



July 9, 2018

Company Name: Mitsubishi Chemical Holdings Corporation  
Representative: Hitoshi Ochi  
Representative Corporate Executive Officer,  
President & CEO  
TSE code no.: 4188, 1st section  
Contact: Hajime Takasaka  
Executive Officer,  
General Manager, Public Relations and Investor Relations Office  
TEL: 03-6748-7120

### **Announcement Regarding the Issuance of Stock Acquisition Rights (Stock Options as Stock-Linked Compensation) to Corporate Executive Officers**

Mitsubishi Chemical Holdings Corporation (“the Company”) resolved at the Compensation Committee held on June 6 to issue stock acquisition rights (stock options as stock-linked compensation) to its corporate executive officers with the aim of sharing the benefits of an increase in the stock price but also the risk of a decline in the stock price with shareholders as well as providing an incentive to further contribute to the enhancement of the Company’s business performance and corporate value from the medium- to long-term perspective.

The Company also announces that based on the delegation from the Board of Directors pursuant to the provisions of Article 416, paragraph (4) of the Companies Act, the Representative Corporate Executive Officer, President & CEO of the Company decided the details of offering for the said stock acquisition rights to be issued to corporate executive officers of the Company in accordance with the provisions of Article 236, Article 238, paragraphs (1) and (2) and Article 240, paragraph (1) of the Companies Act as set out below.

The Company announced the introduction of the share compensation plan that utilizes a board incentive plan (BIP) trust in "Notice on Introduction of New Performance-based Share Compensation Plan" at the June 6, so, with the introduction of the plan, new share warrants on Company Shares as share-based compensation stock options will not be issued from the fiscal year ending March 31, 2020 onward.

1. Name of the stock acquisition rights  
15th Series of Stock Acquisition Rights of Mitsubishi Chemical Holdings Corporation (Stock Options as Stock-Linked Compensation Plan A)
2. Total number of stock acquisition rights: 1,782 units  
The above number is the expected number of allotment. If the total number of stock acquisition rights is less than expected, such as in the case where no application is made, the allotted total number of stock acquisition rights shall be deemed as the total number of stock acquisition rights.
3. Type and number of shares to be issued or transferred upon the exercise of stock acquisition rights  
Type of shares to be issued or transferred upon the exercise of stock acquisition rights shall be shares of common stock of the Company. The number of shares to be issued or transferred upon the exercise of each stock acquisition right (the “Number of Issued Shares”) shall be 50.

Notwithstanding the foregoing, if the Company conducts a stock split (including an allotment of the Company's common stock without receipt of monetary consideration; the same shall apply to the description with regard to the stock split hereinafter) or a stock consolidation with respect to its shares of common stock after the date of allotment (as specified in Item 12 below; the same shall apply hereinafter), the Number of Issued Shares shall be adjusted by using the following formula, and any fraction less than one (1) share resulting from the calculation of the adjusted Number of Issued Shares shall be rounded down to the nearest share.

$$\begin{array}{l} \text{Number of Issued Shares} \\ \text{after adjustment} \end{array} = \begin{array}{l} \text{Number of Issued Shares} \\ \text{before adjustment} \end{array} \times \begin{array}{l} \text{Ratio of stock split or} \\ \text{stock consolidation} \end{array}$$

The Number of Issued Shares after adjustment shall be applied, in the case of a stock split, after the day following the record date of the stock split, or in the case of a stock consolidation, after the effective date of the said stock consolidation. However, when a stock split is made under the condition that a proposal to increase the capital or the reserve by reducing the surplus shall be approved at the Company's general meeting of shareholders, and if a date prior to the closing of the said general meeting of shareholders is set as the record date for the stock split, the Number of Issued Shares after adjustment shall become retroactively applicable on the day following the said record date, and the application may be implemented after the day following the closing date of the said general meeting of shareholders.

Other than the above, if it is deemed appropriate to adjust the Number of Issued Shares after the date of allotment, the Company shall adjust the Number of Issued Shares to the extent reasonable.

When adjusting the Number of Issued Shares, the Company shall, on or before the date immediately prior to the day on which the Number of Issued Shares will be adjusted, send notice or otherwise publicly announce the relevant details to each person holding the stock acquisition rights as provided in the register of the stock acquisition rights (the "Stock Acquisition Rights Holder"). However, if notice or announcement cannot be made on or before the date immediately prior to the applicable adjustment date, notice or announcement shall be issued promptly thereafter.

4. Amount to be paid upon the exercise of each stock acquisition right

The amount payable to the Company upon the exercise of each stock acquisition right shall be determined by multiplying one (1) yen, which is the per-share exercise price, by the Number of Issued Shares.

5. Exercise period of stock acquisition rights

The exercise period of stock acquisition rights shall be from July 25, 2018 through July 24, 2038.

6. Matters concerning the amount of capital stock and capital surplus increased by the issuance of shares upon the exercise of stock acquisition rights

- (i) The amount of capital stock increased by the issuance of shares upon the exercise of stock acquisition rights shall be the amount obtained by multiplying the maximum limit of capital increase, as calculated in accordance with the provisions of Article 17, paragraph 1 of the Company Accounting Regulation, by 0.5, and any fraction of less than one (1) yen arising as a result of such calculation shall be rounded up to the nearest one (1) yen.

(ii) The amount of capital surplus increased by the issuance of shares upon the exercise of stock acquisition rights shall be the amount obtained by deducting the capital to be increased, as provided in (i) above, from the maximum limit of capital increase, as also provided in (i) above.

7. Restriction on the transfer of stock acquisition rights

Any transfer of stock acquisition rights requires the approval of the Board of Directors of the Company.

8. Policy regarding cancellation of stock acquisition rights in the event of reorganization and issuance of stock acquisition rights of a subject company of reorganization

If the Company conducts a merger (but only when the Company is the dissolving company), absorption-type company split, incorporation-type company split (but only when the Company is the split company), share exchange or share transfer (but only when the Company is the wholly owned subsidiary company) (collectively the “Corporate Reorganization”), the Company shall grant the Stock Acquisition Rights Holder who holds any remaining stock acquisition rights immediately before the effectiveness of the Corporate Reorganization (the “Remaining Stock Acquisition Rights”) stock acquisition rights of the joint stock company as stipulated in Article 236, paragraphs (1), item (viii) (a) through (e) of the Companies Act (the “Subject Company”) in accordance with the following conditions. In such event, the Remaining Stock Acquisition Rights shall be canceled and stock acquisition rights of the Subject Company shall be newly issued. This only applies in cases where such grant of stock acquisition rights is stipulated in the applicable absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan.

(i) Number of stock acquisition rights of the Subject Company to be granted

The number of stock acquisition rights of the Subject Company to be granted shall be the same as the number of Remaining Stock Acquisition Rights held by each Stock Acquisition Rights Holder.

(ii) Type of shares of the Subject Company to be issued or transferred upon the exercise of stock acquisition rights

Common stock of the Subject Company

(iii) Number of shares of the Subject Company to be issued or transferred upon the exercise of stock acquisition rights

Shall be determined following Item 3 above, considering the terms and conditions of the Corporate Reorganization.

(iv) Amount to be paid upon the exercise of stock acquisition rights

The amount payable to the Company upon the exercise of stock acquisition rights shall be determined by multiplying one (1) yen, the per-share exercise price of the Subject Company, by the number of shares of the Subject Company to be issued or transferred upon the exercise of such stock acquisition rights as determined in accordance with (iii) above.

(v) Exercise period of stock acquisition rights

The exercise period of stock acquisition rights shall begin on the date of commencement of the exercise period stipulated in Item 5 above or the effective date of the Corporate Reorganization, whichever is later, and end on the closing date of the exercise of such stock acquisition rights as determined in accordance with Item 5 above.

(vi) Matters concerning the amount of capital stock and capital surplus increased by the issuance of shares upon the exercise of stock acquisition rights

Shall be determined in accordance with Item 6 above.

(vii) Restriction on the transfer of stock acquisition rights

Any transfer of stock acquisition rights requires the approval of the Board of Directors of the Subject Company.

(viii) Additional conditions for the exercise of stock acquisition rights

Shall be determined in accordance with Item 10 below.

9. Treatment of fractions less than one (1) share resulting from the exercise of stock acquisition rights

Any fraction less than one (1) share in the number of shares issued or transferred to any Stock Acquisition Rights Holder who has exercised stock acquisition right(s) will be rounded down to the nearest share.

10. Additional conditions for exercising stock acquisition rights

(i) A Stock Acquisition Rights Holder may, during the period provided in Item 5 above, exercise their stock acquisition rights only within five years from the day immediately following one year after the date on which he/she loses the status of director, corporate executive officer, statutory auditor, or executive officer (the "Officer, etc.") of the Company or its subsidiaries.

(ii) Notwithstanding the provisions of (i) above, in cases where a Stock Acquisition Rights Holder has not lost the status of Officer, etc. by July 23, 2037, such Stock Acquisition Rights Holder may exercise stock acquisition rights from July 24, 2037.

(iii) If a Stock Acquisition Rights Holder waives his/her stock acquisition rights, he/she may not exercise the relevant stock acquisition rights.

11. Method of calculation of the amount to be paid in upon the issuance of stock acquisition rights

The amount to be paid in upon the issuance of each stock acquisition rights shall be the amount obtained by multiplying the per-share option price calculated by using the following Black-Sholes model based on the underlying numerical values of (ii) through (vii) specified below (any fraction less than one (1) yen shall be rounded to the nearest yen), by the Number of Issued Shares.

$$C = Se^{-qT} N(d) - Xe^{-rT} N(d - \sigma\sqrt{T})$$

In this formula,

$$d = \frac{\ln\left(\frac{S}{X}\right) + \left(r - q + \frac{\sigma^2}{2}\right)T}{\sigma\sqrt{T}}$$

- (i) Option price per share ( $C$ )
- (ii) Share price ( $S$ ): The closing price of one (1) share of common stock of the Company in regular trading on the Tokyo Stock Exchange on July 24, 2018 (or, if there is no closing price on that day, the base price on the following trading day)
- (iii) Exercise price ( $X$ ): One (1) yen
- (iv) Projected period to maturity ( $T$ ): 3.98years
- (v) Volatility ( $\sigma$ ): Share price volatility calculated based on the closing price of the shares of common stock of the Company in regular trading on each trading day from July 24, 2014 through July 24, 2018
- (vi) Risk-free interest rate ( $r$ ): The interest rate of Japanese Government Bonds (JGBs) for the remaining years of the projected period of maturity
- (vii) Dividend yield ( $q$ ): Dividends per share (interim dividends and year-end dividends for the fiscal year ended March 31, 2018), divided by the share price specified under (ii) above
- (viii) Standard normal cumulative distribution function ( $N(\cdot)$ )

\*The amount of each stock acquisition right calculated by using the above formula is a fair price and does not constitute a favorable issuance. The Company shall pay the persons specified in Item 21 below monetary remuneration corresponding to the aggregated amount to be paid in upon the issuance of the stock acquisition rights thereby offsetting their rights to request remuneration from the Company against the payment obligation of the amount to be paid in upon the issuance of such stock acquisition rights.

12. Date of allotment of stock acquisition rights

July 24, 2018

13. Date for cash payment in exchange for stock acquisition rights

July 24, 2018

14. Method of submitting requests to exercise the stock acquisition rights and payment method

- (i) When making a request to exercise the stock acquisition rights, a Stock Acquisition Rights Holder shall complete an exercise request using the form designated by the Company and submit it to the location for submitting exercise requests specified in Item 15 below after affixing his/her signature and seal to such exercise request.

- (ii) In addition to submitting the exercise request form specified in (i) above, the Stock Acquisition Rights Holder shall remit the entire amount of the value of the assets contributed upon the exercise of each stock acquisition right, multiplied by the number of the stock acquisition rights related to the relevant exercise (the “Subscription Payment Amount”), in cash to an account designated by the Company held with the agent handling subscription payment specified in Item 16 below (the “Designated Account”) by the date designated by the Company.
- 15. Location for submitting exercise requests for the stock acquisition rights  
Administration and Human Resources Office of the Company (or any other departments in charge of such operations at any given time)
- 16. Agent handling subscription payment for the exercise of the stock acquisition rights  
Head Office of the MUFG Bank, Ltd. (or any other successor bank or successor branch thereof at any given time)
- 17. Effective date, etc. for the exercise of the stock acquisition rights
  - (i) The exercise of the stock acquisition rights shall take effect on the date set forth in the exercise request form specified in Item 14 above. However, in cases where the date on which the exercise request form has arrived at the agent handling subscription payment and the Subscription Payment Amount specified in Item 14 (ii) above has been remitted to the Designated Account is later than the date set forth in the exercise request form, the effective date shall be the day on which the exercise request form has arrived at the agent handling subscription payment and the Subscription Payment Amount has been emitted to the Designated Account.
  - (ii) Immediately after the execution of the stock acquisition rights, the Company shall follow the necessary procedures to enter or record the shares acquired by the Stock Acquisition Rights Holder upon the exercise of the stock acquisition rights in his/her account that he/she shall have opened in advance with a financial instruments business operator, etc. designated by the Company.
- 18. Treatment of the replacement of the provisions of the terms and conditions of the stock acquisition rights and other measures  
If it becomes necessary to replace any of the provisions of these terms and conditions of the stock acquisition rights or to take other measures, the Company may amend any of the provisions of these terms and conditions in a manner that the Company deems appropriate pursuant to the provisions of the Companies Act and in accordance with the objectives of the stock acquisition rights, and such amendment shall comprise a part of these terms and conditions.
- 19. Public notification of terms and conditions  
The Company shall keep a certified copy of these terms and conditions for the issuance of the stock acquisition rights at its head office and make such copy available to the Stock Acquisition Rights Holder for review during its business hours.
- 20. Other matters regarding the stock acquisition rights shall be determined as necessary by the Representative Corporate Executive Officer, President & CEO of the Company at his sole discretion.

21. Persons to whom the stock acquisition rights are allotted, the number of those persons, and the number of stock acquisition rights to be allotted

1,782 units of share stock acquisition rights shall be allotted to five (5) corporate executive officers