate Auditor of Mitsubishi Chemical Corporation</p> <p>to present Corporate Auditor of Mitsubishi Rayon Co., Ltd.</p> <p>Member of the Board of Mitsubishi Chemical Holdings Corporation (Significant concurrent positions)</p> <p>Corporate Auditor of Mitsubishi Chemical Corporation</p> <p>Corporate Auditor of Mitsubishi Rayon Co., Ltd.</p> <p>Corporate Auditor of the KAITEKI Institute</p>	12,156
<p>[Attendance at meetings of the Board of Directors, etc.]</p> <p>Board of Directors meetings 7/7 (100%)</p> <p>Audit Committee meetings 10/10(100%)</p> <p>[Reason for choosing as candidate for Director]</p> <p>Yoshihiro Umeha engaged in accounting and financial departments and the industrial materials business domain before serving as a full-time member of the Audit Committee of MCHC. He has abundant experience and profound insight in the businesses of the MCHC Group as well as in corporate management, the Board of Directors believes that he is qualified for Director and request that he be elected as proposed.</p>			

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
9	 <p data-bbox="296 622 443 757">Hisao Urata (February 20, 1956) (New Election)</p>	<p data-bbox="472 412 1177 479">Jan. 1991 Joined Mitsubishi Kasei Corporation (present-day Mitsubishi Chemical Corporation)</p> <p data-bbox="472 488 1177 629">Jun. 2011 Executive Officer of Mitsubishi Chemical Corporation (until March 2014) Executive Officer of Mitsubishi Chemical Holdings Corporation</p> <p data-bbox="472 638 1177 705">Apr. 2015 Managing Executive Officer of Mitsubishi Chemical Holdings Corporation</p> <p data-bbox="472 714 1177 779">Jun. 2015 Managing Corporate Executive Officer of Mitsubishi Chemical Holdings Corporation (until March 2016)</p>	9,214
<p data-bbox="296 786 756 808">[Reason for choosing as candidate for Director]</p> <p data-bbox="296 815 1370 952">Hisao Urata has extensive business experience as he engaged in research and development departments and the corporate strategy division of MCC, and worked as Corporate Executive Officer in charge of the research and development division of the MCHC Group. Given his abundant experience and profound insight in the businesses of the MCHC Group as well as in corporate management, we believe that he is qualified for Director and request that he be elected as proposed.</p>			

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
10	 Takeo Kikkawa (August 24, 1951) (Reelection / Outside Director / Independent Officer)	Apr. 1987 Associate Professor, School of Business, Aoyama Gakuin University Oct. 1993 Associate Professor, Institute of Social Science, The University of Tokyo Apr. 1996 Professor, Institute of Social Science, The University of Tokyo Apr. 2007 Professor, Graduate School of Commerce and Management, Hitotsubashi University Jun. 2013 Outside Director of Mitsubishi Chemical Holdings Corporation (current) Apr. 2015 to present Professor, Graduate School of Innovation Studies of Tokyo University of Science (Significant concurrent positions) Professor, Graduate School of Innovation Studies of Tokyo University of Science	0
<p>[Attendance at meetings of the Board of Directors, etc.] Board of Directors meetings 10/11 (90%) Nominating Committee meetings 4/4(100%) Compensation Committee meetings 4/4(100%) [Reason for choosing as candidate for Outside Director] Takeo Kikkawa plays appropriate roles as an outside director of the Company by utilizing his profound insight into company management from the perspective of business history and his experience as an expert in theories on the energy industry. Therefore, the Board of Directors concludes that Takeo Kikkawa would be qualified for Outside Director and request that he be elected 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. [Term of office as the Company's Outside Officer] Takeo Kikkawa will have served as Outside Officer for three years at the conclusion of this General Meeting of Shareholders.</p>			

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
11	 Taigi Ito (October 13, 1946) (Reelection / Outside Director / Independent Officer)	Jan. 1970 Joined Tsuji Audit Corporation May 1973 Registered as a Certified Public Accountant Feb. 1989 Representative Partner of MISUZU Audit Corporation Jul. 2004 Deputy Chairperson of the Japanese Institute of Certified Public Accountants (JICPA) (until June 2007) May 2006 Executive Board Member of MISUZU Audit Corporation (until July 2007) Apr. 2009 Professor, the Graduate School of Accounting of Waseda University (until March 2013) Jan. 2012 Chairperson of Disciplinary Committee of JICPA (current) Jun. 2014 Outside Corporate Auditor of Mitsubishi Chemical Corporation (current) Outside Corporate Auditor of Mitsubishi Chemical Holdings Corporation Jun. 2015 Outside Director of Mitsubishi Chemical Holdings Corporation to present (Significant concurrent positions) Certified Public Accountant Outside Corporate Auditor of Mitsubishi Chemical Corporation Outside Corporate Auditor of IT Holdings Corporation Outside Corporate Auditor of Idemitsu Kosan Co., Ltd.	4,817
[Attendance at meetings of the Board of Directors, etc.] Board of Directors meetings 7/7 (100%) Audit Committee meetings 10/10(100%) Compensation Committee meetings 4/4(100%) [Reason for choosing as candidate for Outside Director] Making the best of his experience and profound insight as a certified public accountant, Taigi Ito currently fulfills his role as Outside Director of MCHC appropriately. Therefore, the Board of Directors believes that he is qualified for Outside Director and request that he be elected 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. [Term of office as the Company's Outside Officer] Taigi Ito will have served as Outside Officer for two years at the conclusion of this General Meeting of Shareholders.			

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
12	 Kazuhiro Watanabe (May 19, 1947) (Reelection / Outside Director / Independent Officer)	Apr. 1974 Appointed as a Prosecutor Jul. 1998 Assistant Vice-Minister of Justice, Ministry of Justice Apr. 2001 Prosecutor of the Supreme Public Prosecutors Office Jan. 2002 Chief Prosecutor of the Nara District Public Prosecutors Office Sep. 2004 Chief Prosecutor of the Maebashi District Public Prosecutors Office Sep. 2005 Chief Prosecutor of the Nagoya District Public Prosecutors Office Jun. 2007 Chief Prosecutor of the Yokohama District Public Prosecutors Office Jul. 2008 Superintending Prosecutor of the Sapporo High Public Prosecutors Office (Retired in July 2009) Sep. 2009 Registered as a lawyer Professor, the Law School of Tokai University (current) Jun. 2010 Outside Corporate Auditor of Mitsubishi Plastics, Inc. (current) Jan. 2011 Lawyer, Counselor, Higashimachi LPC (current) Jun. 2014 Outside Corporate Auditor of Mitsubishi Chemical Holdings Corporation Jun. 2015 Outside Director of Mitsubishi Chemical Holdings Corporation to present (Significant concurrent positions) Lawyer, Counselor, Higashimachi LPC Outside Corporate Auditor of Mitsubishi Plastics, Inc. Professor, the Law School of Tokai University	0
<p>[Attendance at meetings of the Board of Directors, etc.] Board of Directors meetings 7/7 (100%) Nominating Committee meetings 4/4(100%) Audit Committee meetings 10/10(100%) Compensation Committee meetings 4/4(100%) [Reason for choosing as candidate for Outside Director] Making the best of his experience and profound insight as a prosecutor and lawyer, Kazuhiro Watanabe currently fulfills his role as outside Director of the Company appropriately. The Board of Directors thus believes that he is qualified for outside Director and request that he be elected 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. [Term of office as the Company's Outside Officer] Kazuhiro Watanabe will have served as Outside Officer for two years at the conclusion of this General Meeting of Shareholders.</p>			

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
13	 Hideko Kunii (December 13, 1947) (Reelection / Outside Director / Independent Officer)	May 1982 Joined Ricoh Company, Ltd. Jun. 2005 Corporate Senior Vice President of Ricoh Company, Ltd. (until March 2008) Apr. 2008 Chairperson of Ricoh Software Co., Ltd. (currently Ricoh IT Solutions Co., Ltd.) Apr. 2009 Associate Director of Ricoh Company, Ltd. (until March 2013) Jul. 2009 Chairperson of Ricoh IT Solutions Co., Ltd. (until March 2013) Apr. 2012 Professor, Graduate School of Engineering Management of Shibaura Institute of Technology (current) Apr. 2013 Deputy President of Shibaura Institute of Technology (current) Oct. 2013 Director of Center for Promotion of Educational Innovation Gender Equality Promotion Office of Shibaura Institute of Technology (current) Jun. 2015 to present Outside Director of Mitsubishi Chemical Holdings Corporation (Significant concurrent positions) Deputy President of Shibaura Institute of Technology Professor, Graduate School of Engineering Management of Shibaura Institute of Technology Director of Center for Promotion of Educational Innovation Gender Equality Promotion Office of Shibaura Institute of Technology Outside Director of Innovation Network Corporation of Japan Outside Director of Tokyo Electric Power Company Holdings, Incorporated. Outside Director of Honda Motor Co., Ltd.	668
<p>[Attendance at meetings of the Board of Directors, etc.]</p> <p>Board of Directors meetings 7/7 (100%)</p> <p>Nominating Committee meetings 4/4(100%)</p> <p>Audit Committee meetings 10/10(100%)</p> <p>[Reason for choosing as candidate for Outside Director]</p> <p>Making the best of her extensive experience in company management and as an expert in the information processing domain, as well as her profound insight in diversity promotion as a member of the Cabinet Office Gender Equality Promotion Joint Meeting, Hideko Kunii currently fulfills her role as outside director of the Company appropriately. The Board of Directors believes that she is qualified for Outside Director and request that she be elected as proposed.</p> <p>[Term of office as the Company's Outside Officer]</p> <p>Hideko Kunii will have served as Outside Officer for a year at the conclusion of this General Meeting of Shareholders.</p>			

No.	Name (Date of birth)	Personal history, position and duty at the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
14	 Takayuki Hashimoto (July 9, 1954) (New Election / Outside Director /Independent Officer)	Apr. 1978 Joined IBM Japan, Ltd. Apr. 2000 Member of the Board of IBM Japan, Ltd. Apr. 2003 Managing Executive Officer of IBM Japan, Ltd. Jan. 2007 Senior Managing Executive Officer of IBM Japan, Ltd. Apr. 2008 Member of the Board, Senior Managing Officer of IBM Japan, Ltd. Jan. 2009 Member of the Board, President of IBM Japan, Ltd. May 2012 Member of the Board, Chairman of IBM Japan, Ltd. Apr. 2014 Chairperson of IBM Japan, Ltd. Jan. 2015 Vice Chairperson of IBM Japan, Ltd. to present (Significant concurrent positions) Vice Chairperson of IBM Japan, Ltd. Outside Director of KAGOME CO., LTD. Outside Corporate Auditor of IHI Corporation	0
[Reason for choosing as candidate for Outside Director] Given his extensive experience in corporate management as a president and CEO of a Japanese subsidiary of a global corporation and his profound insight in ICT (information and communication technology), Takayuki Hashimoto would contribute to proper decision-making and fair oversight of the Board of Directors of the Company. The Board of Directors believes that he is qualified for outside Director and request that he be elected as proposed.			

Notes:

1. For Yujiro Ichihara, Yoshihiro Umeha, Taigi Ito, Kazuhiro Watanabe, and Hideko Kunii, listed above is their record of attendance at the Board of Directors' meetings held during the fiscal year under review after they assumed the position of Directors of the Company in June 2015.
2. Taigi Ito and Kazuhiro Watanabe previously served as Outside Corporate Auditors of the Company. Both of them were present as Outside Corporate Auditors at all four meetings of the Board of Directors that were held during the fiscal year under review and before the Company converted to a company with a nominating committee, etc.
3. Attendance at the meetings of the Nominating Committee, Audit Committee, and Compensation Committee covers the meetings that were held during the fiscal year under review and after the Company converted to a company with a nominating committee, etc., in June 2015.
4. Taigi Ito currently serves as an Outside Corporate Auditor of the subsidiary of the Company, MCC, and Kazuhiro Watanabe serves as an Outside Corporate Auditor of the subsidiary of the Company, MPI.
5. Takeo Kikkawa, Taigi Ito, Kazuhiro Watanabe, Hideko Kunii and Takayuki Hashimoto are candidates for outside Directors. The Company has designated Takeo Kikkawa, Taigi Ito, Kazuhiro Watanabe and Hideko Kunii 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 Takeo Kikkawa, Taigi Ito, Kazuhiro Watanabe and Hideko Kunii are inaugurated as outside Directors, they are expected to continue serving as independent officers. If this proposal is approved and Takayuki Hashimoto is inaugurated as an outside Director, he is expected to serve as an independent officer. Takeo Kikkawa, Taigi Ito, Kazuhiro Watanabe, Hideko Kunii and Takayuki Hashimoto all meet the "Standards for Independence of Outside Directors" (on following page) stipulated by the Company.
6. The Company has concluded with Takeo Kikkawa, Taigi Ito, Kazuhiro Watanabe and Hideko Kunii 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 these four and sign an agreement to the same effect with Takayuki Hashimoto as well.

7. Masayuki Mitsuka serves as Representative Director of MTPC. MTPC pays its share of Group operating expenses to MCHC. MTPC has also offered short-term loans to MCHC as part of cross-group fund procurement operations. Yujiro Ichihara serves as Representative Director of TNSC. TNSC pays its share of Group operating expenses to MCHC. There are no special interests between any of the other candidates and MCHC.
8. If this proposal is approved, the Company plans to set up each committee as follows:
 - Nominating Committee: Takeo Kikkawa, Yoshimitsu Kobayashi, Hitoshi Ochi, Hideko Kunii and Takayuki Hashimoto
 - Audit Committee: Yoshihiro Umeha, Hisao Urata, Taigi Ito, Kazuhiro Watanabe and Hideko Kunii
 - Compensation Committee: Taigi Ito, Hiroaki Ishizuka, Takumi Ubagai, Takeo Kikkawa and Kazuhiro Watanabe

<Reference> 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) Person engaged in execution of operation of the MCHC Group (executive director, executive corporate officer, executive officer, manager, employee, partner, etc. The same shall apply hereafter.)
 - (2) 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, Mitsubishi Plastics, Inc., Mitsubishi Rayon Co., Ltd., 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 relationship 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) 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 receives 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, 2015 to March 31, 2016)

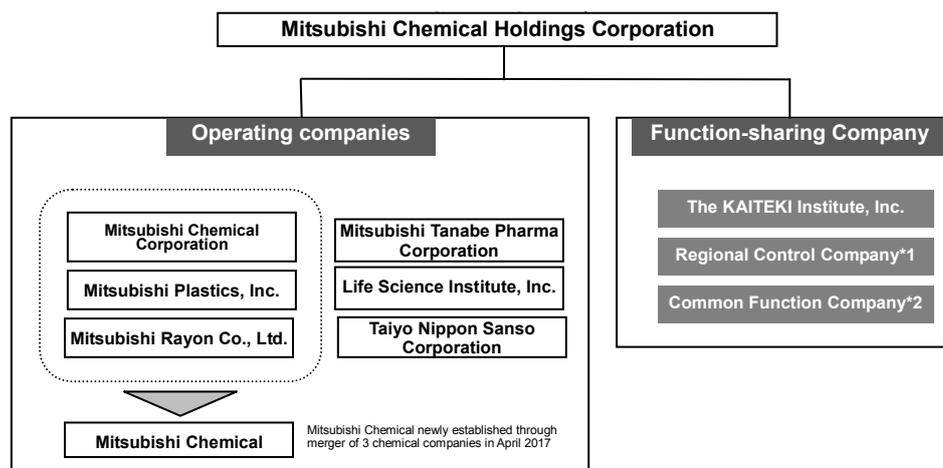
1. Group Overview of Operation

(1) Mitsubishi Chemical Holdings Group

Under the leadership of Mitsubishi Chemical Holdings Corporation (“Company” or “MCHC”) as a holding company, the MCHC Group has conducted business activities in the three business domains of performance products, health care, and industrial materials with Mitsubishi Chemical Corporation (“MCC”), Mitsubishi Tanabe Pharma Corporation (“MTPC”), Mitsubishi Plastics, Inc. (“MPI”), Mitsubishi Rayon Co., Ltd. (“MRC”), Life Science Institute, Inc., and Taiyo Nippon Sanso Corporation (“TNSC”) serving as its six operating companies. As one of the measures under the medium-term management plan starting from fiscal 2016, “APTSIS 20,” the MCHC Group has decided to integrate three operating companies (MCC, MPI, and MRC) into Mitsubishi Chemical Corporation in April 2017 to establish a structure to optimize the management resources of the three companies.

As a holding company, MCHC is responsible for formulating Group-wide strategies, optimally allocating management resources, supervising business management, and taking other initiatives while assigning part of the functional responsibilities to its subsidiaries in an effort to streamline operations from a global perspective. Specifically, through Regional Control Companies established in North America, Europe, and China, MCHC strives to drive home the significance of compliance and risk management based on the characteristics of each region. Meanwhile, in Japan, MCHC seeks to upgrade and streamline its operations by consolidating staff departments such as general affairs and accounting as well as the research and development departments of common platform technologies through Common Function Companies. Furthermore, The KAITEKI Institute, Inc. studies social challenges that are likely to occur in the future with an eye to formulating MCHC’s long-term strategies.

The MCHC Group is committed to effectively utilizing the Group’s management resources and working for further enhancement of corporate value under its medium-term management plan, “APTSIS 20.”



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

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

(2) Business Development and Performance

The business environment surrounding the MCHC Group remained steady overall as the economy continued to recover across the globe despite the weakness seen in some parts of the world such as China's slowing economy. In the performance products and industrial materials domains, the market for petrochemical products remained robust as raw material prices declined. The health care domain remained upbeat due in part to higher royalty revenues despite the unfavorable impact of measures to reduce spending on pharmaceuticals as well as other factors.

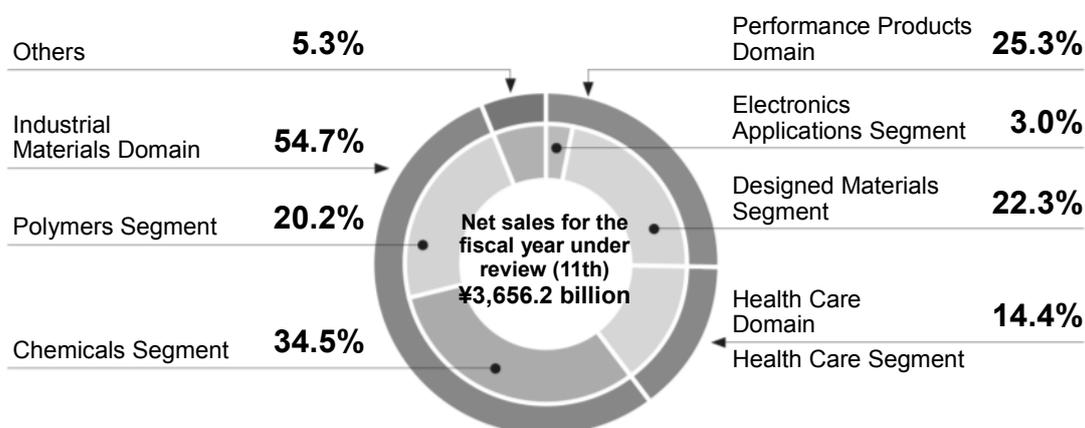
During the fiscal year under review, which marked the final year of the "APTSIS 15" five-year medium-term management plan, the MCHC Group moved ahead with reforming its business portfolio, worked on restructuring the petrochemical business, including the consolidation of ethylene plants in Mizushima, and so forth, and accelerated overseas business expansion with an eye to achieving further growth and taking the Group's operations to new heights. In the performance products domain, MPI decided to boost production capacity for polyester film in a subsidiary in the U.S. In the health care domain, MTPC set out to build an operating foundation in the U.S. by establishing a sales company with an eye to filing application and obtaining approval for its therapeutic agent to treat amyotrophic lateral sclerosis (ALS) in the U.S. market during fiscal 2016. In the industrial materials domain, TNSC acquired Renegade Gas Pty Ltd, an Australian industrial gas supplier. TNSC also acquired businesses and made capital investments in the U.S. and Thailand. In addition, the MCHC Group sought to strengthen its comprehensive Group strengths by building harmonious relationships and pulled together to implement measures

to drastically reduce costs and streamline assets with a view to improving earnings.

As a result of these efforts and initiatives, the MCHC Group's consolidated net sales for the fiscal year under review amounted to ¥3,823.0 billion (up ¥166.8 billion year on year), due partly to the addition of TNSC's earnings to the Group's consolidated net sales beginning in the third quarter of the previous fiscal year. Consolidated operating income amounted to ¥280.0 billion (up ¥114.3 billion year on year), while consolidated ordinary income was ¥270.6 billion (up year on year to ¥107.5 billion), with both figures showing substantial year-on-year increases. Profit attributable to owners of parent amounted to ¥46.4 billion (down ¥14.4 billion year on year). This decrease primarily came from the recording of extraordinary loss of ¥110.6 billion due to the cost of structural reforms and the recording an impairment loss of fixed assets arising from business operations related to petrochemicals.

Information for each domain follows below.

Net sales and distribution ratio by domain



Performance Products Domain

Electronics Applications Segment

Principal Businesses: Recording media, electronics-related products, imaging supplies

Net sales for the segment totaled ¥115.6 billion (down ¥3.1 billion year on year), while operating loss reached ¥0.9 billion (loss decreased ¥1.7 billion year on year).

Net sales decreased due to the shrinking optical disk market that affected recording media sales as well as the lower sales volumes of imaging supplies, including organic photo conductor (OPC) drums and toners, despite the increased sales volumes of display materials, precision cleaning for semiconductors, and so forth in electronics-related products. Operating loss decreased due partly to reduced fixed costs.

Designed Materials Segment

Principal Businesses: Food ingredients, battery materials, fine chemicals, polymer processing products, composite materials, inorganic chemicals, fibers

Net sales for the segment reached ¥852.5 billion (up ¥33.9 billion year on year), and operating income totaled ¥75.7 billion (up ¥20.0 billion year on year).

Net sales of polymer-processing products grew as high-performance film sales remained strong and the sales volumes of engineering plastic products and aluminum composite materials increased. Net sales of fine chemicals were fueled by steady sales of coating materials. As for battery materials, the sales volume of automotive applications grew. As for composite materials, demand for carbon fiber generally remained robust, and the sales volume of alumina fiber increased. Operating income substantially increased due partly to lower material prices.

In October 2015, Mitsubishi Polyester Film, Inc. (U.S.A.), MPI's subsidiary, announced to bolster polyester film manufacturing capability.

Health Care Domain

Health Care Segment

Principal Businesses: Pharmaceuticals, diagnostic reagents and instruments, clinical testing, pharmaceutical materials

Net sales for the segment reached ¥554.0 billion (up ¥22.1 billion year on year), and operating income totaled ¥103.4 billion (up ¥26.4 billion year on year).

Net sales of pharmaceuticals increased despite the negative impact of increasing generic drug use as well as the termination of the sales alliance for plasma fractionation products at the end of March 2015. Factors that drove net sales up include the growing sales volumes

of vaccines and priority products such as Tenelia (a therapeutic substance for type 2 diabetes), an increase in royalty revenues for Invokana (a therapeutic substance for type 2 diabetes) and Gilenya (a therapeutic substance for multiple sclerosis), as well as lump-sum royalty revenues from products licensed out overseas. The businesses except pharmaceuticals performed strongly with increases in net sales for diagnostic reagents and instruments and clinical testing. Operating income increased significantly, with royalty income, including the abovementioned lump-sum royalty revenues for pharmaceuticals, providing a large contribution.

In September 2015, MTPC signed a license agreement with Biogen (U.S.A.) for MT-1303, a therapeutic agent for autoimmune diseases, granting Biogen the exclusive right to develop and market the drug in Japan and whole globe, except Asia.

Industrial Materials Domain

Chemicals Segment

Principal Businesses: Basic petrochemicals, chemical derivatives, synthetic fiber materials, carbon products, industrial gas

Net sales for the segment totaled ¥1,321.1 billion (up ¥207.1 billion year on year), while operating income totaled ¥57.2 billion (up ¥48.4 billion year on year).

Net sales of basic petrochemicals, chemical derivatives, and terephthalic acid (a raw material for synthetic fiber) decreased due to the drop in sales prices that went hand in hand with lower raw material prices. Net sales of carbon products such as coke declined due to the drop in sales prices in the wake of the decrease in the prices of coking coal. Net sales of industrial gases, which were added to the Group beginning in the third quarter of the previous fiscal year, were recognized for the full fiscal year under review and showed substantial growth. Operating income was up significantly due to the favorable market conditions for basic petrochemicals and chemical derivatives, the scaling down of regular repairs, as well as other factors.

In May 2015, TNSC acquired additional shares of its Thai affiliate, Air Products Industry Co., Ltd., and made it a consolidated subsidiary in order to build a stronger business foundation in Thailand where demand for industrial gases is expected to grow.

Polymers Segment

Principal Businesses: Synthetic resins

Net sales for the segment reached ¥773.6 billion (down ¥99.9 billion year on year) while operating income totaled ¥43.3 billion (up ¥15.3 billion year on year).

Net sales of synthetic resins including polyolefin and MMA monomer decreased due to lower sales prices in response to a drop in raw material prices. Operating income, on the other hand, increased significantly due to an improvement in price differences between products and raw materials for polyolefin, etc.

Others

Principal Businesses: Engineering, logistics

Net sales for the segment reached ¥206.0 billion (up ¥6.6 billion year on year), and operating income totaled ¥7.2 billion (up ¥1.2 billion year on year).

The engineering business enjoyed an increase in orders from outside the Group, and the logistics business remained robust.

Note: Due to the organizational restructuring of our subsidiaries in April 2015, some of the Chemicals Segment businesses were moved to the Designed Materials Segment and the Polymers Segment, and some of the businesses categorized under Others were moved to the Designed Materials Segment. Accordingly, figures for these segments in the previous fiscal year were recalculated based on the new segment classification for year-on-year comparisons.

(3) Outstanding Issues

MCHC vision is “the realization of KAITEKI”, building a sustainable society together with stakeholders, by contributing to resolving environmental and social issues. Working toward this vision, the MCHC Group promotes KAITEKI Management through the pursuit of innovation while working to improve both economic value and sustainability.

Working against this backdrop, the Group has focused on strengthening and expanding its business foundation as well as restructuring the petrochemical business to reform its portfolio in line with its five-year medium-term management plan, “APTSIS 15.” During the fiscal year under review, the final year of “APTSIS 15”, everyone at the MCHC Group worked together to bring the plan to a successful conclusion. In December 2015, the Group formulated a new five-year medium-term management plan, “APTSIS 20” (running from fiscal 2016 to fiscal 2020). Moving forward with an aim to “remain a high growth/high

profit-model company through businesses in the performance products, industrial materials, and health care domains,” the Group set the following numerical targets as financial indicators for fiscal 2020.

(IFRS basis)

Financial indicators	Target
Core operating income*	380.0 billion yen
Return on sales (ROS)	8%
Profit attributable to owners of parent	180.0 billion yen
Return on equity (ROE)	10% or more
Net D/E ratio	0.8

* Core operating income: An ordinary income that deducts the profit/loss arising from extraordinary factors (extraordinary items) from an ordinary income pursuant to international financial reporting standard

The MCHC Group will ensure portfolio management and work toward achieving sustainable growth and enhancing profitability as key initiatives. In April 2017, we will integrate three chemical companies, MCC, MPI, and MRC as “Mitsubishi Chemical Corporation” and build a structure to enable the optimization of the management resources of these three companies. While positioning healthcare solutions, gas solutions, new energy, and frontier materials as the next-generation businesses that will drive growth from 2020 through 2025, the Group will focus on the open shared R&D model and actively use big data and ICT (information and communication technology) for business operations. In global operations, we will restructure business support systems in the areas of Asia and the Pacific, China, and Europe and the U.S. as well as promote inter-department orchestration to enhance overseas sales and profitability. The MCHC Group will steadily implement these initiatives with an eye to building a firm foundation to become THE KAITEKI COMPANY being recognized on a truly global level.

Furthermore, the MCHC Group will ensure not only safety management but also compliance and risk management, and reinforce internal controls further while promoting “health management,” in which employees’ health is regarded as a key management resource, to improve their health and productivity.

Having converted to a company with a nominating committee, etc., in June 2015 in an effort to strengthen oversight functions and enhance management agility, MCHC will pursue optimal governance systems that enhance the soundness and efficiency of its management under the “Corporate Governance Guidelines” formulated in November 2015.

The MCHC Group will address these business challenges with all of its collective strengths and strive to meet the expectations of its shareholders by pursuing sustainable growth and

medium and long-term improvement in corporate and shareholder values. We ask for your continued support and guidance going forward.

(4) Capital Expenditures

The MCHC Group’s aggregate capital expenditures for the fiscal year under review stood at ¥176.5 billion, the majority of which was applied to construction of new and additional production facilities, renewal of existing facilities, and rationalization investments in other existing facilities.

The amount by each segment includes the following:

Segment	Capital expenditures	Major facilities completed during the fiscal year under review	Major facilities under construction
Electronics Applications	¥5.0 billion	MCC Tsukuba plant Production facility for gallium nitride substrates (addition)	Tai Young High Tech Co., Ltd. (Taiwan) Production facility for EL sulfuric acid (addition)
Designed Materials	¥49.6 billion	Noltex L.L.C. (U.S.A.) Production facility for ethylene-vinyl alcohol copolymer (addition)	Mitsubishi Polyester Film, Inc. (U.S.A.) Production facility for polyester film (addition)
Health Care	¥21.3 billion	Tianjin Tanabe Seiyaku Co., Ltd. (China) Plant for diagnostic pharmaceuticals (new)	Mitsubishi Tanabe Pharma Factory Ltd. Yoshitomi Plant Plant for diagnostic pharmaceuticals (addition)
Chemicals	¥73.5 billion	TNSC Production facility for cancer diagnostic agent (Water-18O) (new)	TNSC Air separation systems (new)
Polymers	¥21.8 billion	Lucite International Singapore Pte Ltd Production facility for MMA monomer (facility conversion)	-

Note: Other than the above, there were capital expenditures of ¥5.0 billion in “Others” and “Company-wide (Common).”

(5) Fund Procurement

Item	Balance at April 1, 2015	Balance at March 31, 2016	Change
Borrowings	1,252.5 billion yen	1,070.7 billion yen	Down 181.8 billion yen
Corporate bonds and commercial paper	351.0 billion yen	395.0 billion yen	Up 43.9 billion yen
Total	1,603.5 billion yen	1,465.7 billion yen	Down 137.8 billion yen

(6) Principal Lenders (as of March 31, 2016)

Lenders	Amount Borrowed
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	289.7 billion yen
Mizuho Bank, Ltd.	163.8 billion yen
Mitsubishi UFJ Trust and Banking Corporation	98.9 billion yen

(7) Significant Business Realignment

-In July 2015, TNSC launched TNSC (Australia) Pty Ltd and acquired Renegade Gas Pty Ltd through the new company in order to establish a foundation for its industrial gas business in Australia. (Chemicals Segment)

-Aiming for achieving further growth and strengthening its food ingredients businesses, Mitsubishi-Kagaku Foods Corporation signed a stock purchase agreement with Eisai Co., Ltd. in November 2015 to acquire all the shares of its consolidated subsidiary Eisai Food & Chemical Co., Ltd. and made it into a consolidated subsidiary in February 2016. (Designed Materials Segment)

-In December 2015, Qualicaps Co., Ltd., a subsidiary of Life Science Institute, Inc., acquired all shares of Brazil's Genix Industria Farmaceutica Ltda. and made it a consolidated subsidiary in order to expand into the Central and South American pharmaceutical capsule market, which is expected to grow. (Health Care Segment)

(8) Employees of the Group (as of March 31, 2016)

(a) Status of Employees of the Group

Domain	Segment	No. of Employees	Year-on-year Increase/Decrease
Performance Products	Electronics Applications	2,529	Down 190
	Designed Materials	17,635	Up 706
Health Care	Health Care	12,876	Down 10
Industrial Materials	Chemicals	18,915	Up 954
	Polymers	8,052	Down 167
Others		8,229	Down 501
Company-wide (Common)		752	Down 67
Sum Total		68,988	Up 725

Notes:

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

(b) Status of Employees of MCHC

No. of Employees (Year-on-year Change)	Average Age	Average Years of Service
110 (Up 6)	46 years and 4 months	20 years and 7 months

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	8th Term (Fiscal 2012)	9th Term (Fiscal 2013)	10th Term (Fiscal 2014)	11th Term (Year under Review; Fiscal 2015)
Net Sales (in billion yen)	3,088.5	3,498.8	3,656.2	3,823.0
Operating Income (in billion yen)	90.2	110.4	165.6	280.0
Ordinary Income (in billion yen)	87.0	103.0	163.0	270.6
Profit attributable to owners of parent (in billion yen)	18.5	32.2	60.8	46.4
Profit per Share (in yen)	12.61	21.89	41.40	31.70
Net Assets (in billion yen)	1,203.3	1,314.8	1,588.6	1,554.5
Net Assets per Share (in yen)	553.54	611.95	669.77	636.43
Total Assets (in billion yen)	3,307.7	3,479.3	4,323.0	4,061.5

Notes:

1. The account title for profit was changed beginning in the fiscal year under review due to the revisions to the Accounting Standard for Business Combination, etc.
2. Profit per share is calculated on the basis of average aggregate number of issued and outstanding shares during fiscal year excluding treasury stocks.
3. Net assets per share are calculated on the basis of the aggregate number of issued and outstanding shares as of the end of fiscal year excluding treasury stocks.

[For reference] Changes in the Conditions of Assets and Profit/Loss of Operating Companies for the 11th Fiscal Year (fiscal year under review)

Category	Mitsubishi Chemical Corporation	Mitsubishi Tanabe Pharma Corporation	Mitsubishi Plastics, Inc.	Mitsubishi Rayon Co., Ltd.	Life Science Institute, Inc.	Taiyo Nippon Sanso Corporation
Net Sales (in billion yen)	1,745.9	431.7	480.8	548.4	136.0	641.5
Operating income (in billion yen)	69.3	94.9	41.8	26.8	3.5	43.3
Total Assets (in billion yen)	1,374.7	930.2	357.4	634.3	160.7	783.2

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 the Company.

(10) Status of MCHC, Major Subsidiaries and Affiliates (as of March 31, 2016)

(a) MCHC

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

(b) Major Subsidiaries

[Direct Investees]

Company Name	Capital	Equity Investment Ratio (%)	Principal Business	Location
Mitsubishi Chemical Corporation	50.0 billion yen	100.0	Manufacture and marketing of chemical products	Tokyo
Mitsubishi Tanabe Pharma Corporation	50.0 billion yen	56.3	Manufacture and marketing of pharmaceuticals	Osaka
Mitsubishi Plastics, Inc.	21.5 billion yen	100.0	Manufacture and marketing of polymer processing products	Tokyo

Company Name	Capital	Equity Investment Ratio (%)	Principal Business	Location
Mitsubishi Rayon Co., Ltd.	53.2 billion yen	100.0	Manufacture and marketing of chemical products	Tokyo
Life Science Institute, Inc.	3.0 billion yen	100.0	Management of the healthcare solutions business	Tokyo
Taiyo Nippon Sanso Corporation	37.3 billion yen	50.5 (14.0)	Manufacture and marketing of industrial gas	Tokyo
The KAITEKI Institute, Inc.	10 million yen	100.0	Study and research on future social trends	Tokyo

Notes:

1. MCC operates businesses that fall into the categories of Performance Products Domain, Industrial Materials Domain and Others.
2. MTPC operates businesses that fall into the category of Health Care Domain.
3. MPI operates businesses that fall into the category of Performance Products Domain.
4. MRC operates businesses that fall into the categories of Performance Products Domain, Industrial Materials Domain and Others.
5. Life Science Institute, Inc. operates businesses that fall into the category of Health Care Domain through its subsidiary.
6. TNSC operates businesses that fall into the category of Industrial Materials Domain. Of the figures of MCHC's equity investment ratios in TNSC listed in the above table, the ratio in brackets shows the ownership ratio of MCC.
7. The KAITEKI Institute, Inc. conducts basic research activities which cannot be classified in any specific domain.

[Indirect Investees]

Domain / Segment	Company Name[Indirect Investees]	Capital	Equity Investment Ratio of the Company (%)	Principal Business	Location
(Performance Products Domain) <u>Electronics Applications</u> <u>Designed Materials</u>	Verbatim Ltd.	3 million euro	100.0	Marketing of recording media and computer peripheral equipment	U.K.
	The Nippon Synthetic Chemical Industry Co., Ltd.	17.9 billion yen	50.9	Manufacture and marketing of polymer processing products	Osaka
	Quadrant AG	27 million Swiss franc	100.0	Management of subsidiary operating engineering plastics business.	Switzerland
(Health Care Domain) <u>Health Care</u>	API Corporation	4.0 billion yen	100.0	Manufacture and marketing of active pharmaceutical ingredients and intermediate bodies	Tokyo
	LSI Medience Corporation	3.0 billion yen	100.0	Clinical testing and medical support services; marketing of in vitro diagnostic agents	Tokyo
	Qualicaps Co., Ltd.	2.8 billion yen	100.0	Manufacture and marketing of capsules for pharmaceuticals and health food, and pharmaceutical processing equipment	Nara

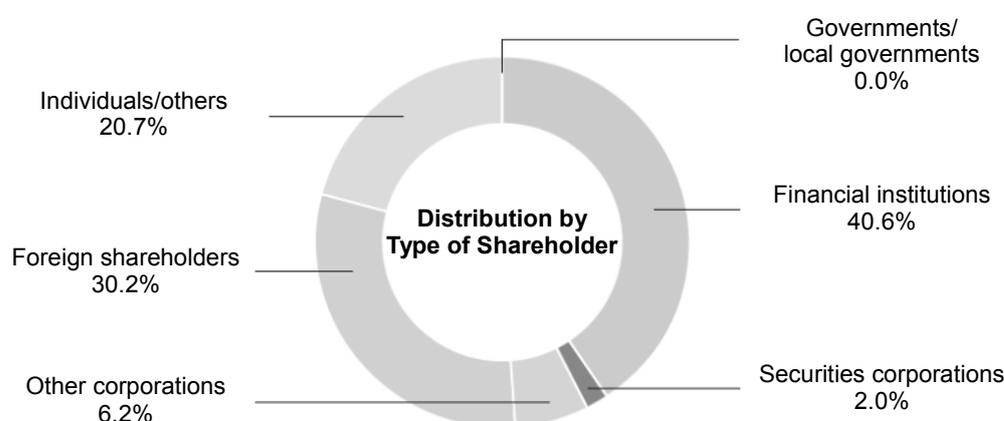
Domain / Segment	Company Name[Indirect Investees]	Capital	Equity Investment Ratio of the Company (%)	Principal Business	Location	
(Industrial Materials Domain) <u>Chemicals</u>	Kansai Coke and Chemicals Co., Ltd.	6.0 billion yen	51.0	Manufacture and marketing of coke	Hyogo	
	Matheson Tri-Gas, Inc.	42 U.S. dollars	100.0	Manufacture and marketing of industrial gas	U.S.A.	
	<u>Polymers</u>	Japan Polypropylene Corporation	11.7 billion yen	65.0	Manufacture and marketing of polypropylene	Tokyo
		Japan Polyethylene Corporation	7.5 billion yen	58.0	Manufacture and marketing of polyethylene	Tokyo
		Mitsubishi Rayon Lucite Group Limited	246 million U.K. pounds	100.0	Management of subsidiaries that engage in MMA business	U.K.
(Others)	Mitsubishi Chemical Logistics Corporation	1.5 billion yen	100.0	Logistics and warehouse services	Tokyo	
	Mitsubishi Chemical Engineering Corporation	1.4 billion yen	100.0	Engineering and construction services	Tokyo	

2. Matters Related to Corporate Stocks (as of March 31, 2016)

(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:
172,016 (representing a year-on-year decrease of 1,508 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)	84.178	5.7
Japan Trustee Services Bank, Ltd. (Trust Account)	77.474	5.2
Meiji Yasuda Life Insurance Company	64.388	4.3
Nippon Life Insurance Co.	42.509	2.9
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	31.105	2.1
Tokio Marine and Nichido Fire Insurance Co., Ltd.	25.638	1.7
Japan Trustee Services Bank, Ltd. (Trust Account 4)	21.761	1.4
STATE STREET BANK WEST CLIENT-TREATY 505234	20.589	1.4
Japan Trustee Services Bank, Ltd. (Trust Account 9)	19.727	1.3
Taiyo Life Insurance Company	18.838	1.2

Notes:

- In addition to the above, MCHC holds 41.485 million shares as treasury stocks, but these shares are non-voting pursuant to the provisions of Article 308, Paragraph 2 of the Companies Act.
- Equity investment ratios are calculated to the exclusion of the treasury stock (41.485 million shares).
- In addition to the above, equity investments of The Bank of Tokyo-Mitsubishi UFJ, Ltd. in MCHC include 4.750 million shares of stock (representing the equity investment ratio of 0.3%) held in the name of "The Nomura

Trust and Banking Co., Ltd. (Retirement Benefit Trust The Bank of Tokyo-Mitsubishi UFJ Account)” over which The Bank of Tokyo-Mitsubishi UFJ, Ltd. retains the right to issue instructions regarding the exercise of the relevant voting right.

3. Matters Related to the Company's Officers

(1) Details of Directors (as of March 31, 2016)

Name	Position and responsibility at the company	Significant concurrent positions
Yoshimitsu Kobayashi	Member of the Board, Chairperson Member of the Nominating Committee	Member of the Board, Chairperson of Mitsubishi Chemical Corporation Member of the Board, Chairperson of The KAITEKI Institute, Inc. Outside Director of Toshiba Corporation Chairperson of Japan Association of Corporate Executives Chairperson of Japan Chemical Industry Association Chairperson of Council on Competitiveness-Nippon
Hiroaki Ishizuka	Member of the Board, Vice Chairperson Member of the Compensation Committee	Member of the Board, President and CEO of Mitsubishi Chemical Corporation Member of the Board of The KAITEKI Institute, Inc. Member of the Board, Chairperson of SPDC Ltd.
Takumi Ubagai	Member of the Board, Vice Chairperson Member of the Compensation Committee	Member of the Board, President and CEO of Mitsubishi Plastics, Inc. Member of the Board of The KAITEKI Institute, Inc.
Hitoshi Ochi	Member of the Board Member of the Nominating Committee President, CEO	Member of the Board, President and CEO of Mitsubishi Rayon Co., Ltd. Member of the Board of The KAITEKI Institute, Inc. Member of the Board, Chairperson of Mitsubishi Rayon Lucite Group Limited Director, Chi Mei Corporation
Masayuki Mitsuka	Member of the Board	Member of the Board, President and CEO of Mitsubishi Tanabe Pharma Corporation Member of the Board of The KAITEKI Institute, Inc.
Yujiro Ichihara	Member of the Board	President and CEO of Taiyo Nippon Sanso Corporation Member of the Board of The KAITEKI Institute, Inc.
Glenn H. Fredrickson	Member of the Board Managing Corporate Executive Officer	Professor, Departments of Chemical Engineering and Materials, University of California, Santa Barbara
Akira Nakata	Member of the Board Member of the Audit Committee (Chairperson)	Corporate Auditor of Mitsubishi Plastics, Inc. Corporate Auditor of Life Science Institute, Inc.
Yoshihiro Umeha	Member of the Board Member of the Audit Committee	Corporate Auditor of Mitsubishi Chemical Corporation Corporate Auditor of Mitsubishi Rayon Co., Ltd. Corporate Auditor of The KAITEKI Institute, Inc.
Takeo Kikkawa	Outside Member of the Board Member of the Nominating Committee (Chairperson) Member of the Compensation Committee	Professor, Graduate School of Innovation Studies of Tokyo University of Science
Taigi Ito	Outside Member of the Board Member of the Audit Committee Member of the Compensation Committee (Chairperson)	Certified Public Accountant Outside Corporate Auditor of Mitsubishi Chemical Corporation Outside Corporate Auditor of IT Holdings Corporation Outside Corporate Auditor of Idemitsu Kosan Co., Ltd.
Kazuhiro Watanabe	Outside Member of the Board Member of the Nominating Committee Member of the Audit Committee Member of the Compensation Committee	Lawyer Outside Corporate Auditor of Mitsubishi Plastics, Inc. Professor, the Law School of Tokai University

Name	Position and responsibility at the company	Significant concurrent positions
Hideko Kunii	Outside Member of the Board Member of the Nominating Committee Member of the Audit Committee	Deputy President of Shibaura Institute of Technology Professor, Graduate School of Engineering Management of Shibaura Institute of Technology Director of Center for Promotion of Educational Innovation Gender Equality Promotion Office of Shibaura Institute of Technology Outside Director of Innovation Network Corporation of Japan Outside Director of Tokyo Electric Power Company Holdings, Incorporated. Outside Director of Honda Motor Co., Ltd.

Notes:

1. Four Directors, Takeo Kikkawa, Taigi Ito, Kazuhiro Watanabe, and Hideko Kunii are Outside Directors as prescribed in Article 2, Item 15 of the Companies Act. The Company has designated these four Outside Directors as independent officers pursuant to the rules and regulations of the Tokyo Stock Exchange and notified the Stock Exchange accordingly.
2. Having served as Finance Group Manager and Accounting Group Manager of MCC, Director Yoshihiro Umeha has considerable knowledge of finance and accounting.
3. Director Taigi Ito has considerable knowledge about finance and accounting as he is qualified as Certified Public Accountant.
4. Of other corporations where the Company's outside officers hold concurrent positions, MCC and MPI are the Company's subsidiaries. Meanwhile, there is no special relationship between other corporations where the Company's outside officers hold concurrent positions and the Company.
5. Directors Akira Nakata and Yoshihiro Umeha are the full-time members of the Audit Committee. MCHC 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 officers 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.
7. One of Director Hideko Kunii's concurrent positions outside the Company, Tokyo Electric Power Company, Incorporated., changed its company name to Tokyo Electric Power Company Holdings, Incorporated. on April 1, 2016.

(2) Attendance at meetings of the Board of Directors and each Committee

Name	Board of Directors meetings	Nominating Committee meetings	Audit Committee meetings	Compensation Committee meetings
Yoshimitsu Kobayashi	11/11 (100%)	4/4(100%)	-	-
Hiroaki Ishizuka	11/11 (100%)	-	-	4/4(100%)
Takumi Ubagai	11/11 (100%)	-	-	4/4(100%)
Hitoshi Ochi	10/11 (90%)	4/4(100%)	-	-
Masayuki Mitsuka	11/11 (100%)	-	-	-
Yujiro Ichihara	6/7 (85%)	-	-	-
Glenn H. Fredrickson	10/11 (90%)	-	-	-
Akira Nakata	7/7 (100%)	-	10/10(100%)	-
Yoshihiro Umeha	7/7 (100%)	-	10/10(100%)	-
Takeo Kikkawa	10/11 (90%)	4/4(100%)	-	4/4(100%)
Taigi Ito	7/7 (100%)	-	10/10(100%)	4/4(100%)
Kazuhiro Watanabe	7/7 (100%)	4/4(100%)	10/10(100%)	4/4(100%)
Hideko Kunii	7/7 (100%)	4/4(100%)	10/10(100%)	-

(3) Main Activities by Outside Officers

Name	Status of activities
Takeo Kikkawa	During the Board of Directors meetings, he provided relevant input that drew on his profound insight on company management from a view of the business history as well as his experience as an energy industry expert. Serving as the chair of the Nominating Committee, he fulfilled his assigned duties by presiding over the committee meetings and reporting to the Board of Directors on meeting outcomes. As a member of the Compensation Committee, he provided relevant input to the committee.
Taigi Ito	During the Board of Directors meetings, he provided relevant input that drew on his experience and profound insight as a certified public accountant. As a member of the Audit Committee, he developed audit plans, conducted interviews to ascertain implementation status and results of audits, and contributed relevant input. Serving as the chair of the Compensation Committee, he fulfilled his assigned duties by presiding over the committee meetings and reporting to the Board of Directors on meeting outcomes.
Kazuhiro Watanabe	During the Board of Directors meetings, he provided relevant input that drew on his experience and profound insight as a prosecutor and lawyer. As a member of the Nominating Committee and the Compensation Committee, he provided relevant input to the committees. As a member of the Audit Committee, he developed audit plans, conducted interviews to ascertain implementation status and results of audits, and contributed relevant input.
Hideko Kunii	During the Board of Directors meetings, she provided relevant input that drew largely on her profound insight in diversity promotion as well as extensive experience in company management and expertise in the information processing domain. As a member of the Nominating Committee, she provided relevant input to the committee. As a member of the Audit Committee, she developed audit plans, conducted interviews to ascertain implementation status and results of audits, and contributed relevant input.

(4) Details of Corporate Executive Officers (as of March 31, 2016)

Name	Position	Responsibility at the company	Significant concurrent positions
Hitoshi Ochi	Representative Corporate Executive Officer President and CEO		Member of the Board, President and CEO of Mitsubishi Rayon Co., Ltd. Member of the Board of The KAITEKI Institute, Inc. Member of the Board, Chairperson of Mitsubishi Rayon Lucite Group Limited Director, Chi Mei Corporation
Noriyoshi Ohira	Representative Corporate Executive Officer Senior Management Corporate Executive Officer Chief Compliance Officer	Public Policy and Relation, PR, Administration, Human Resources and Internal Control	Member of the Board of Life Science Institute, Inc.
Kenkichi Kosakai	Representative Corporate Executive Officer Senior Management Corporate Executive Officer Chief Financial Officer	Corporate Management, IR and Information Systems	Member of the Board of Mitsubishi Rayon Co., Ltd. Member of the Board, President and CEO of Mitsubishi Chemical Holdings Corporate Staff
Masanori Karatsu	Senior Management Corporate Executive Officer	Production, RC, Purchasing, Logistics and Engineering	Member of the Board of Mitsubishi Chemical Corporation Member of the Board of Taiyo Nippon Sanso Corporation Member of the Board of Mitsubishi Chemical Engineering Corporation Member of the Board of Mitsubishi Chemical Logistics Corporation
Ryoji Tanaka	Managing Corporate Executive Officer	Business Strategy, Strategy by Region, Marketing and Automotive Solutions	Member of the Board of Mitsubishi Plastics, Inc.
Glenn H. Fredrickson	Managing Corporate Executive Officer	R&D	Professor, Departments of Chemical Engineering and Materials, University of California, Santa Barbara
Hisao Urata	Managing Corporate Executive Officer	R&D	Member of the Board, President and CEO of MCHC R&D Synergy Center, Inc.
Steve P. Yurich	Managing Corporate Executive Officer	Strategy by Region, Marketing and Automotive Solutions	Member of the Board of Mitsubishi Plastics, Inc. Member of the Board, President and CEO of Mitsubishi Chemical Holdings Europe GmbH President and CEO of Quadrant AG

Notes:

1. Executive Officers Hitoshi Ochi and Glenn H. Fredrickson also serve as Directors.
2. Hisao Urata resigned from his position as Corporate Executive Officer on April 1, 2016.

(Reference)

Corporate Executive Officers as of April 1, 2016

Name	Position	Responsibility	Significant concurrent position
Hitoshi Ochi	Representative Corporate Executive Officer President and CEO		Member of the Board, President and CEO of Mitsubishi Rayon Co., Ltd. Member of the Board of The KAITEKI Institute, Inc. Director, Chi Mei Corporation
(Reason for appointment) After Working in manufacturing departments, Hitoshi Ochi engaged in the Corporate Strategy Office and other departments of MCHC and MCC and now serves as Representative Corporate Executive Officer, President & CEO of MCHC and Member of the Board, President & CEO of MRC. He has abundant experience and profound insight in the businesses of the MCHC Group as well as in corporate management, and thus the Board of Directors believes that he is qualified for the chief officer for business execution of the Company.			
Noriyoshi Ohira	Representative Corporate Executive Officer Senior Management Corporate Executive Officer Chief Compliance Officer	Public Policy and Relation, PR, Administration, Human Resources and Internal Control	Member of the Board of Life Science Institute, Inc.
(Reason for appointment) Having engaged in the management of the MCHC Group over many years, Noriyoshi Ohira has abundant experience and profound insight especially in human resources and internal control domains. The Board of Directors thus believes that he is qualified for the chief officer of PR, general affairs, human resources, and internal controls of the Company.			
Kenkichi Kosakai	Representative Corporate Executive Officer Senior Management Corporate Executive Officer Chief Financial Officer	Corporate Management, IR and Information Systems	Member of the Board of Mitsubishi Rayon Co., Ltd. Member of the Board, President and CEO of Mitsubishi Chemical Holdings Corporate Staff
(Reason for appointment) Having engaged in the management of the MCHC Group over many years, Kenkichi Kosakai has abundant experience and profound insight especially in the accounting and finance domains. The Board of Directors thus believes that he is qualified for the chief officer of corporate management, IR, and information systems of the Company.			
Masanori Karatsu	Senior Management Corporate Executive Officer	Production, RC, Purchasing, Logistics and Engineering	Member of the Board of Taiyo Nippon Sanso Corporation
(Reason for appointment) Having engaged in the management of the MCHC Group over many years, Masanori Karatsu has abundant experience and profound insight especially in the industrial materials business domain and production technologies. The Board of Directors thus believes that he is qualified for the chief officer of production, RC, purchasing, logistics, and engineering operations.			
Ryoji Tanaka	Managing Corporate Executive Officer	Business Strategy, Strategy by Region, Marketing and Automotive Solutions	Member of the Board of Mitsubishi Plastics, Inc.
(Reason for appointment) Having engaged in the management of the MCHC Group over many years, Ryoji Tanaka has abundant experience and profound insight especially in the industrial materials and performance products business domains. The Board of Directors thus believes that he is qualified for the chief officer of corporate strategies and other operations of the Company.			

Name	Position	Responsibility	Significant concurrent position
Glenn H. Fredrickson	Managing Corporate Executive Officer	R&D	Professor, Departments of Chemical Engineering and Materials, University of California, Santa Barbara
(Reason for appointment) Glenn H. Fredrickson is a university professor in the U.S. and has profound insight as an international authority in the polymer chemistry domain as well as abundant experience as a consultant for global corporations. In addition, serving as a Director of Mitsubishi Chemical Center for Advanced Materials at the University of California, Santa Barbara, he is experienced in the Company's R&D activities. Therefore, the Board of Directors believes that he is qualified for the chief officer in charge of R&D operations of the Company.			
Steve P. Yurich	Managing Corporate Executive Officer	Strategy by Region, Marketing and Automotive Solutions	Member of the Board of Mitsubishi Plastics, Inc. Member of the Board, President and CEO of Mitsubishi Chemical Holdings Europe GmbH President and CEO of Quadrant AG
(Reason for appointment) Having engaged in the management of the MCHC Group over many years, Steve P. Yurich has abundant experience and profound insight especially in the performance products business domain and global business operations. The Board of Directors thus believes that he is qualified for the chief officer of regional strategies, marketing, and automotive solutions.			

(5) 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

- Remuneration for directors shall consist only of basic remuneration (fixed remuneration).
- Basic remuneration shall be based on title and classification such as full-time or part-time.
- The amount of remuneration shall be determined such that it would be at a level necessary for securing personnel suitable for carrying out the responsibilities of a director of Company with Nominating Committee, etc., while also taking into consideration the levels of other companies.

* When a director concurrently serves as a Corporate Executive Officer, remuneration as a Corporate Executive Officer shall be applied.

Corporate Executive Officer

- Remuneration for Corporate Executive Officers shall consist of basic remuneration (fixed remuneration) and performance remuneration (variable remuneration).
- Basic remuneration shall be based on title and duties such as having the right of representation.
- The amount of remuneration shall be determined such that it would be at a level necessary for securing good management personnel and improving the Company's competitiveness, while also taking into consideration the levels of other companies.
- Performance remuneration shall utilize Stock Options as stock-linked compensation (1-Yen Stock Options) in order to improve continuously medium- to long-term corporate value as well as create incentive for sharing shareholder value.

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

Category	Remuneration	
	No. of Persons	Amount (in million yen)
Directors	14	254
Corporate Executive Officers	8	214
Corporate Auditors	5	28
Sum Total	22	497

Notes:

1. The amounts paid for remuneration, etc. listed above were paid to the Corporate Auditors before the Company transitioned to a company with a nominating committee, etc. in June 2015.
2. Directors who also serve as Corporate Executive Officers are remunerated for their services as Corporate Executive Officers as stated in the policy in (5).
3. The above-stated amounts of remuneration paid to Directors include performance remuneration of ¥16 million utilizing Stock Options.
4. In addition to the above remuneration paid to Directors, Corporate Executive Officers, and Corporate Auditors, ¥296 million, ¥85 million, and ¥4 million of remuneration were respectively paid by MCHC's subsidiaries to Directors, Corporate Executive Officers, and Corporate Auditors who concurrently served as executive officers of the said subsidiaries.
5. The above-stated amounts of remuneration paid to Directors and Corporate Auditors include ¥46 million paid to five outside Officers as well as ¥12 million paid by MCHC subsidiaries, including MCC and MPI, to outside Officers who also serve as Corporate Auditors of these subsidiaries.
6. The sum total is stated without any duplication arising from Corporate Auditors retiring and assuming office as Directors at the time of transition to a company with a nominating committee, etc.

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	54
(ii) Sum total of money and other financial benefits to be paid by MCHC and its subsidiaries to the Accounting Auditor	1,144

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 provide consulting services having to do with the introduction of the International Financial Reporting Standards (IFRS).

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

If the Accounting Auditor is 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.

Note: Ernst & Young ShinNihon LLC received a sanction from the Financial Services Agency (FSA) as noted in (6). However, the Company has decided to reappoint the firm as the Accounting Auditor as the following were verified: (i) the matters as raised as reasons for the sanction were not found in the previous audits of MCHC and its subsidiaries and thus the quality of these audits was ensured; and (ii) the firm developed and implemented an appropriate business improvement plan as required by the sanction.

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

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

(6) Business Suspension Order Accounting Auditor Received in Past Two Years

Disciplinary actions announced by the Financial Services Agency on December 22, 2015 are as outlined below.

1) Subject Ernst & Young ShinNihon LLC

2) Details

- Suspension of new business contracts operations for three months (January 1, 2016 to March 31, 2016)

- Business improvement order (the improvement of business management structures)

3) Reasons

- In auditing the financial documents of other companies, the firm neglected due care and attested the financial documents containing material misstatements as if they contained no material misstatements.

- The firm committed a grave breach of duty by failing to fully communicate past recommendations made by the Certified Public Accountants and Auditing Oversight Board across the organization.

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

- 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 Executive Management 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 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

- While attending the Board of Directors meetings, the Executive Management Committee meetings, and other important meetings, the Members of the Audit Committee had proactive information exchange with Corporate Executive Officers including the President, and Office general managers. The Audit Committee has also received a regular report from the Internal Audit Office and Internal Control Office on their activities, coordinating closely with the internal auditing division in an effort to enhance the effectiveness of audits.

- 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.

- 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.

- 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 from being treated unfavorably for making such a report. Management has also stipulated rules that require the Company to bear any portion of costs disbursed by the Audit Committee or its members if the said portion is reasonably deemed to be necessary for the execution of the duties of the committee or its members, and operates the rules.

*In addition to the hotline system with the Internal Control Office and external lawyers as contact points, another hotline to the Audit Committee was opened on April 1, 2016 in a bid to strengthen the system described in 1).

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, the President and CEO makes decisions on matters essential to the management of the MCHC Group after they are deliberated at the Executive Management Committee meeting. The authority to make decisions on other matters is delegated to Corporate Executive Officers and departments as well as subsidiaries in order to ensure efficient business operations.

- Under the basic policy of the medium-term management plan “APTSIS 15”, the Company precisely comprehended changes in the global economy and markets and took various measures such as the reform and transformation of business structures and the strengthening of profitability. At the same time, it decided to integrate three companies (MCC, MPI, and MRC) into Mitsubishi Chemical Corporation in April 2017 in order to strengthen the business foundation for the domains of performance products and industrial materials.

- While making efforts to promote the KAITEKI Management and instill the management philosophy “KAITEKI” inside and outside the Group, the Company strived to improve the MOS Indices that index the degree of contribution to society and the environment.

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

- The Company has formulated guidelines for the Group Charter of Corporate Behavior,

made it available in English and Chinese to disseminate it across the MCHC Group.

- 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 and awareness surveys in and out of Japan with their scope expanded and made efforts to develop systems to promote compliance overseas such as the opening of external hotlines in China and Singapore.

4) Regulations and other systems for managing risks of loss

- From the point of view of anti-bribery, antitrust, prevention of labor issues, large-scale natural disaster responses, etc., the Company enhanced the risk management system further.

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

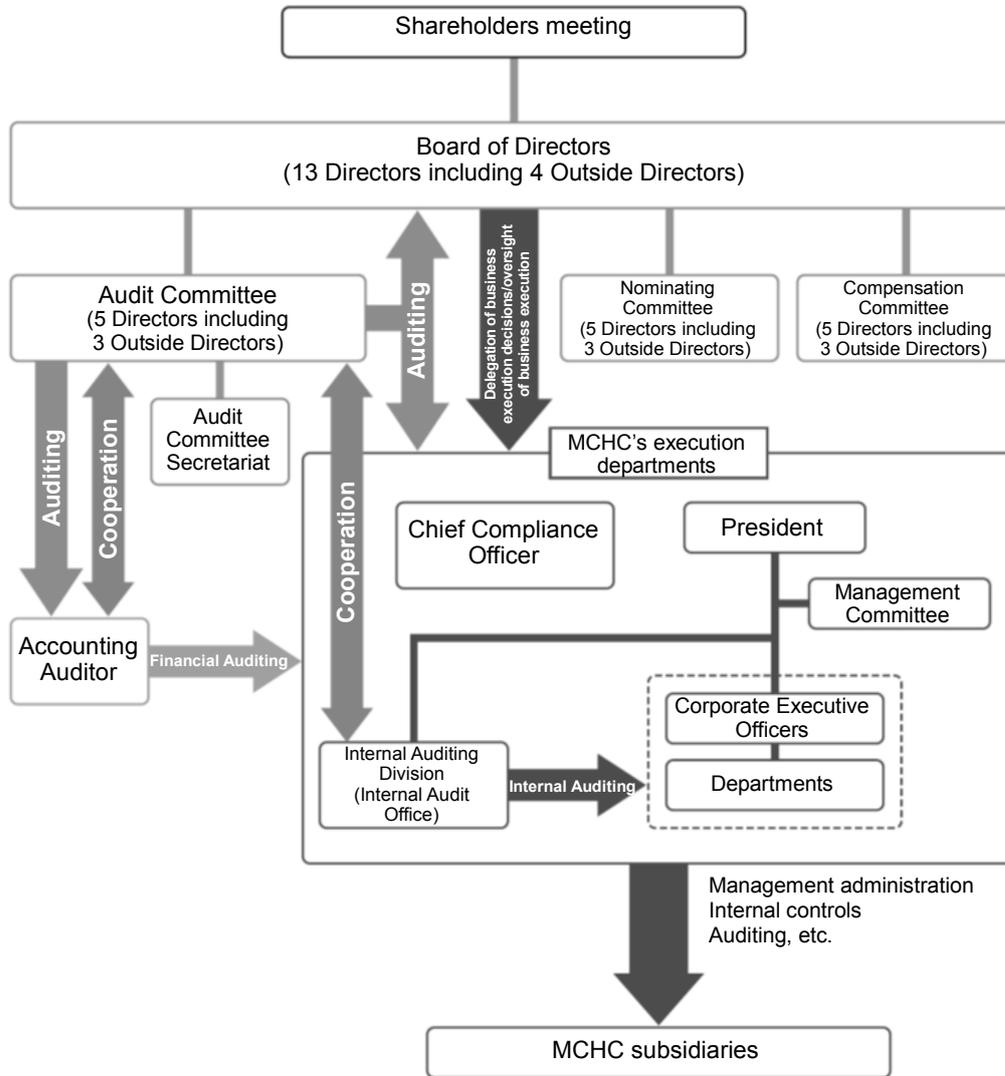
- By developing the Information Management Guideline as a guideline for managing and using information appropriately in line with the Information Security Policy, the Company developed the system to manage its information.

6) System for assuring operational legitimacy within the corporate group

- The Company has managed subsidiaries in accordance with the "APTSIS 15" medium-term management plan as well as the annual budget and investment plan, and provided necessary oversight for their operations.

- Through Regional Control Companies established in North America, Europe, and China, the Company worked toward ensuring compliance and risk management based on the characteristics of each region and developed the internal auditing system.

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



6. 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.

7. 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 payout for the fiscal year under review

Profit attributable to owners of parent declined year on year due to a fixed asset impairment loss posted for the petrochemical-related business, etc. However, while working under the APTSIS 15 medium-term management plan to enhance and boost its revenue base in the medium term, the Company saw operating income reach the target figure set for the final year of the plan as it hit its highest point ever.

After taking a comprehensive look at the above policy and these circumstances as well as future business developments etc., the Company decided to increase the year-end dividend by 1 yen over last year's figure to make it 8 yen per common share.

Combined with an interim dividend of 7 yen per share, the total annual dividend will be 15 yen per share, with the consolidated dividend payout ratio standing at 47.3%.

Matters Related to Stock Acquisition Rights

(1) Overview of Stock Acquisition Rights Held by MCHC's Officers (as of March 31, 2016)

Date of Resolution for Issue	Amount Paid In per Stock Acquisition Right	Exercise Period	Status of Stock Acquisition Rights Held by Directors and Corporate Executive 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

Notes:

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

(2) Stock Acquisition Rights Issued for Executive Officers etc. during the Fiscal Year Ended March 31, 2016

Date of Resolution for Issue	Amount Paid For Stock Acquisition Right	Exercise Period	Status of Stock Acquisition Rights Held by Officers	Type and No. of Stock as Objects of Stock Acquisition Rights
September 11, 2015	Gratis	From September 29, 2015 to September 28, 2035	MCHC's Executive Officers (1) 210 units MCHC's retired Director (1) 390 units MCHC's retired Executive Officers (4) 960 units	78,000 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 stock acquisition rights only if they lose all of their positions as Director, Corporate Executive Officer, Corporate Auditor, or Executive Officers of MCHC and its subsidiaries during the respective Exercise Periods.
- Of the four retired Executive Officers, three were Corporate Executive Officers of the Company at the time of delivery of the stock acquisition rights.
- Of the four retired Executive Officers, one was Corporate Executive Officers of the Company at the time of delivery of the stock acquisition rights.

(3) Aggregate Number of Stock Acquisition Rights (as of March 31, 2016)

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

- | | |
|---|---------------------------------------|
| a) Aggregate number of stock acquisition rights | 18,313 units |
| b) Type and number of stock as objects of stock acquisition right | 915,650 shares of MCHC's common stock |

mitsubishi chemical holdings corporation

Consolidated Balance Sheet

11th Consolidated Fiscal Year (As of March 31, 2016)

Unit: Millions of yen

Assets

Current assets:

Cash and deposits	314,782
Trade receivables	703,996
Securities	123,500
Inventories	547,826
Deferred income taxes—current	32,339
Other	99,091
Allowance for doubtful accounts	(4,032)
Total current assets	1,817,502

Fixed assets

Property, plant and equipment:

Buildings and structures	340,070
Machinery and equipment	584,748
Land	304,888
Construction in progress	88,551
Other	72,470
Total property, plant and equipment	1,390,727

Intangible fixed assets:

Goodwill	248,164
Other	170,860
Total intangible fixed assets	419,024

Investments and other assets:

Investment securities	266,926
Long-term loans receivable	5,084
Deferred income taxes—noncurrent	62,211
Assets for retirement benefit	17,811
Other	83,678
Allowance for doubtful accounts	(1,391)
Total investments and other assets	434,319
Total fixed assets	2,244,070
Total assets	4,061,572

MITSUBISHI CHEMICAL HOLDINGS CORPORATION

Consolidated Balance Sheet (continued)

11th Consolidated Fiscal Year (As of March 31, 2016)

Unit: Millions of yen

Liabilities

Current liabilities:

Trade payables	408,315
Short-term borrowings	394,688
Current portion of long-term borrowings	138,471
Commercial paper	30,000
Current portion of bonds payable	40,010
Accrued income taxes	39,914
Accrued bonuses to employees	42,516
Reserve for periodic repairs scheduled within one year	6,683
Reserve for current portion of prospective loss on removal of fixed assets	3,893
Other	241,754
Total current liabilities	1,346,244

Long-term liabilities:

Bonds payable	325,000
Long-term borrowings	537,583
Deferred tax liabilities	76,994
Accrued retirement benefits for directors	2,146
Provisions for possible losses in connection with litigation	9,106
Reserve for periodic repairs	1,571
Reserve for prospective loss on removal of fixed assets	982
Reserve for costs associated with liquidation of subsidiaries and affiliates	415
Reserve for environmental measures	2,334
Liabilities for retirement benefit	143,713
Other	60,956
Total long-term liabilities	1,160,800
Total liabilities	2,507,044

Net Assets

Shareholders' equity:

Common stock	50,000
Additional paid-in capital	317,037
Retained earnings	549,430
Less, Treasury stock at cost	(16,240)
Total shareholders' equity	900,227

Accumulated other comprehensive income:

Net unrealized holding gain on other securities	16,011
Loss on deferred hedges	139
Land revaluation surplus	790
Foreign currency translation adjustments	32,261
Accumulated adjustment for retirement benefit	(17,176)
Total accumulated other comprehensive income	32,025

Warrants

	515
Non-controlling interests	621,761
Total net assets	1,554,528
Total liabilities and net assets	4,061,572

MITSUBISHI CHEMICAL HOLDINGS CORPORATION

Consolidated Statement of Income

11th Consolidated Fiscal Year (Year ended March 31, 2016)

Unit: Millions of yen

Net sales	3,823,098
Cost of sales	2,779,584
Gross profit	1,043,514
Selling, general and administrative expenses	763,488
Operating income	280,026
Other income	
Interest income	3,360
Dividend income	9,070
Equity in earnings of affiliates	10,105
Other	11,531
Total other income	34,066
Other expenses	
Interest expenses	19,293
Foreign exchange losses, net	7,094
Loss on sales and disposal of property, plant and equipment	2,442
Other	14,647
Total other expenses	43,476
Ordinary income	270,616
Extraordinary income	
Gain on sales of investment securities	30,231
Gain on sales of fixed assets	3,622
Other	4,425
Total extraordinary income	38,278
Extraordinary losses	
Impairment loss	78,992
Special retirement expenses	15,502
Loss on sales and disposal of property, plant and equipment	4,156
Other	11,996
Total extraordinary losses	110,646
Income before income taxes and minority interests in consolidated subsidiaries	198,248
Current income taxes	80,829
Deferred income taxes	11,819
Profit	105,600
Profit attributable to non-controlling interests	59,156
Profit attributable to owners of parent	46,444

MITSUBISHI CHEMICAL HOLDINGS CORPORATION
Consolidated Statement of Changes in Net Assets
11th Consolidated Fiscal Year (Year ended March 31, 2016)

Unit: Millions of yen

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2015	50,000	317,714	523,149	(16,236)	874,627
Changes during the fiscal year					
Cash dividends			(20,507)		(20,507)
Profit attributable to owners of parent			46,444		46,444
Purchase of treasury stock				(48)	(48)
Disposition of treasury stock		4		11	15
Changes in equity of the parent related to transactions with non-controlling shareholders		(681)			(681)
Change of scope of consolidation			86		86
Change of scope of equity method			(504)	33	(471)
Reversal of land revaluation surplus			762		762
Net change in items other than those in shareholders' equity					
Total changes during fiscal year	-	(677)	26,281	(4)	25,600
Balance at March 31, 2016	50,000	317,037	549,430	(16,240)	900,227

Unit: Millions of yen

	Accumulated other comprehensive income						Warrants	Non-controlling interests	Total net assets
	Net unrealized holding gain on other securities	Gain (Loss) on deferred hedges	Land revaluation surplus	Foreign currency translation adjustments	Accumulated adjustment for retirement benefits	Total accumulated other comprehensive income			
Balance at April 1, 2015	40,308	(26)	1,682	59,947	4,455	106,366	471	607,137	1,588,601
Changes during the fiscal year									
Cash dividends						-			(20,507)
Profit attributable to owners of parent						-			46,444
Purchase of treasury stock						-			(48)
Disposition of treasury stock						-			15
Changes in equity of the parent related to transactions with non-controlling shareholders									(681)
Change of scope of consolidation						-			86
Change of scope of equity method						-			(471)
Reversal of land revaluation surplus						-			762
Net change in items other than those in shareholders' equity	(24,297)	165	(892)	(27,686)	(21,631)	(74,341)	44	14,624	(59,673)
Total changes during fiscal year	(24,297)	165	(892)	(27,686)	(21,631)	(74,341)	44	14,624	(34,073)
Balance at March 31, 2016	16,011	139	790	32,261	(17,176)	32,025	515	621,761	1,554,528

Notes to the Consolidated Financial Statements

Basis of Preparation of Consolidated Financial Statements

1. Scope of Consolidation

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

Number of consolidated subsidiaries: 522

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

(Increase: 20 companies)

- Increase as a result of additional share acquisition: Clio Inc. and two other companies
- Increase as a result of new share acquisition: Renegade Gas Pty Ltd., Eisai Food & Chemical Co., Ltd., and two other companies
- Increase as a result of new establishment: TNSC (Australia) Pty Ltd. and four other companies
- Increase as a result of raised importance: Fushun Taiyo Nippon Sanso Gas Co., Ltd. and seven other companies

(Decrease: 21 companies)

- Decrease as a result of extinction in mergers: Nichigo Engineering Co., Ltd. and 13 other companies
- Decrease as a result of completion of liquidation: MP-Logistics Corporation and five other companies
- Decrease as a result of a capital increase leading to a decrease in the equity interest that caused a change from consolidated subsidiary to affiliate: Yahata Sanso Center Co., Ltd. (former Yahata Kyodo Ekisan Co., Ltd.)

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

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

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

2. Scope of Equity Method

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

Number of non-consolidated subsidiaries and affiliates to which equity method is applied:
76

Name of major affiliate: Mitsubishi Engineering-Plastics Corporation

(Increase: 3 companies)

- Increase as a result of raised importance: PT Samator Taiyo Nippon Sanso Indonesia and one other company
- Increase as a result of a capital increase leading to a decrease in the equity interest that caused a change from consolidated subsidiary to affiliate: Yahata Sanso Center Co., Ltd. (former Yahata Kyodo Ekisan Co., Ltd.)

(Decrease: 5 companies)

- Change to a consolidated subsidiary as a result of additional share acquisition: Air Products Industry Co., Ltd. and one other company
- Decrease as a result of completion of liquidation: Imperial Gas Control Equipment Co., Ltd.
- Decrease as a result of sale of shares: Kawasaki Kasei Chemicals Ltd. and one other company

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

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

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

3. Matters Related to Fiscal Year of Consolidated Subsidiaries

With respect to Quadrant AG and 125 other companies, the account settlement date was changed from December 31 to March 31 during the consolidated fiscal year under review. Hence the consolidated financial statements are prepared on the basis of their financial statements covering the 12 months ended on the account settlement date of December 31, 2015, combined with their financial statements covering the 3 months ended on the account settlement date of March 31, 2016.

4. Significant Accounting Policies

(1) Valuation methods of securities

Held-to-maturity bonds

Either amortized or accumulated to face value

Other securities with quoted market prices

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

Other securities without quoted market prices

Stated at cost principally based on the moving average method.

(2) Valuation methods of inventories

Merchandise, finished goods, raw materials and other inventories

Stated at cost principally based on the moving average method

Supplies (excluding packaging materials and deteriorated assets)

Stated at cost principally based on the periodic average method

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

(3) Method of depreciating important depreciable assets

Principally by the straight-line method

(4) Basis for Significant Reserves

Allowance for Doubtful Accounts

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

Accrued Bonuses to Employees

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

Provisions for Possible Losses in Connection with Litigation

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

1. Reserve for Health Management Allowances for HIV Compensation: ¥1,564 million

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

2. Reserve for HCV Litigation: ¥5,020 million

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

3. Reserve for Health Management Allowances for SMON (Sub-acute Myelo-Optico-Neuropathy) Compensation: ¥2,522 million

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

(d) Reserve for Periodic Repairs

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

(e) Accrued Retirement Benefits for Officers

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

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

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

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

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

(h) Reserve for Environmental Measures

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

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

(i) Accounting treatment on retirement benefit

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

remaining service period of employees from the year when it is incurred.

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

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

(iii) Method and period of amortization of goodwill

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

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

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

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

5. Changes in Accounting Policies

(Changes in accounting policies)

Application of accounting standards for business combinations

As a result of the application of the "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013; hereinafter the "Business Combinations Accounting Standard"), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013; hereinafter the "Consolidated Accounting Standard"), "Revised Accounting Standard for Business

Divestitures” (ASBJ Statement No. 7, September 13, 2013; hereinafter the “Business Divestitures Accounting Standard”), and other standards from the fiscal year under review, the accounting method has been changed to the one whereby the difference associated with changes in equity in subsidiaries remaining under the control of the Company is recorded as additional paid-in capital and acquisition-related costs are recorded as expenses for the fiscal year when they are incurred. Furthermore, for business combinations carried out on or after April 1, 2015, changes have been made to the accounting method for cases when, in the fiscal year following the fiscal year of the business combination, it becomes necessary to conduct a review of the allocable amount of acquisition cost because the target of a tentative accounting treatment is now finalized. The new method for the aforementioned separately presents the amount of the effect from the revision on the beginning balance of the fiscal year in which that revision was performed and states a beginning balance for that fiscal year that reflects the amount of that effect. Changes have also been made in the presentations of, etc., including a change from “minority interests” to “non-controlling interests.”

With regard to the application of the Business Combinations Accounting Standard, the transitional treatment as set forth in Article 58-2 (4) of the Business Combinations Accounting Standard, Article 44-5 (4) of the Consolidated Accounting Standard, and Article 57-4 (4) of the Business Divestitures Accounting Standard has been adopted from the beginning of the consolidated fiscal year under review onward.

The effects on operating income, ordinary income, and profit before income taxes for the fiscal year under review and additional paid-in capital at the end of the consolidated fiscal year under review is minimal.

6. Additional Information

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

On March 29, 2016, the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 15 of 2016) and the “Act for Partial Revision of the Local Tax Act, etc.” (Act No. 13 of 2016) were enacted, under which the corporation tax rate, etc. would be changed in the consolidated fiscal year commencing on or after April 1, 2016. Accordingly, for the consolidated fiscal year under review, the Company calculated deferred tax assets and deferred tax liabilities using the statutory effective tax rate based on a revised tax rate corresponding to a consolidated fiscal year, in which taxable temporary differences are expected to be eliminated.

With respect to carry-forward of losses, an amount equivalent to sixty hundredths of income before carry-forward of losses for a consolidated fiscal year that starts on April 1,

2016 and after, an amount equivalent to fifty-five hundredths of income before carry-forward of losses for a consolidated fiscal year that starts on April 1, 2017 and after and an amount equivalent to fifty hundredths of income before carry-forward of losses for a consolidated fiscal year that starts on April 1, 2018 and after would be the limit for carry-forward.

The impact of these changes, etc. on the consolidated financial statements is immaterial.

Notes to the Consolidated Balance Sheets

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

Assets pledged as collateral

Buildings and structures	¥8,085 million
Land	¥10,191 million
Machinery and equipment, etc.	¥36,467 million
Amount of debt obligations covered by collateral	¥13,085 million

2. Accumulated Depreciation on Total Property, Plant and Equipment

¥3,330,481 million

Accumulated impairment losses of ¥91,505 million are included in the accumulated depreciation.

3. Contingent Liabilities

Liabilities on guarantee for bank borrowings

Guarantees	¥37,187 million
	(Of which ¥37,013 million is borne by the MCHC Group)
Stand-by guarantees	¥175 million
	(Of which ¥160 million is borne by the MCHC Group)

4. Trademark Infringement Lawsuit

The consolidated subsidiary Verbatim Corporation (U.S.A.) was sued for trademark infringement in Brazil. In May 2007, a court in Manaus, in the Brazilian state of Amazonas, ruled in favor of the plaintiff and ordered Verbatim Corporation (U.S.A.) to pay R\$377 million (equivalent to ¥11,811 million). Verbatim Corporation, believing that no trademark infringement took place, and dissatisfied with the fact that reasons for recognizing the plaintiff's monetary claim were not disclosed, immediately filed an

appeal with the Superior Court of Justice in Brasilia. In February 2008, the Superior Court of Justice in Brasilia ruled in favor of Verbatim Corporation and returned the case to the Manaus court for retrial.

Subsequently, a disadvantageous ruling was laid down in the retrial, and Verbatim Corporation (U.S.A.) filed a special appeal in the Superior Court of Justice in Brasilia expressing its dissatisfaction with the retrial ruling. In June 2011, the Superior Court of Justice in Brasilia made the decision to dismiss the trademark infringement lawsuit and the lawsuit for calculation of damages for which the amount of damages was announced by the aforesaid lower court judgment. However, in April 2012, the plaintiff demanded the Superior Court of Justice to clarify the judgment, and it is not possible to completely rule out the possibility that counterarguments will be brought forward by the plaintiff in the future.

Notes to the Consolidated Statement of Income

1. Impairment Loss

In principle, the MCHC Group classifies assets by business unit based on relevance such as business, production process and region. With respect to idle assets, the MCHC Group determines whether to recognize impairment loss by individual asset. In the consolidated fiscal year under review, the MCHC Group recorded impairment loss of ¥78,992 million as extraordinary losses. Major assets the MCHC Group recorded impairment loss for include the following:

Use	Location	Type	Impairment loss
Production facility for terephthalic acid (Note 1)	MCC PTA India Corp. Private Limited (West Bengal, India)	Machinery and equipment, etc.	43,217 million yen
Production facility for terephthalic acid (Note 2)	Ningbo Mitsubishi Chemical Co., Ltd. (Zhejiang, China)	Machinery and equipment, etc.	20,435 million yen
Production facility for gene recombination-type serum albumin	Bipha Corporation (Chitose, Hokkaido)	Buildings and structures, land, etc.	3,329 million yen
Production facility for electrolyte	MC Ionic Solutions UK Ltd. (Stockton-on-Tees, U.K.)	Machinery and equipment, etc.	3,076 million yen
Production facility for toner Product warehouse and common building	Mitsubishi Kagaku Imaging Corporation (Virginia, U.S.A.)	Buildings and structures, machinery and equipment, etc.	2,033 million yen
Production facility for industrial gas	Leeden National Oxygen Ltd. (Singapore)	Machinery and equipment	1,386 million yen
Production facility for special synthetic resin	Lucite International Inc. (West Virginia, U.S.A.)	Machinery and equipment, etc.	1,145 million yen

*Details of impairment loss

- Production facility for terephthalic acid (Note 1, India)

¥43,217 million (Machinery and equipment: ¥37,100 million, Other: ¥6,117 million)

As MCC PTA India Corp. Private Ltd. in India has performed poorly and its business environment cannot be expected to recover in future, recovery of investments seems unlikely.

Accordingly, the carrying value of its production facility for terephthalic acid was reduced to the recoverable value. The recoverable value is measured based on the use value, and the discount rate is omitted as its undiscounted future cash flows are negative.

- Production facility for terephthalic acid (Note 2, China)

¥20,435 million (Machinery and equipment: ¥18,652 million, Other: ¥1,783 million)

As Ningbo Mitsubishi Chemical Co., Ltd. in China has performed poorly and its business environment cannot be expected to recover in future, recovery of investments seems unlikely. Accordingly, the carrying value of its production facility for terephthalic acid was reduced to the recoverable value. The recoverable value is measured based on the true cash value.

- Production facility for gene recombination-type serum albumin

¥3,329 million (Buildings and structures: ¥2,019 million, Land: ¥594 million, Machinery and equipment: ¥548 million, Other: ¥168 million)

Despite the MTPC Group's efforts to prepare for the resumption of production of gene recombination-type serum albumin, a delay in the resumption project occurred during the fiscal year under review and a plan related to the business had to be reconsidered in light of the current state of the MTPC Group. As a result, the "main production was shifted from therapeutics' to non-therapeutics'," and the pharmaceutical production facility for the genetically-engineered human serum albumin by Bipha Corp. is now expected to be downsized significantly compared to the previous plan. Thus, with expected future cash flows falling below the carrying value, the carrying value of the production facility for gene recombination-type serum albumin has been reduced to the recoverable value. This recoverable value is the true cash value and is calculated based on the reasonably computed value (real-estate appraisal, etc.).

- Production facility for electrolyte

¥3,076 million (Machinery and equipment: ¥2,804 million, Other: ¥272 million)

Due to sluggish sales volume and the small chance of a significant sales increase, MC Ionic Solutions UK Ltd. in the U.K. decided to close down its production plant for electrolyte. Accordingly, its carrying value was reduced to the recoverable value as recovery of assets became unlikely. The recoverable value is measured based on the use value, and the discount rate is omitted as undiscounted future cash flows are negative.

- Production facility for toner, product warehouse and common buildings

¥2,033 million (Buildings and structures: ¥1,668 million, Machinery and equipment: ¥255 million, Other: ¥110 million)

The carrying value of the production facility for toner and product warehouses and common buildings at Mitsubishi Kagaku Imaging Corporation in the U.S. was reduced to the recoverable value as recovery of assets became unlikely after the company decided to close

down of the plant due to a significant decline in profitability amid a worsening market environment. The recoverable value is measured based on the use value by discounting its future cash flows at 12.5%.

-Production facility for industrial gas

¥1,386 million (Machinery and equipment: ¥1,386 million)

The carrying value of the production facility for industrial gas at Leeden National Oxygen Ltd. in Singapore was reduced to the recoverable value, with its expected future cash flows falling below the carrying value due to a projected decrease in profitability amid the changing business environment. The recoverable value is measured based on the use value by discounting its future cash flows at 10.1%.

- Production facility for special synthetic resin

¥1,145 million (Machinery and equipment: ¥1,102 million, Buildings and structures: ¥43 million)

The carrying value of the production facility for special synthetic resin at Lucite International Inc. in the U.S. was reduced to the recoverable value as recovery of assets became unlikely due to the company's decision on future closing down of the plant. The recoverable value is measured based on the use value, and the discount rate is omitted as undiscounted future cash flows are negative.

Notes to the Consolidated Statement of Changes in Net Assets

1. Matters Related to Class and Number of Issued Shares

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

Common stock 1,506,288 thousand shares

2. Matters Related to Dividends

(1) Dividends paid to shareholders

Resolution	Share Class	Aggregate Amount of Dividends	Dividend per share	Entitlement Date	Effective Date
Ordinary General Meeting of Shareholders June 24, 2015	Common stock	¥10,253 million	¥7	March 31, 2015	June 25, 2015
Board of Directors meeting November 5, 2015	Common stock	¥10,253 million	¥7	September 30, 2015	December 2, 2015
Total		¥20,507 million			

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

The following matters related to payout of dividends of the common stock are being proposed as one of the agenda for the Board of Directors meeting scheduled for May 18, 2016.

Resolution	Share Class	Aggregate Amount of Dividends	Source of Dividend	Dividend per share	Entitlement Date	Effective Date
Board of Directors meeting May 18, 2016	Common stock	¥11,718 million	Retained earnings	¥8	March 31, 2016	June 3, 2016

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	185,100 shares
--------------	----------------

Notes on Financial Instruments

1. Matters Related to Status of Financial Instruments

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

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

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

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

2. Matters Related to Fair Value of Financial Instruments

The amounts booked on the consolidated balance sheet, fair value and the amount of differences as of March 31, 2016 (consolidated financial settlement date for the fiscal year under review) were as described below:

Unit: Millions of yen

	Amount booked on consolidated balance sheet (*)	Quoted Market Price (*)	Amount of Difference
(1) Cash and deposits	314,782	314,782	-
(2) Trade receivables	703,996	703,996	-
(3) Securities and investment securities			
(i) Held-to-maturity bonds	4,759	4,925	166
(ii) Shares of affiliated companies	839	1,508	669
(iii) Other securities	245,428	245,428	-
(4) Trade payables	(408,315)	(408,315)	-
(5) Short-term borrowings	(394,688)	(394,688)	-
(6) Current portion of long-term borrowings	(138,471)	(138,471)	-
(7) Commercial paper	(30,000)	(30,000)	-
(8) Current portion of bonds payable	(40,010)	(40,010)	-
(9) Bonds payable	(325,000)	(332,505)	7,505
(10) Long-term borrowings	(537,583)	(543,903)	6,320
(11) Derivatives transactions			
(i) Derivatives transactions to which hedge accounting is not applied	1,163	1,163	-
(ii) Derivatives transactions to which hedge accounting is applied	(8)	(8)	-

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

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

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

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

(3) Securities and Investment Securities

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

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

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

(9) Bonds payable

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

(10) Long-Term Borrowings

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

(11) Derivatives Transactions

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

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

Unit: Millions of yen

Classification	Amount booked on consolidated balance sheet
Unlisted shares	137,525
Equity securities	1,875

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

Notes on Per Share Information

Net assets per share ¥636.43

Profit per share ¥31.70

Notes on Business Combination

1. Share acquisition of Renegade Gas Pty Ltd. by Taiyo Nippon Sanso Corporation

(Business Combination through Acquisition)

MCHC's subsidiary Taiyo Nippon Sanso Corporation ("TNSC") decided at its Board of Directors' meeting held on July 21, 2015 to acquire all the shares in Renegade Gas Pty Ltd. ("RGP"), which conducts the filling and sales of LPG and industrial gases in Australia, through TNSC (Australia) Pty Ltd., which was established by TNSC (TNSC's stake: 85%) for the purpose of acquiring and holding the RGP shares. RGP became MCHC's consolidated subsidiary on July 31, 2015.

(1) Outline of business combination

1) Name and business of acquired company

Name: Renegade Gas Pty Ltd.

Business: Filling, distribution and sales of LPG and industrial gases

2) Principal reason for implementing business combination

To achieve the strategic goal of mid-term plan "Ortus Stage 1", TNSC is seeking opportunities to expand its global business and enter new markets.

Australia has the 12th largest economy in the world by GDP. Its economic growth is expected to be around 3% per year for the next several years due mainly to increases in housing investment and consumer spending. These trends are supported by an annual population growth of 1-2% which is relatively high compared with other developed countries.

The industrial gas market in Australia is expected to grow steadily through construction and infrastructure developments. In addition, new industrial gas demand from mining and energy sectors is also expected in Australia.

Through the acquisition of RGP, TNSC establishes the first footprint in the Australian and Oceanian industrial gas market. TNSC plans to increase sales of industrial gas products using RGP's existing distribution network and expand its business by creating synergies with group companies. TNSC aims to establish a firm presence in the market.

3) Date of business combination: July 31, 2015

- 4) Legal form of business combination: Acquisition and exchange of shares in exchange for cash by MCHC's consolidated subsidiary TNSC (Australia) Pty Ltd.
 - 5) Ratio of voting rights acquired: 100%
- (2) Period of business results of acquired company included in consolidated financial statements
- From July 1, 2015 to December 31, 2015
- (3) Acquired company's acquisition cost and a breakdown thereof

Compensation for acquisition	Cash	A\$142 million
	TNSC (Australia) Pty Ltd. shares	A\$25 million
Acquisition cost		A\$167 million

- (4) Exchange ratio by class of shares and its calculation method, and number of shares issued

- 1) Exchange ratio by class of shares

1 common share of RGP: 100 common shares of TNSC (Australia) Pty Ltd.
- 2) Calculation method

The ratio was calculated based on discussion between interested parties referring to a report regarding share value evaluation submitted from a third-party calculation agent.
- 3) Number of shares issued

TNSC (Australia) Pty Ltd. shares 15,868,013 shares

- (5) Details and amount of major acquisition-related expenses

Compensation/fee, etc. for financial advisories	¥226 million
Compensation/fee, etc. for lawyers	¥79 million

- (6) Amount of goodwill, cause, amortization method and amortization period of goodwill

- 1) Amount of goodwill: A\$124 million
- 2) Cause: Goodwill was recognized as a result of difference in amounts between MCHC's equity in the acquired company and the acquisition cost.
- 3) Amortization method and amortization period: Equal amortization over 20 years

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

Current assets	A\$20 million
<u>Fixed assets</u>	<u>A\$91 million</u>
<u>Total assets</u>	<u>A\$111 million</u>
Current liabilities	A\$19 million
<u>Fixed liabilities</u>	<u>A\$49 million</u>
<u>Total liabilities</u>	<u>A\$68 million</u>

mitsubishi **MITSUBISHI CHEMICAL HOLDINGS CORPORATION**

Non-consolidated Balance Sheet

As of March 31, 2016

Unit: Millions of yen

Assets

Current assets:

Cash and deposits	0
Income taxes receivable	7,256
Short-term loans receivable from subsidiaries and affiliates	408,987
Deferred income taxes—current	45
Other	9,755
	426,044
Total current assets	426,044

Fixed assets:

Property, plant and equipment

Buildings	2,290
Structures	67
Tools, furniture and fixtures	472
	2,830
Total property, plant and equipment	2,830

Intangible fixed assets:

Software	123
Other	2
	125
Total intangible fixed assets	125

Investments and other assets:

Investment securities	6,525
Stocks of subsidiaries and affiliates	804,288
Investments in affiliated companies	162
Long-term loans receivable from subsidiaries and affiliates	226,551
Deferred income taxes—current	24
Other	2,672
	1,040,225
Total investments and other assets	1,040,225
Total fixed assets	1,043,181
Total assets	1,469,226

MITSUBISHI CHEMICAL HOLDINGS CORPORATION

Non-consolidated Balance Sheet (continued)

As of March 31, 2016

Unit: Millions of yen

Liabilities

Current liabilities:

Short-term borrowings	190,997
Short-term borrowings to subsidiaries and affiliates	198,114
Current portion of long-term borrowings	13,700
Commercial paper	30,000
Current portion of bonds payable	30,000
Accounts payables	10,230
Accrued expenses	1,174
Accrued income taxes	36
Accrued bonuses	148
Other	508

Total current liabilities	<u>474,910</u>
---------------------------	----------------

Long-term liabilities:

Bonds payable	290,000
Long-term borrowings	311,551
Other	3,840

Total long-term liabilities	<u>605,391</u>
-----------------------------	----------------

Total liabilities	<u>1,080,302</u>
-------------------	------------------

Net Assets

Shareholders' equity:

Common stock	50,000
Additional paid-in capital	264,522
Legal capital surplus	12,500
Other capital surplus	252,022
Retained earnings	101,978
Other retained earnings	101,978
Retained earnings brought forward	101,978
Less, Treasury stock at cost	(28,817)
Total shareholders' equity	<u>387,683</u>

Valuation and translation adjustments:

Net unrealized holding gain on other securities	724
Total valuation and translation adjustments	<u>724</u>

Subscription rights to shares

Total net assets	<u>388,923</u>
Total liabilities and net assets	<u>1,469,226</u>

mitsubishi chemical holdings corporation

Non-consolidated Statement of Income

Year ended March 31, 2016

Unit: Millions of yen

Operating revenue	
Dividends from subsidiaries and affiliates	32,632
Operating costs receipts	5,391
Total operating revenue	38,024
General and administrative expenses	6,288
Operating income	31,736
Other income	
Interest income	3,610
Dividends income	297
Other	419
Total other income	4,327
Other expenses	
Interest expenses	4,845
Interest on bonds	1,490
Bond issuance cost	334
Other	122
Total other expenses	6,793
Ordinary income	29,269
Extraordinary income	
Gain on sales of investment securities	1,514
Total extraordinary income	1,514
Income before income taxes	30,784
Current income taxes	(46)
Deferred income taxes	(184)
Profit	31,014

MITSUBISHI CHEMICAL HOLDINGS CORPORATION

Non-consolidated Statement of Changes in Net Assets

Year ended March 31, 2016

Unit: Millions of yen

	Shareholders' equity					
	Common stock	Additional paid-in capital		Retained earnings	Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Other retained earnings		
				Retained earnings brought forward		
Balance at April 1, 2015	50,000	12,500	252,028	91,470	(28,789)	377,209
Changes during the fiscal year						
Cash dividends (Note)				(20,507)		(20,507)
Profit				31,014		31,014
Purchase of treasury stock					(48)	(48)
Disposition of treasury stock			(5)		21	15
Net change in items other than those in shareholders' equity						
Total changes during the fiscal year	-	-	(5)	10,507	(27)	10,474
Balance at March 31, 2016	50,000	12,500	252,022	101,978	(28,817)	387,683

Unit: Millions of yen

	Valuation and translation adjustment	Warrants	Total net assets
	Net unrealized holding gain on other securities		
Balance at April 1, 2015	3,285	471	380,965
Changes during the fiscal year			
Cash dividends (Note)			(20,507)
Profit			31,014
Purchase of treasury stock			(48)
Disposition of treasury stock			15
Net change in items other than those in shareholders' equity	(2,560)	44	(2,516)
Total changes during the fiscal year	(2,560)	44	7,958
Balance at March 31, 2016	724	515	388,923

Note: Cash dividends

The year-end dividend (¥10,253 million) was paid based on the resolution at the Ordinary General Meeting of Shareholders held in June 2015, and the interim dividend (¥10,253 million) was paid based on the resolution at the Board of Directors meeting held in November 2015.

Notes to the Non-consolidated Financial Statements

Matters Concerning Significant Accounting Policies

1. Valuation Methods of Securities

Subsidiaries' and affiliates' stocks

Stated at cost based on the moving average method

Other securities with quoted market prices

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

Other securities without quoted market prices

Stated at cost based on the moving average method

2. Method of Depreciation of Property, Plant and Equipment

By the straight-line method

3. Method of Amortization of Intangible Fixed Assets

By the straight-line method

4. Basis for Reserves

Accrued bonuses to employees

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

5. Treatment of Consumption Taxes

Net of tax

6. Adoption of Consolidated Tax Payment System

Consolidated tax payment system

Notes to the Non-consolidated Balance Sheets

1. Accumulated Depreciation of Total Property, Plant and Equipment

¥1,182 million

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

Short-term monetary claim ¥9,358 million

Short-term monetary liabilities ¥9,956 million

3. Contingent Liabilities

Liabilities on guarantee for bank borrowings

Guarantees ¥143,975 million

Notes to the Non-consolidated Statements of Income

1. Transactions with Subsidiaries and Affiliates

Operating revenue ¥38,024 million

General and administrative expenses ¥3,009 million

Transactions except for operational transactions ¥4,584 million

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

1. Matters Related to Class and Number of Treasury Stocks

(Thousands of shares)

Class of shares	Number of shares at April 1, 2015	Number of shares increased during the year	Number of shares decreased during the year	Number of shares at March 31, 2016
Common stock	41,451	64	30	41,485

Note: The increase of 64 thousand shares of treasury stock represented the increase resulting from the purchase of shares less than one unit.

Treasury stocks decreased by 30 thousand shares due to sales of 2 thousand shares for the stock holders having less than one unit and reissuance of 28 thousand shares upon exercise of Stock Acquisition Rights.

Notes on Tax Effect Accounting

1. Breakdown of Deferred Tax Assets and Liabilities

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

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

On March 29, 2016, the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 15 of 2016), and the "Act for Partial Revision of the Local Tax Act, etc." (Act No. 13 of 2016) were enacted, under which the corporation tax rate, etc. would be changed in the fiscal year commencing on or after April 1, 2016. Accordingly, for the fiscal year under review, the Company calculated deferred tax assets and deferred tax liabilities using the statutory effective tax rate based on a revised tax rate corresponding to a fiscal year, in which taxable temporary differences are expected to be eliminated.

With respect to carry-forward of losses, an amount equivalent to sixty hundredths of income before carry-forward of losses for a consolidated fiscal year that starts on April 1, 2016, and after, an amount equivalent to fifty-five hundredths of income before carry-forward of losses for a consolidated fiscal year that starts on April 1, 2017 and after and an amount equivalent to fifty hundredths of income before the relevant carryforward for a consolidated fiscal year that starts on April 1, 2018 and after would be the limit for carry-forward.

As a result, at the end of the fiscal year under review, compared when using the previous method, the amount of deferred tax assets (after deducting deferred tax liabilities) increased by ¥129 million and net unrealized holding gain on other securities increased by ¥23 million. Deferred income taxes decreased by ¥106 million.

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	Loan charge (Note 1)	89,730	Short-term loans receivable from subsidiaries and affiliates	275,589
						Long-term loans receivable from subsidiaries and affiliates	151,056
				Receipts of interest (Note 1)	1,381	Current assets and others	269
Subsidiary	Mitsubishi Rayon Co., Ltd.	Direct 100%	Interlocking of officers and Lending of funds	Collection of funds (Note 2)	5,342	Short-term loans receivable from subsidiaries and affiliates	48,719
						Long-term loans receivable from subsidiaries and affiliates	75,495
				Receipts of interest (Note 2)	1,513	Current assets and others	268

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 Corporation	Direct 100%	Interlocking of officers and Lending of funds	Loan charge (Note 3)	11,002	Short-term loans receivable from subsidiaries and affiliates	66,557
				Receipts of interest (Note 3)	616	Current assets and others	7
				Receipts of debt guarantee recertification (Note 4)	27,264	–	–
				Payment of guarantee commission for recertification (Note 4)	105	Accounts payables	80
				Succession by company split (Note 5)	40,138	Succeeded assets	–
					40,138	Succeeded liabilities	–
Subsidiary	Mitsubishi Plastics, Inc.	Direct 100%	Interlocking of officers	Succession by company split (Note 5)	5,001	Succeeded assets	–
					5,001	Succeeded liabilities	–
Subsidiary	The KAITEKI Institute, Inc.	Direct 100%	Interlocking of officers, commission of research and study	Payment of research and commissioned research (Note 6)	723	Accounts payables	15
Subsidiary	Mitsubishi Tanabe Pharma Corporation	Direct 56%	Interlocking of officers and Fund borrowing	Fund borrowing (Note 7)	389	Short-term borrowings to subsidiaries and affiliates	193,147
				Payment of interest (Note 7)	389	–	–

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	MCC PTA Asia Pacific Private Company Ltd.	Indirect 100%	Debt guarantee	Debt guarantee (Note 8)	41,177	–	–
				Receipts of guarantee commission (Note 8)	128	Current assets and others	89
Subsidiary	MCC PTA India Corp. Private Ltd.	Indirect 76%	Debt guarantee	Debt guarantee (Note 8)	17,390	–	–
				Receipts of guarantee commission (Note 8)	101	Current assets and others	74
Affiliate	The Saudi Methacrylates Company	Indirect 50%	Debt guarantee	Debt guarantee (Note 8)	14,930	–	–
				Receipts of guarantee commission (Note 8)	24	–	–

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

Term of transactions and policy of decision-making thereof

Notes:

- Interest rates are reasonably decided based on procurement interest rates.
The amount of transactions relating to loans of funds to Mitsubishi Chemical Holdings Corporate Staff, Inc. is indicated in a net amount.
- Interest rates are reasonably decided based on procurement interest rates.
The amount of transactions relating to collection of funds to MRC is indicated in a net amount.
- Interest rates are reasonably decided based on procurement interest rates.
The amount of transactions relating to loans of funds to MCC is indicated in a net amount.
- The Company received recertification of guarantee from MCC for part of the items that the Company acted as jointly and severally liable guarantor with respect to borrowings that a subsidiary of MCC had taken out from a commercial bank. The recertification rate is decided according to what is considered reasonable when considering guarantee commission rates for debt guarantees.
- The Company succeeded rights and obligations relating to the management operations of bonds issued by MCC and MPI pursuant to the Absorption-Type Split Agreement concluded on February 24, 2016.
- The amount of consideration for the services related to research and study is determined subject to mutual consultations.
- Interests rates are reasonably decided reflecting market interest rates.
The amount of transactions relating to borrowings from MTPC is indicated in a net amount.
- 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.

Notes on Per Share Information

Net assets per share ¥265.16

Earnings per share ¥21.17

Other Notes

(Transactions under common control)

1. Outline of transactions

- (1) Combined entity name and business: Management operations of corporate bonds issued by wholly owned subsidiaries of the Company, MCC and MPI. (hereinafter “the Business”).
- (2) Date of business combination: March 28, 2016
- (3) Legal form of business combination: Company split whereby MCC and MPI are the splitting companies, and the Company is the surviving company (hereinafter “the Split”).
- (4) Name of company after business combination: No change
- (5) Other matters relating to the outline of transactions

Pursuant to the Absorption-Type Company Split Agreement concluded on February 24, 2016, the Company has succeeded the rights and obligations related to the Business of MCC and MPI. The purpose of this is to consolidate the management operations of bonds belonging to the MCHC Group. The succession of obligations by the Company is to take place by granting the debtor total discharge from liability.

The assets and liabilities that will be succeeded by this company split are as follows:

Assets	Liabilities
¥45,139 million	¥45,139 million

2. Outline of accounting treatment implemented

The transaction was accounted for as a transaction under common control in accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, September 13, 2013).

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

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

Report of Independent Auditors

May 11, 2016

The Board of Directors
Mitsubishi Chemical Holdings Corporation

Ernst & Young ShinNihon LLC

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

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

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

Pursuant to the provisions of Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements of Mitsubishi Chemical Holdings Corporation (the “Company”), which comprise the consolidated balance sheet as of March 31, 2016, and the consolidated statement of income and the consolidated statement of changes in net assets for the fiscal year from April 1, 2015 to March 31, 2016, and the related notes to consolidated financial statements.

Management’s responsibility for the consolidated financial statements

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

Independent auditors’ responsibility

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

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

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

Audit opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of March 31, 2016, and the results of their 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.

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

Report of Independent Auditors

May 11, 2016

The Board of Directors
Mitsubishi Chemical Holdings Corporation

Ernst & Young ShinNihon LLC

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

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

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

Pursuant to the provisions of Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the non-consolidated financial statements of Mitsubishi Chemical Holdings Corporation (the “Company”), which comprise the balance sheet as of March 31, 2016, and the statement of income and the statement of changes in net assets for the 11th fiscal year from April 1, 2015 to March 31, 2016, and the related notes to non-consolidated financial statements as well as the related supplementary schedules thereto.

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

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

Independent auditors’ responsibility

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

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

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

Audit opinion

In our opinion, the non-consolidated financial statements and supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2016, 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 11th business year from April 1, 2015 to March 31, 2016, 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 construction 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 balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements) for this business year.

2. Results of Audit

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

i) We acknowledge that the business report and the annexed specifications thereto fairly present the status of the Company in conformity with the applicable laws and regulations

- and the Articles of Incorporation of the Company.
- ii) We acknowledge that no misconduct or violations of laws and regulations, or the Articles of Incorporation was found with respect to the Directors' 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 Consolidated Financial Statements

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 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.

May 17, 2016

The Audit Committee of
Mitsubishi Chemical Holdings Corporation

Member of the Audit Committee (full-time)	Akira Nakata
Member of the Audit Committee (full-time)	Yoshihiro Umeha
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.