



September 29, 2014

To whom it may concern,

Company name: Mitsubishi Chemical Holdings Corporation  
Name of representative: Yoshimitsu Kobayashi  
President & Chief Executive Officer  
(TSE code: 4188, First Section of the TSE)  
Contact person: Hajime Takasaka, General Manager,  
Public Relations and Investor Relations Office  
TEL. 03-6748-7120

### **Announcement of Commencement of Tender Offer for Shares of Taiyo Nippon Sanso Corporation (TSE Code: 4091)**

As announced in the press release, “Notice Regarding Execution of an Agreement in connection with Tender Offer by Mitsubishi Chemical Holdings Corporation for Shares of Taiyo Nippon Sanso Corporation” dated May 13, 2014, Mitsubishi Chemical Holdings Corporation (the “Company” or the “Tender Offeror”) determined to commence a tender offer (the “Tender Offer”) for the common shares of Taiyo Nippon Sanso Corporation (TSE Code: 4091, First Section of the Tokyo Stock Exchange Inc. (“TSE”); the “Target Company”) after certain conditions, such as the completion of procedures and responses required under domestic and foreign competition laws, are satisfied.

Since the Company has confirmed that procedures and responses required under domestic and foreign competition laws had been completed and that the conditions to commence the Tender Offer had been satisfied, the Company determined to commence the Tender Offer on September 30, 2014 as described below.

According to the Target Company, the Target Company unanimously resolved at its board of directors’ meeting on today that the Target Company would issue an opinion in support of the Tender Offer and take a neutral position on whether to recommend that the shareholders of the Target Company accept the Tender Offer and defer to the decision of each shareholder as to whether to accept the Tender Offer.

#### **1. Purpose of Tender Offer**

##### **(1) Overview of the Tender Offer**

As of today, the Company, together with the shares of the Target Company (the “Target Company Shares”) that the Company and Mitsubishi Chemical Corporation (“Mitsubishi Chemical”), a wholly owned subsidiary of the Company, holds 116,797,870 shares (Share Holding Ratio (Note 1): 26.97%) (Note 2), and the Target Company is an equity method affiliate of the Company.

(Note 1) “Share Holding Ratio” means a holding ratio to the total issued shares of the Target Company as of June 30, 2014 (i.e., 433,092,837 shares), as set forth in the 11th Business Period First Quarterly Report filed by the Target Company as of July 31, 2014 (the “Target Company’s Business Period First Quarterly Report”) (which percentage is rounded to the nearest hundredth).

(Note 2) As of today, the number of shares that the Company owns is 55,850,000 shares (Share Holding Ratio: 12.90%) and the number of shares that Mitsubishi Chemical owns is 60,947,870 shares (Share Holding Ratio: 14.07%).

Each the Company and the Target Company (collectively, the “Companies”) executed a master agreement as of May 13, 2014 (the “Agreement”) in order to further enhance the capital and business alliance relationship between the Companies and to improve the corporate value of both Companies. The Company and the Target Company have confirmed in the Agreement that the ultimate objective is for the Company to acquire a majority of voting rights of the Target Company. The details of the Agreement are outlined in “(3) Material Agreements Related to the Tender Offer”, “a. Agreement” below.

Under the Agreement, the Company intended to commence the Tender Offer for the common shares of the Target Company in order to acquire a majority of voting rights of the Target Company after certain conditions, such as the completion of procedures and responses required under domestic and foreign competition laws, are satisfied. Since the Company has confirmed that procedures and responses required under domestic and foreign competition laws had completed and that the conditions under the Agreement to commence the Tender Offer had been satisfied, the Company resolved to commence the Tender Offer on September 30, 2014 by a written resolution dated September 29, 2014 in place of a resolution at the board of directors under Article 370 of the Companies Act and Article 26 of the Articles of Incorporation of the Company.

As of today, the Target Company Shares are listed on the First Section of TSE. The Company intends to enhance the capital relationship between the Companies by maintaining the listing of the Target Company Shares and the autonomy of the management of the Target Company after the consummation of the Tender Offer. Therefore, the Company has set 104,079,476 shares as the maximum number of shares to be purchased (together with the Target Company Shares that the Company and Mitsubishi Chemical hold as of today, the Share Holding Ratio will be 51%), in the case where the total number of the shares tendered exceeds the maximum number of shares to be purchased, the Company would not purchase all or part of such excessive portions and would conduct delivery and other settlement of the purchased share certificates, etc. on a pro rata basis as set forth in Article 27-13, Paragraph 5 of the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the “Act”) and Article 32 of the Cabinet Ordinance Concerning the Disclosure of Tender Offers for Shares, Etc., by Persons Other Than Issuers (Ministry of Finance Ordinance No. 38 of 1990, as amended; the “TOB Order”). On the other hand, the Company has set 99,748,549 shares as the minimum number of shares to be purchased so that the total Share Holding Ratio of the Company and Mitsubishi Chemical will reach the majority of the Target Company Shares, together with the Target Company Shares held as of today. The Company intends not to purchase all of the shares tendered if the total number of the shares tendered is less than such minimum number.

According to the Target Company’s press release, “Notice of Expression of Opinion regarding Tender Offer for the Company Shares by Mitsubishi Chemical Holdings Corporation” dated today (the “Notice by the Target Company”), the Target Company resolved at its board of directors’ meeting on today that the Target Company would issue an opinion in support of the Tender Offer and take a neutral position on whether to recommend that the shareholders of the Target Company accept the Tender Offer and defer to the decision of each shareholder as to whether to accept the Tender Offer.

As to the details of the abovementioned Target Company’s decision making process, please refer to “(5) Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest”, “c. Unanimous Approval by the Non-Interested Directors and Corporate Auditors of the Target Company” below.

## **(2) Background and Reason for the Tender Offer, and Management Policy after the Tender Offer**

### **(i) Background and Reason for the Tender Offer**

The Company has developed its business in a broad range of areas, such as performance products, health care, and industrial materials, through Mitsubishi Chemical, Mitsubishi Tanabe Pharma Corporation, Mitsubishi Plastics, Inc., and Mitsubishi Rayon Co., Ltd. as the core operating companies.

The Target Company has been focusing primarily on air separation plants that produce industrial gases (oxygen, nitrogen, and argon), while working to advance a variety of technologies and develop its

business as an industrial gas manufacturer, since it developed Japan's first oxygen generator in 1934. The Target Company was formed in 2004 through the merger of Nippon Sanso Corporation and Taiyo Toyo Sanso Co., Ltd. ("Taiyo Toyo Sanso"). At that time, Taiyo Toyo Sanso was in an alliance relationship with Mitsubishi Chemical and engaged in the industrial gas manufacturing business through a joint venture of Taiyo Toyo Sanso and Mitsubishi Chemical, and Mitsubishi Chemical possessed 50,552,926 shares of the Taiyo Toyo Sanso stock (34.85% of the total number of the then issued shares of Taiyo Toyo Sanso). As a result of the formation of the Target Company, Mitsubishi Chemical became the largest shareholder of the Target Company, holding 40,947,870 shares of the Target Company stock (10.09% of the total number of the then issued shares of the Target Company). Mitsubishi Chemical continued to acquire the Target Company Shares thereafter through the market, and as a result, by the end of March 2010, the number of the Target Company Shares owned by Mitsubishi Chemical reached 60,947,870 (15.12% of the total number of the then issued shares of the Target Company). Although the number of the Target Company Shares owned by Mitsubishi Chemical has not changed since then, as stated below, Mitsubishi Chemical's current Share Holding Ratio has become 14.07% due to issuance of shares by the Target Company by way of third-party allotment to the Company.

The Company, Mitsubishi Chemical's parent company, deeply understands the effectiveness of Target Company's business strategies, and the potential for improvement in the Target Company. The Company and the Target Company therefore believed that they would be able to further expand their business opportunities by causing the Target Company to establish a broad alliance relationship with the respective companies of the Company and its subsidiaries including Mitsubishi Chemical (collectively, the "Company Group"). As announced in the press release, "Notice Regarding the Capital and Business Alliance between Taiyo Nippon Sanso Corporation and Mitsubishi Chemical Holdings Corporation" dated September 26, 2013, the Companies thus agreed to create a business alliance relationship and executed a capital and business alliance agreement. As announced in Target Company's press release, "Notice Regarding Issuance of New Shares and Disposition of Treasury Shares by Way of Third-Party Allotment, and Change of the Principal Shareholder" dated September 26, 2013, for the purpose of making the business alliance even stronger to generate a synergistic effect, and also meeting its financial needs concerning future business development, including capital investment, the Target Company issued 30,000,000 new shares and disposed of 15,096,000 treasury shares by way of third-party allotment to the Company (payment date: October 15, 2013; and issue price per share: 687 yen). Furthermore, the Company has acquired certain number of the Target Company Shares through market transactions before and after such third-party allotment. As a result, as of today, the Company holds 55,850,000 Target Company Shares (Share Holding Ratio: 12.90%), Mitsubishi Chemical holds 60,947,870 Target Company Shares (Share Holding Ratio: 14.07%) and together they hold 116,797,870 Target Company Shares in total (Share Holding Ratio: 26.97%).

Afterward, based on the execution of the capital and business alliance agreement and the implementation of the third-party allotment, the Companies discussed and evaluated, among other things, as to the agreed-upon business alliance areas, the terms and conditions as well as the timing of implementation, and as to other areas, potential business alliances or business development. These discussions and evaluations were for the purpose of maximizing synergies between both corporate groups. In this process, the Company and the Target Company shared a common understanding that it is essential to further strengthen the foundation of their businesses in order to respond to changes in the global competitive environment, and for that purpose, it is necessary to create further business synergies through cooperation by the Company and the Target Company as members of the same corporate group based on an enhanced capital relationship and through effective use of management resources of both Companies. In order to achieve this goal, the Companies agreed to strengthen the capital relationship and business alliance between both Companies through the Tender Offer. The Companies expect that Target Company's changing from an equity method affiliate of the Company to a consolidated subsidiary of the Company will create an even firmer alliance and a broad range of synergies through, inter alia, disclosure and supply of management resources that will serve as the foundation of their businesses. Both Companies believe that it will become possible for both Companies to cooperate more closely with each other than previously contemplated. Such cooperation will include, for instance, on-site cooperative business such as mutual utilization of both Companies' supply chains in and outside of Japan and Target Company's gas supply to the overseas manufacturing bases developed by the Company, and joint research and development in certain advanced fields.

The Tender Offer is aimed at enhancing the capital and business alliance relationship between the Companies and improving the corporate value of both Companies, through Company's acquiring a majority of voting rights of the Target Company, and the reorganization of Target Company as a consolidated subsidiary through the Tender Offer.

The Companies will work on a detailed examination of promoting the mutual use of the respective Companies' distribution channel. To be more specific, the Companies will consider the possibilities of cooperative business and transactions in every business segment, including the expansion of sales in Target Company's medical care business (medical gases and related equipment) through Company's distribution channel, and the utilization of Target Company's distribution channels for Company's artificial spa generators and CFRP pressure vessels.

The Target Company has thus far supplied gases through the piping (on-site plant method), mainly to large customers in Japan. From now on, the Target Company intends to utilize its know-how for stably supplying gases, which it has fostered over years for major domestic customers, for new overseas manufacturing bases that will be planned by the Company. By doing so, the Target Company aims to further expand overseas business. The Target Company will also procure the base load that is stable in the long term, by supplying gases through the piping method, and absorb demands for liquefied gases, cylinder gases, and gas-related equipment in neighboring markets, thereby aiming to expand its sales through the synergetic effect generated with existing products/business.

(ii) Management Policy after the Tender Offer

With respect to the management structure of the Target Company after the consummation of the Tender Offer, as described in "(3) Material Agreements Related to the Tender Offer", "a. Agreement", "(e) Operation and maintenance of the listing of the Target Company after the consummation of the Tender Offer" below, after the consummation of the Tender Offer, the Company intends to nominate, in principle, two persons as candidates for the Target Company's directors (as of today, the total number of Target Company's directors is 17) and to nominate a candidate for Target Company's representative director and chairman out of those two persons. However, a candidate for Target Company's representative director and president is planned to be nominated by the Target Company. Although the Target Company will manage its business pursuant to Company's "Internal Rules on the Group Management" after the consummation of the Tender Offer, because the Target Company will continue to be managed on respect for its autonomy, and the Target Company's corporate name and the location of its head office are intended to be maintained.

As described in "(3) Material Agreements Related to the Tender Offer", "a. Agreement", "(d) Maintenance of ownership ratio after the consummation of the Tender Offer", the Company and the Target Company agreed that the Company Group would maintain its ownership ratio of the Target Company Shares. The Company does not have any plan of acquiring additional Target Company Shares after the consummation of the Tender Offer and intends to own all of its Target Company Shares including those to be acquired by the Tender Offer (including Target Company Shares owned by Mitsubishi Chemical) for a long term.

**(3) Material Agreements Related to the Tender Offer**

a. Agreement

As described in "(1) Overview of the Tender Offer" above, the Companies executed the Agreement as of May 13, 2014. The following is the outline of the Agreement.

(a) Purpose and outline of the Agreement

By aiming to further enhance the capital and business alliance relationship between the Companies and improve the corporate value of both Companies, in order to survive the global competition, which is predicted to become fiercer in the future, the Companies agreed to conduct the Tender Offer to achieve the said purposes.

(b) Launch of the Tender Offer by the Company

The Company will launch the Tender Offer subject to the satisfaction, as of the business day immediately preceding the commencement date of the Tender Offer, of the following conditions precedent: (i) Target Company's board of directors has resolved to express the Supporting Opinion as defined in (c) below and has announced the Supporting Opinion; (ii) the Target Company has not violated any of its obligations under the Agreement to be performed by the time of commencement of the Tender Offer in any material respect; (iii) Target Company's representations and warranties are true and correct in all material respects; (iv) necessary licenses, approvals, and so on have been obtained or the relevant waiting period has expired without any objection being withheld, in relation to the procedures and responses required under domestic and foreign competition laws; (v) there is no judgment, decision, order, or similar obligation from a court or administrative agency that prohibits commencement of the Tender Offer or places restrictions on the Tender Offer; (vi) no material adverse effect has occurred with respect to Target Company's business, assets, liabilities, financial conditions, operating results, cash flow status, or future earnings plan; and (vii) there is no material fact or a Fact Concerning Tender Offer, etc. (as defined in Article 167(3) of the Act) that has not yet been announced regarding the Target Company. If an event falling under (vi) above has occurred by the time of commencement of the Tender Offer, the Companies will faithfully consult with each other regarding the responses to be taken regarding the Tender Offer, including revision of its conditions.

(c) Support and revocation of support of the Tender Offer by the Target Company

The Target Company shall express and announce its opinion approving the Tender Offer (the "Supporting Opinion") and shall maintain the Supporting Opinion until the expiration of the Tender Offer period. However, Target Company's expression of the Supporting Opinion shall be subject to the satisfaction, as of the business day immediately preceding the commencement date of the Tender Offer, of the following conditions precedent: (i) the Company has not violated any of its obligations under the Agreement to be performed by the time of commencement of the Tender Offer in any material respect; (ii) Company's representations and warranties are true and correct in all material respects; (iii) no event has occurred that will materially affect the corporate value of the Target Company and that will thus cause it to be reasonably decided to be inappropriate for the Target Company to support the Tender Offer; and (iv) there is no proposal for a tender offer of the Target Company Shares or any other large purchasing transaction, etc. of the Target Company Shares, etc. by a third party other than the Company that proposes conditions that are superior to those of the Tender Offer (collectively, a "Competing Transaction") and that, due to expressing the Supporting Opinion despite the existence of such a Competing Transaction may, in reasonable judgment, cause Target Company's directors to be in violation of their duty to exercise the due care of a prudent manager.

(d) Maintenance of ownership ratio after the consummation of the Tender Offer

- (i) The Company shall maintain the Company Group's collective ownership ratio in the Target Company after the consummation of the Tender Offer.
- (ii) After the Tender Offer, if the Target Company intends to conduct any act that will result in the Company Group's ownership ratio of the Target Company Shares becoming less than the majority of the total number of issued Target Company Shares, then the Target Company shall, upon consultation with the Company, provide the Company with a reasonably acceptable opportunity to maintain its ownership ratio of the Target Company Shares.

(e) Operation and maintenance of the listing of the Target Company after the consummation of the Tender Offer

- (i) The Target Company shall manage its business pursuant to Company's "Internal Rules on the Group Management." Under the Group Management Rules, the Company shall respect the

autonomy of Target Company's management, and shall support and cooperate with the Target Company in full force.

- (ii) The Company shall maintain the listing of the Target Company Shares, and shall not conduct any act intended to abolish their listing.
- (iii) The Company may nominate in principle two persons as candidates for Target Company's directors, out of whom the Company may nominate a candidate for Target Company's representative director and chairman. The Target Company may nominate a candidate for Target Company's representative director and president.
- (iv) The Target Company shall in principle maintain its corporate name and the location of its head office.

b. Others

Mitsubishi Chemical will not tender its 60,947,870 common shares of the Target Company (Share Holding Ratio: 14.07%) for the Tender Offer.

**(4) Purchase price of the Target Company Shares for the Tender Offer**

For details of decision making process of the Company concerning the purchase price of the Target Company Shares for the Tender Offer (the "Tender Offer Price"), please see "a. Basis of Calculation" and "b. Background of Calculation" in "(4) Basis of Calculation of Tender Offer Purchase Price" of "2. Description of Tender Offer" below.

**(5) Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest**

a. Obtaining Share Valuation Reports from Independent Third-party Appraiser

According to the Notice by the Target Company, as stated below, as measures to ensure the fairness of the Tender Offer, the Target Company received share valuation reports as reference materials from Mizuho Securities Co., Ltd. ("Mizuho Securities"), an independent third-party appraiser having no material interest in either company and which is not a related party of either company, upon determining the appropriateness of the Tender Offer Price. Because the Target Company takes a neutral position on whether to recommend that the shareholders of the Target Company accept the Tender Offer, and defers to the decision of each shareholder as to whether to accept the Tender Offer, the Target Company has not requested that Mizuho Securities issue any opinion stating that the Tender Offer Price is fair from a financial perspective (fairness opinion), in light of actual practices in similar cases.

Regarding the Tender Offer Price, after receiving a proposal regarding the Tender Offer Price from the Company, the Target Company obtained a share valuation report (the "Share Valuation Report of May 2014") from Mizuho Securities as reference material on May 13, 2014, for assessing the fairness of the proposed Tender Offer Price. (The Company did not request that Mizuho Securities issue any opinion stating that the Tender Offer Price is fair from a financial perspective (fairness opinion).)

(a) Outline of the Share Valuation Report of May 2014

Mizuho Securities analyzed the value of the Target Company shares, upon certain conditions, based on the financial information and the financial forecasts, which the Target Company had provided. Mizuho Securities calculated the value of the Target Company shares using (i) the average market price method, since the Target Company shares are listed on the TSE and the market price of those shares is available there; (ii) the comparable company method, since there are multiple listed

companies engaged in businesses relatively similar to the business of the Target Company, and accordingly it is possible to estimate the value of the Target Company shares by comparing the Target Company with those similar companies; and (iii) the DCF method, in order to reflect the performance of the Target Company's future business activities on the valuation.

The valuation ranges per Target Company share calculated by using the above methods are as follows, respectively:

Average Market Price Method: between 744 yen and 815 yen.  
Comparable Company Method: between 777 yen and 1,064 yen.  
DCF Method: between 779 yen and 1,169 yen.

With the average market price method, Mizuho Securities used May 12, 2014 as the base date, and the valuation was based on 802 yen, which is the closing share price on the base date; 815 yen, which is the simple average closing price for the past one (1) month; 786 yen, which is the simple average closing price for the last three (3) months; and 744 yen, which is the simple average closing price for the last six (6) months on the First Section of the TSE.

With the comparable company method, Mizuho Securities valued the Target Company shares through comparison with market share prices and financial metrics (indicating elements such as profitability) of listed companies engaged in businesses relatively similar to the business of the Target Company.

With the DCF method, Mizuho Securities calculated the value of the Target Company shares by discounting the free cash flows that the Target Company is expected to generate in or after the fiscal year ending March 2015, to present value using certain discount rates. It was based on assumptions derived from multiple sources, including profit and investment projects in the Target Company's business plans, and publicly available information.

In addition, no significant increases or decreases in profit are anticipated in the Target Company's business plans, on which the DCF analysis was based.

According to the Notice by the Target Company, thereafter, in order to commence the Tender Offer, it was necessary to consider changes in the market environment, because more than four (4) months have passed since the scheduled Tender Offer was announced in the press release dated May 13, 2014. In order to re-assess the appropriateness of the Tender Offer Price, the Target Company again obtained a share valuation report (the "Share Valuation Report of September 2014") from Mizuho Securities as reference material on September 29, 2014. (The Target Company has not requested that Mizuho Securities issue any opinion stating that the Tender Offer Price is fair from a financial perspective (fairness opinion).)

#### (b) Outline of the Share Valuation Report of September 2014

Mizuho Securities analyzed the value of the Target Company shares, upon certain conditions, based on the financial information and the financial forecasts, which the Target Company had provided. Mizuho Securities calculated the value of the Target Company shares using (i) the average market price method, since the Target Company shares are listed on the TSE and the market price of those shares is available there; (ii) the comparable company method, since there are multiple listed companies engaged in businesses relatively similar to the business of the Target Company, and accordingly it is possible to estimate the value of the Target Company shares by comparing the Target Company with those similar companies; and (iii) the DCF method, in order to reflect the performance of the Target Company's future business activities on the valuation.

The valuation ranges per Company share calculated by using the above methods are as follows, respectively:

Average Market Price Method:	between 744 yen and 815 yen.
Comparable Company Method:	between 868 yen and 1,126 yen.
DCF Method:	between 740 yen and 1,251 yen.

With the average market price method, Mizuho Securities used May 12, 2014 as the base date, and the valuation was based on 802 yen, which is the closing share price on the base date; 815 yen, which is the simple average closing price for the past one (1) month; 786 yen, which is the simple average closing price for the last three (3) months; and 744 yen, which is the simple average closing price for the last six (6) months on the First Section of the TSE.

With the comparable company method, Mizuho Securities valued the Target Company shares through comparison with market share prices and financial metrics (indicating elements such as profitability) of listed companies engaged in businesses relatively similar to the business of the Target Company.

With the DCF method, Mizuho Securities calculated the value of the Target Company shares by discounting the free cash flows that the Target Company is expected to generate in or after the fiscal year ending March 2015, to present value using certain discount rates. It was based on assumptions derived from multiple sources, including profit and investment projects in the Target Company's business plans, and publicly available information.

In addition, no significant increases or decreases in profit are anticipated in the Target Company's business plans, on which the DCF analysis was based.

b. Advice from Independent Law Firm by the Target Company

According to the Notice by the Target Company, the Target Company received legal advice regarding the decision-making method and process of the Target Company's board of directors with respect to the Tender Offer from Nishimura & Asahi, a legal advisor independent from both companies, in order to ensure fairness and appropriateness of the decision-making method and process.

c. Unanimous Approval by the Non-Interested Directors and Corporate Auditors of the Target Company

According to the Notice by the Target Company, The Target Company and the Company shared a common understanding that it is essential to further strengthen the foundation of their businesses in order to respond to changes in the global competitive environment, and for that purpose, it is necessary to create further business synergies through both companies' cooperation as members of the same corporate group based on an enhanced capital relationship and through effective use of the management resources of both companies.

Based on the consideration of the enhancement of corporate value and shareholder value as above, the intention of the Company, the contents of the Share Valuation Report of May 2014 prepared by Mizuho Securities, legal advice from Nishimura & Asahi, and other related documents, the Target Company held a board of directors' meeting on May 13, 2014, and seriously considered the various conditions of the Tender Offer.

As a result, the board of directors of the Target Company resolved that if the Tender Offer commenced, the board would: (i) issue an opinion in support of the Tender Offer, since the Target Company reached the conclusion that building an even firmer alliance with the Company based on the stabilized capital relationship, which was subject to the consummation of the Tender Offer, would contribute to the enhancement of the Target Company's corporate value, and eventually, its shareholder value, and (ii) take a neutral position on whether to recommend that the shareholders of the Target Company accept the Tender Offer, and defer to the decision of each shareholder as to whether to accept the Tender Offer, since the maximum number of shares to be purchased was to be

set in the Tender Offer, and accordingly, the listing of the Target Company shares was expected to continue to be maintained after the Tender Offer. Regarding the resolutions at the meeting of the Target Company's board of directors mentioned above, Mr. Shotaro Yoshimura, who was an external director of the Target Company at that time, did not participate in the discussion or resolution at the board of directors' meeting stated above, in order to enhance the fairness, the transparency and the objectivity in the process of decision-making regarding the Tender Offer, and to avoid a conflict of interest, because he concurrently served as a director of the Company. All of the above resolutions of the Target Company's board of directors' meeting were adopted by a unanimous vote of all directors present, excluding Mr. Shotaro Yoshimura. Further, all four (4) corporate auditors of the Target Company attended the above board of directors' meeting, and stated that they had no objections to the resolutions.

Thereafter, in order to commence the Tender Offer, it was necessary to consider changes in the market environment, because more than four (4) months have passed since the scheduled Tender Offer was announced in the press release dated May 13, 2014. Therefore, based on the contents of the Share Valuation Report of September 2014 prepared by Mizuho Securities, and legal advice from Nishimura & Asahi, the Target Company held a board of directors' meeting on September 29, 2014, and seriously considered the various conditions of the Tender Offer. As a result, the board of directors of the Target Company has unanimously resolved to (i) issue an opinion in support of the Tender Offer, since the Target Company has reached the conclusion that building an even firmer alliance with the Company based on the stabilized capital relationship, which is subject to the consummation of the Tender Offer, will contribute to the enhancement of the Target Company's corporate value, and eventually, its shareholder value, and (ii) take a neutral position on whether to recommend that the shareholders of the Target Company accept the Tender Offer and defer to the decision of each shareholder as to whether to accept the Tender Offer, since the maximum number of shares to be purchased has been set in the Tender Offer and accordingly, the listing of the Target Company Shares is expected to be maintained continuously after the Tender Offer. Further, all four (4) corporate auditors of the Target Company attended the above board of directors' meeting, and stated that they had no objections to the resolutions. There are no directors or corporate auditors who have any special interest in the resolutions at the board of directors' meeting on September 29, 2014, regarding the above-mentioned Tender Offer.

#### **(6) Plans to Acquire Additional Shares following the Tender Offer**

As described in “(3) Material Agreements Related to the Tender Offer”, “a. Agreement”, “(d) Maintenance of ownership ratio after the consummation of the Tender Offer” above, the Company and the Target Company have agreed that the Company Group will maintain its percentage of shareholding in the Target Company after the Tender Offer. The Company does not plan to acquire the Target Company Shares additionally after the Tender Offer, and intends to maintain long-term ownership of all the Target Company Shares that are currently held by the Company (including the Target Company Shares held by Mitsubishi Chemical), as well as of all the Target Company Shares that may be acquired through the Tender Offer. The Company intends not to purchase all of the shares, etc. tendered if the total number of the shares, etc. tendered is less than the minimum number of shares to be purchased. However, the Company has not yet determined whether or not to acquire the Target Company Shares by conducting another tender offer or by taking other measures.

#### **(7) Prospects of Delisting and Reasons therefor**

As of today, the Target Company Shares are listed on the First Section of the TSE. The Tender Offer is not intended to delist the Target Company and the Company is launching the Tender Offer subject to a maximum number of shares to be purchased of 104,079,476 shares (together with the Target Company Shares that the Company and Mitsubishi Chemical hold as of today, the Share Holding Ratio will be 51%), and thus it is expected that the Target Company Shares would continue being listed on the First Section of the TSE even after the Tender Offer.

## 2. Description of Tender Offer

### (1) Description of the Target Company

a.	Trade Name	Taiyo Nippon Sanso Corporation	
b.	Address of Head Office	1-3-26, Koyama, Shinagawa-ku, Tokyo	
c.	Name and Title of Representative	Yujiro Ichihara, President and Chief Executive Officer	
d.	Business Description	Production and sale of industrial gases and related equipment/devices	
e.	Paid-in Capital	37,344 million yen	
f.	Date of Incorporation	July 19, 1918	
g.	Major Shareholders and Shareholding Ratio (as of March 31, 2014)	Mitsubishi Chemical Corporation	14.07 %
		Mitsubishi Chemical Holdings Corporation	12.90 %
		JFE Steel Corporation	5.83 %
		Taiyo Nippon Sanso Corporation's shareholding association	4.82 %
		Mizuho Bank, Ltd.	3.78 %
		Meiji Yasuda Life Insurance Company	3.70 %
		Master Trust Bank of Japan, Ltd. (Trust Account)	2.45 %
		The Norinchukin Bank	2.31 %
		Japan Trustee Services Bank, Ltd. (Trust Account)	2.15 %
	National Mutual Insurance Federation of Agricultural Cooperatives	2.00 %	
h.	Relationship between the Tender Offeror and the Target Company	Capital Relationship	The Company holds 116,797,870 shares (including those held indirectly) of the stock of the Target Company. The Target Company holds 10,118,148 shares (including those held indirectly) of the stock of the Company.
		Personal Relationship	N/A
		Transactional Relationship	There are no material transactional relationships to be specifically noted, between persons or companies affiliated with the Target Company, and those affiliated with the Company. There are no material transactional relationships between the Target Company and the Company to be noted.
		Relationship with Related Parties	The Target Company is an equity method affiliate of the Company, and falls under the category of a related party.

## (2) Schedule of the Tender Offer

### a. Schedule

(1) Date of Board of Directors' Resolutions	Monday, September 29, 2014
(2) Date of Public Notice of Tender Offer Commencement	Tuesday, September 30, 2014
(3) Name of Newspaper for Public Notice	Public disclosure will be made electronically, and a notice of such disclosure will be published in the <i>Nihon Keizai Shimbun</i> . EDINET (electronic disclosure for investors' network): ( <a href="http://disclosure.edinet-fsa.go.jp/">http://disclosure.edinet-fsa.go.jp/</a> )
(4) Date of Submission of the Tender Offer Registration Statement (the "Registration Statement")	Tuesday, September 30, 2014

### b. Tender Offer Period as of the time of filing of the Registration Statement

From Tuesday, September 30, 2014 through Wednesday, November 5, 2014 (Japan standard time)  
(25 business days in Japan)

### c. Possible extension of the Tender Offer Period based on the Target Company's request

If the Target Company submits an opinion report requesting an extension of the tender offer period (the "Tender Offer Period") pursuant to Article 27-10, Paragraph 3 of the Act, the Tender Offer Period shall be extended to 30 business days in Japan, until Wednesday, November 12, 2014.

## (3) Tender Offer Purchase Price

Common Stock of the Target Company: JPY1,030 per share of common stock

## (4) Basis of Calculation of Tender Offer Purchase Price

### a. Basis of Calculation

In determining the Tender Offer Price, the Company requested that JPMorgan Securities Japan Co., Ltd. ("J.P. Morgan"), an independent third-party appraiser having no material interests in the Company or the Target Company, calculate the value of the Target Company Shares. J.P. Morgan valued the Target Company Shares using the average market price method, the comparable company method, and the discounted cash flow (the "DCF") method of analysis based on its assessment of valuation methods in relation to the value of the Target Company Shares, and submitted the Share Valuation Report Regarding the Target Company Shares (the "JPM Valuation Report in May") to the Company on May 13, 2014. Moreover, the Company received a fairness opinion from J.P. Morgan regarding the Tender Offer Price on May 13, 2014, which states that, subject to certain conditions, the Tender Offer Price is fair to the Company from a financial perspective (the "JPM Fairness Opinion in May").

Afterward, upon the commencement of the Tender Offer, the Company requested again that J.P. Morgan conduct a financial analysis of the Tender Offer Price or the value of the Target Company Shares. J.P. Morgan valued the Target Company Shares using the average market price method, the comparable company method, and the DCF method of analysis based on its assessment of valuation methods in relation to the value of the Target Company Shares, and submitted the Share Valuation Report Regarding the Target Company Shares (the "JPM Valuation Report in September", and each of the JPM Valuation Report in May and the JPM Valuation Report in September is referred to "Each JPM Valuation Report") to the Company on September 29, 2014. Moreover, the Company received a fairness opinion from JPM regarding the Tender Offer Price on September 29, 2014, which states that, subject to certain conditions, the Tender Offer Price is fair to the Company from a financial perspective (the "JPM Fairness Opinion in September", and each

of the JPM Fairness Opinion in May and the JPM Fairness Opinion in September is referred to “Each JPM Fairness Opinion”). Each JPM Valuation Report was prepared only for the purpose of providing information and support when the Company’s board of directors considered the Tender Offer. J.P. Morgan did not recommend a specific tender offer price to the Company or its board of directors, nor did it suggest that any specific tender offer price constituted the only appropriate tender offer price for the Tender Offer.

According to the JPM Valuation Report in September, the valuation methods used, and the valuation ranges derived from these methods, expressed as the price per the Target Company Share, are as follows:

a) Average Market Price Method: between 744 yen and 815 yen

With the average market price method based on public information, J.P. Morgan used May 12, 2014, as the base date, and the valuation was based on 802 yen, which is the closing share price on the base date, 815 yen, which is the simple average closing price for the past one (1) month, 786 yen, which is the simple average closing price for the last three (3) months, and 744 yen, which is the simple average closing price for the last six (6) months.

b) Comparable Company Method: between 779 yen and 1,130 yen

With the comparable company method, J.P. Morgan used September 26, 2014, as the base date, and valued the Target Company Shares by selecting listed companies that, while not totally comparable to the Target Company, are engaged in businesses that for purposes of analysis may be considered similar to the Target Company, based on the comparison of financial indicators such as market share price, growth rate, and profitability

c) DCF Method: between 946 yen and 1,255 yen

With the DCF method, J.P. Morgan’s analysis was based on relevant factors such as the Target Company’s business plans and financial forecasts, approved for J.P. Morgan’s use by the Company, profit and investment projects in the Target Company’s business plans, the results of interviews and due diligence on the Target Company, and other publicly available information. J.P. Morgan evaluated the share value by discounting the free cash flows that the Target Company is expected to generate in or after the fiscal year ending March 2015 by a range of discount rates to arrive at a range of present values. In addition, no significant increases or decreases in profit are anticipated in the Target Company’s business plans and financial forecasts, on which the DCF analysis was based.

(Note) The following is supplemental explanation of the assumptions, matters considered, and the limitations on the review undertaken by J.P. Morgan in connection with Each JPM Fairness Opinion and the financial analyses of the Target Company’s equity, which were the basis for the opinion.

In providing the opinion contained in Each JPM Fairness Opinion and conducting the financial analyses of the Target Company’s equity, which were the basis for the opinion, J.P. Morgan has relied upon and assumed the accuracy and completeness of all information that was publicly available or was furnished to or discussed with J.P. Morgan by the Company and the Target Company or otherwise reviewed by or for J.P. Morgan, and J.P. Morgan has not independently verified (nor has J.P. Morgan assumed responsibility or liability for independently verifying) any such information or its accuracy or completeness. J.P. Morgan has not conducted or been provided with any valuation or appraisal of any assets or liabilities of the Company or the Target Company, nor has J.P. Morgan evaluated the solvency of the Company or the Target Company under any laws relating to bankruptcy, insolvency or similar matters. In relying on financial analyses and forecasts provided to J.P. Morgan or derived therefrom, J.P. Morgan has assumed that they have been reasonably prepared based on assumptions reflecting the best available estimates and judgments by management of the Company and the Target Company as of the date of Each JPM Fairness Opinion as to the expected future results of operations and financial condition of the Company and the Target Company to which such analyses or forecasts relate. J.P. Morgan expresses no view as to such analyses or forecasts or the assumptions on which they were based. J.P. Morgan has also assumed that the Tender Offer and the other transactions contemplated by the Agreement will have all of the consequences described in discussions with, and materials furnished to J.P. Morgan by, representatives of the Company, and will be consummated as described in the Agreement and, in relation to the JPM

Fairness Opinion in May, that the definitive version of the Agreement will not differ in any material respects from the draft thereof furnished to J.P. Morgan. J.P. Morgan has also assumed that the representations and warranties made by the Company and the Target Company in the Agreement are and will be true and correct in all respects material to J.P. Morgan's analysis, and that the Company will have no exposure under any indemnification obligations contained within the Agreement in any amount material to J.P. Morgan's analysis. J.P. Morgan is not a legal, regulatory, tax or accounting expert and has relied on the assessments made by advisors to the Company with respect to such issues. J.P. Morgan has further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the Tender Offer will be obtained without any adverse effect on the Company or the Target Company or on the contemplated benefits of the Tender Offer.

Each JPM Fairness Opinion and J.P. Morgan's financial analyses of the Target Company's equity, which were the basis for the opinion, are necessarily based on economic, market and other conditions as in effect on, and the information made available to J.P. Morgan as of the date of Each JPM Fairness Opinion. It should be understood that subsequent developments may affect such opinion and that J.P. Morgan does not have any obligation to update, revise, or reaffirm this opinion. Each JPM Fairness Opinion is limited to the fairness to the Company, from a financial point of view, of the tender offer price to be paid by the Company in the proposed Tender Offer and J.P. Morgan express no opinion as to the underlying decision by the Company to engage in the Tender Offer. Furthermore, neither Each JPM Fairness Opinion nor the financial analyses of the Target Company's equity, which are the basis for the opinion, intend to suggest any specific tender offer price to the Company or its board of directors or that any specific tender offer price constituted the only appropriate tender offer price for the Tender Offer.

J.P. Morgan has acted as financial advisor to the Company with respect to the proposed Tender Offer and will receive a fee from the Company for J.P. Morgan's services, a substantial portion of which will become payable only if the proposed Tender Offer is consummated. In addition, the Company has agreed to indemnify J.P. Morgan for certain liabilities arising out of J.P. Morgan's engagement. During the two years preceding the date of Each JPM Fairness Opinion, J.P. Morgan and its affiliates have had commercial or investment banking relationships with the Company and the Target Company for which J.P. Morgan and such affiliates have received customary compensation. Such services during such period have included acting in a financial advisory role to the Company regarding capital and business alliance with the Target Company in October 2013 and the acquisition of new shares of the Target Company via third party allotment in connection therewith, in addition to providing financial advisory services to the Company in connection with the Tender Offer. In the ordinary course of J.P. Morgan's businesses, J.P. Morgan and its affiliates may actively trade the debt and equity securities of the Company or the Target Company for J.P. Morgan's own account or for the accounts of customers and, accordingly, J.P. Morgan and its affiliates may at any time hold long or short positions in such securities.

The Tender Offer Price of 1,030 yen per share includes (a) a premium of 28.43% (which percentage is rounded to the nearest hundredth, the same applies the calculation of a premium below) on 802 yen, which is the closing price of the Target Company Shares quoted on the TSE on May 12, 2014, which is the business day immediately preceding the date of execution of the Agreement, (b) a premium of 26.38% on 815 yen, which is the simple average closing price of the Target Company Shares quoted for the past one (1) month period to May 12, 2014, (c) a premium of 31.04% on 786 yen, which is the simple average closing price of the Target Company Shares quoted for the last three (3) month period to May 12, 2014, and (d) a premium of 38.44% on 744 yen, which is the simple average closing price of the Target Company Shares quoted for the last six (6) month period to May 12, 2014.

The Tender Offer Price of 1,030 yen per share includes (a) a premium of 5.97% on 972 yen, which is the closing price of the Target Company Shares quoted on the TSE on September 26, 2014, which is the business day immediately preceding the announcement date of the Tender Offer, (b) a premium of 7.74% on 956 yen, which is the simple average closing price of the Target Company Shares quoted for the past one (1) month period to September 26, 2014, (c) a premium of 11.71% on 922 yen, which is the simple average closing price of the Target Company Shares quoted for the last three (3) month period to September 26, 2014, and (d) a premium of 16.25% on 886 yen, which is the simple average closing price of the Target Company Shares quoted for the last six (6) month period to September 26, 2014.

As announced in Target Company's press release, "Notice Regarding Issuance of New Shares and Disposition of Treasury Shares by Way of Third-Party Allotment, and Change of the Principal Shareholder", the Target Company issued 30,000,000 new shares and disposed of 15,096,000 treasury shares by way of third-party allotment to the Company (payment date: October 15, 2013;

issue price per share: 687 yen). According to the same press release, the Target Company determined the issue price of 687 yen, (i) based on the closing price of its common stock at the TSE on September 25, 2013, which is the business day immediately preceding the date on which the capital increase by third-party allotment was resolved at the board of directors' meeting of the Target Company, in accordance with the "Guidelines Concerning Handling of Allocation of New Shares to a Third Party" of the Japan Securities Dealers Association, and (ii) after taking into account the simple average of the closing price for the one-month period immediately before the resolution date of the said board of directors' meeting, the simple average of the closing price for the three-month period immediately before the said resolution date, and the simple average of the closing price for the six-month period immediately before the said resolution date.

There is a difference of 343 yen between the Tender Offer Price and the per share issue price of the third-party allotment. This difference is due to the facts (i) that the market price of the Target Company's common stock at the time of the May 2014 announcement of the Tender Offer which was used to determine the Tender Offer Price was higher than that which was used as a basis for determining the per share issue price of the third party allotment and (ii) that a certain premium was added to the Tender Offer Price in order to encourage the shareholders of the Target Company to tender their shares. Consideration of the JPM Valuation Report in September issued by J.P. Morgan and other various elements referred to in "Background of Calculation" below have also affected the determination of the Tender Offer Price and are reasons for the abovementioned difference.

In addition, the Company has acquired certain number of the Target Company Shares on several occasions through market transactions before and after such third-party allotment. The price per share for such acquisition ranges from 630 yen to 689 yen. There is a difference of 400 yen at the maximum between the Tender Offer Price and the per share issue price of such acquisition through market transactions. This difference is also due to the facts (i) that the market price of the Target Company's common stock at the time of the May 2014 announcement of the Tender Offer which was used to determine the Tender Offer Price was higher than the market price at the time of such acquisition through market transactions by the Company and (ii) that a certain premium was added to the Tender Offer Price in order to encourage the shareholders of the Target Company to tender their shares. Consideration of the JPM Valuation Report in September issued by J.P. Morgan and other various elements referred to in "Background of Calculation" below have also affected the determination of the Tender Offer Price and are reasons for the abovementioned difference.

b. Background of Calculation

(Background of the determination of the Tender Offer Price)

The Company, Mitsubishi Chemical's parent company, deeply understands the effectiveness of the Target Company's business strategies, and the potential for improvement in the Target Company. The Company and the Target Company therefore believed that they would be able to further expand their business opportunities by causing the Target Company to establish a broad alliance relationship with the respective companies of the Company Group. As announced in the press release, "Notice Regarding the Capital and Business Alliance between Taiyo Nippon Sanso Corporation and Mitsubishi Chemical Holdings Corporation" dated September 26, 2013, the Companies thus agreed to create a business alliance relationship and executed a capital and business alliance agreement. As announced in the Target Company's press release, "Notice Regarding Issuance of New Shares and Disposition of Treasury Shares by Way of Third-Party Allotment, and Change of the Principal Shareholder" dated September 26, 2013, for the purpose of making the business alliance even stronger to generate a synergistic effect, and also meeting its financial needs concerning future business development, including capital investment, the Target Company has issued new shares and disposed of treasury shares by way of third-party allotment (collectively, the "Capital Increase by Third-Party Allotment") to the Company. As a result, as of today, the Company holds 116,797,870 the Target Company Shares (Share Holding Ratio: 26.97%), including those held indirectly through Mitsubishi Chemical.

Afterward, based on the execution of the capital and business alliance agreement and the implementation of the third-party allotment by the Target Company, the Companies discussed and evaluated, among other things, as to the agreed-upon business alliance areas, the terms and conditions as well as the timing of implementation, and as to other areas, potential business alliances or business development. These discussions and evaluations were for the purpose of maximizing synergies between both corporate groups. In this process, the Company and the Target Company shared a common understanding that it is essential to further strengthen the foundation of their businesses in order to respond to changes in the global competitive environment, and for that purpose, it is necessary to create further business synergies through both Companies' cooperation as members of the same corporate group based on an enhanced capital relationship and through effective use of management resources of both Companies. In order to achieve this goal, on May 13, 2014, the Companies agreed to strengthen the capital relationship and business alliance between both Companies through the Tender Offer. Therefore, the Company determined to commence the Tender Offer Price based on the following calculation.

(a) Name of third party that provided an opinion regarding the calculation

In determining the Tender Offer Price, the Company referred to the JPM Valuation Report in September submitted by J.P. Morgan. J.P. Morgan, a financial advisor of the Company, is not a related party of the Company or the Target Company and does not have any material interests with respect to the Tender Offer that should be described in this document.

(b) Summary of opinion

According to the JPM Valuation Report in September, the ranges of the value per Share of Target Company, calculated in accordance with the adopted methods, are as follows:

Average market price method:	from 744 yen to 815 yen;
Comparable company comparison method:	from 779 yen to 1,130 yen; and
DCF method:	from 946 yen to 1,255 yen.

(c) Background of the determination of the Tender Offer Price based on the opinion

The Company referred to the valuation results in JPM Valuation Report in May and the results etc. in due diligence of the Target Company conducted by the Company, and the Companies agreed the Tender Offer Price to be 1,030 yen per share and entered into the Agreement based on the resolution at the board of directors meeting held at each of the Companies on May 13, 2014, after the prudent negotiations and discussions between the Companies by considering financial and business conditions of the Target Company and the Company, assets, the standard of premium granted to determine the price for a tender offer etc. in the similar cases in the past where a tender offer was conducted by other than the issuer, whether or not the board of directors of the Target Company would support the Tender Offer, the stock market price of the Target Company Shares during the period from the commencement of the negotiations and discussions through until the announcement of this deal, prospects of the shareholders' tenders for the Tender Offer, the future prospects of the domestic and overseas business of the Target Company, including the business forecast of the Target Company, and other factors. Thereafter, the Company referred to the valuation results in JPM Valuation Report in September upon the comment of the Tender Offer and the Company finally determined the Tender Offer Price to be 1,030 yen per share by a written resolution dated on September 29, 2014 in place of a resolution at the board of directors.

(Note) As for the supplemental explanation of the assumptions, matters considered, and the limitations on the review undertaken by J.P. Morgan in connection with Each JPM Fairness Opinion and the financial analyses of the Target Company's equity, which were the basis for the opinion, please see "a. Basis of Calculation" in "(4) Basis of Calculation of Tender Offer Purchase Price" of "2. Description of Tender Offer" above.

c. Relationship with Appraisers

J.P. Morgan is not a related party of the Company or the Target Company and does not have any material interest in the Tender Offer.

**(5) Number of Shares to be Purchased in the Tender Offer**

Number of shares intended to be purchased	Minimum number of shares intended to be purchased	Maximum number of shares intended to be purchased
104,079,476	99,748,549	104,079,476

(Note 1) If the total number of shares tendered is less than the number indicated above in “Minimum number of shares intended to be purchased” (99,748,549 shares), none of the tendered shares will be purchased by the Tender Offeror. If the total number of shares tendered exceeds the number indicated in “Maximum number of shares intended to be purchased” (104,079,476 shares), all or part of shares exceeding such number shall not be purchased. In such event, delivery or other settlement of the purchased share certificates, etc. shall be conducted on a pro rata basis as set forth in Article 27-13, Clause 5 of the Act and Article 32 of the TOB Order.

(Note 2) Shares constituting less than a whole unit and cross-held shares will also be subject to purchase through the Tender Offer. The Target Company may purchase its own shares in accordance with legal procedures during the Tender Offer Period from any shareholder who exercises the right under the Company Law to require the Target Company to purchase shares constituting less than a whole unit.

(Note 3) The Company does not intend to acquire treasury shares held by the Target Company (92,915 shares) through the Tender Offer.

**(6) Changes in Ownership Percentage of Shares after the Tender Offer**

Number of Voting Rights Represented by Shares Owned by the Tender Offeror prior to the Tender Offer	55,850 units	(Ownership Percentage of Shares prior to the Tender Offer: 12.90%)
Number of Voting Rights Represented by Shares Owned by Specially Related Parties prior to the Tender Offer	61,819 units	(Ownership Percentage of Shares prior to the Tender Offer: 14.28%)
Number of Voting Rights Represented by Shares Owned by the Tender Offeror after the Tender Offer	159,929 units	(Ownership Percentage of Shares after the Tender Offer: 36.93%)
Number of Voting Rights Represented by Shares Owned by Specially Related Parties after the Tender Offer	61,819 units	(Ownership Percentage of Shares after the Tender Offer: 14.28%)
Total Number of Voting Rights of Shareholders and Other Parties of the Target Company	428,553 units	

(Note 1) The “Number of Voting Rights Represented by Shares Owned by Specially Related Parties prior to the Tender Offer” and “Number of Voting Rights Represented by Shares Owned by Specially Related Parties after the Tender Offer” represents the total number of voting rights (described on the assumption that 1 unit is 1,000 shares) with respect to the number of shares held by each specially related party (excluding the parties that are excluded from the Specially Related Parties pursuant to Article 3, Paragraph 2, Item 1 of the TOB Order in the calculation of the ownership ratio prescribed in each Item of Article 27-2, Paragraph 1 of the Act); provided, however, the treasury shares held by the Target

Company are excluded.

(Note 2) The “Number of Voting Rights Represented by Shares Owned by the Tender Offeror after the Tender Offer” is the sum of the number of voting rights (104,079 units) represented by shares to be purchased by the Tender Offeror (104,079,476 shares) and the “Number of Voting Rights Represented by Shares Owned by the Tender Offeror prior to the Tender Offer” (55,850 units).

(Note 3) The “Total Number of Voting Rights of Shareholders and Other Parties of the Target Company” represents the total number of voting rights of all shareholders of the Target Company as of June 30, 2014, as described in the Target Company’s Business Period First Quarterly Report (described on the assumption that 1 unit is 1,000 shares). However, because shares constituting less than a whole unit and cross-held shares are also subject to the Tender Offer, for the purpose of calculating the “Ownership Percentage of Shares prior to the Tender Offer” and the “Ownership Percentage of Shares after the Tender Offer”, the “Total Number of Voting Rights of Shareholders and Other Parties of the Target Company” used in the calculation was 433,048 units. This number was calculated by adding the number of voting rights corresponding to the shares constituting less than a whole unit and cross-held shares (4,495 units being the number of voting rights corresponding to the 4,495,822 shares which was calculated by adding 853,000 cross-held shares as of June 30, 2014 (excluding 259 shares constituting less than a whole unit) to the number calculated by deducting 15 treasury shares constituting less than a whole unit as of June 30, 2014 from 3,642,837 shares constituting less than a whole unit as of June 30, 2014 described in the Target Company’s Business Period First Quarterly Report), to the “Total Number of Voting Rights of Shareholders and Other Parties of the Target Company”.

(Note 4) Because the shares held by specially related parties (excluding shares (i.e., 60,947,870 shares) held by Mitsubishi Chemical that will not be tendered for the Tender Offer) are also subject to the Tender Offer, the Company will purchase all or part of the shares held by specially related parties, if such shares are tendered. If such purchase is made, the “Number of Voting Rights Represented by Shares Owned by Specially Related Parties after the Tender Offer” mentioned above shall be less than 61,819 units.

(Note 5) The “Ownership Percentage of Shares prior to the Tender Offer” and the “Ownership Percentage of Shares after the Tender Offer” are rounded to the nearest hundredth of a percent.

**(7) Aggregate Tender Offer Price**

JPY107,201,860,280

(Note ) The Aggregate Tender Offer Price is calculated by multiplying the number of shares intended to be purchased (104,079,476 shares) by the Purchase Price per share (JPY1,030).

**(8) Method of Settlement**

a. Name and Address of the Head Office of the Financial Instrument Firm in Charge of Settlement

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.  
5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo

kabu.com Securities Co., Ltd. (the Sub-Agent)  
3-2, Otemachi 1-chome, Chiyoda-ku, Tokyo

b. Settlement Commencement Date

November 12, 2014 (Wednesday)

(Note) If the Target Company submits an opinion report requesting an extension of the Tender Offer Period pursuant to Article 27-10, Paragraph 3 of the Act, the settlement commencement date shall be November 19, 2014 (Wednesday).

c. Method of Settlement

A notice of purchase will be mailed to the address of each Tendering Shareholder (or the standing proxy in the case of Foreign Shareholders) promptly after the end of the Tender Offer Period. In addition, Delivery of such notice by the Sub-Agent will be made via the electromagnetic method by displaying it at the website after logging in.

Payment of the purchase price will be made in cash. The Tender Offer Agent will, in accordance with the instructions of the Tendering Shareholders (or the standing proxy in the case of Foreign Shareholders), remit the purchase price promptly after the commencement date of settlement to the account designated by the Tendering Shareholder (or the standing proxy in the case of Foreign Shareholders).

d. Method of Returning Shares

If all or part of the shares tendered are not purchased in accordance with the terms described in “a. Conditions set forth in each Item of Article 27-13, Paragraph 4 of the Act” and “b. Conditions of Withdrawal, etc. of Tender Offer, Details thereof and Method of Disclosure of Withdrawal” under “(9) Other Conditions and Methods of Purchase, etc.”, the tendered shares will be returned to the Tendering Shareholders by restoring the record of such shares to the original record as of immediately before the shares have been tendered, promptly after the settlement date.

**(9) Other Conditions and Methods of Purchase, etc.**

a. Conditions set forth in each Item of Article 27-13, Paragraph 4 of the Act

If the total number of shares tendered is less than the minimum number of shares intended to be purchased (99,748,549 shares), none of the tendered shares will be purchased by the Tender Offeror. If the total number of shares tendered exceeds the maximum number of shares intended to be purchased (104,079,476 shares), all or part of shares exceeding such number shall not be purchased. In such event, delivery or other settlement of the purchased share certificates, etc. shall be conducted on a pro rata basis as set forth in Article 27-13, Clause 5 of the Act and Article 32 of the TOB Order. If the total number of shares tendered includes the shares constituting less than a whole unit (1,000 shares), the maximum numbers of shares to be purchased calculated on a pro rata basis is the number of each shares tendered.

If the total number of the shares to be purchased from each Tendering Shareholder calculated by rounding off the number of shares that are less than one unit share resulting from a calculation on a pro rata basis does not reach the maximum numbers of shares to be purchased, until the total number of the shares to be purchased is the maximum numbers of shares to be purchased or more, one unit share certificates etc. tendered per each Tendering Shareholders (until the number of shares tendered, in the case that if the total number of the shares to be purchased exceeds the maximum numbers of shares to be purchased or more, one unit share certificates etc.) shall be purchased in the order from the Tendering Shareholders with the largest rounded-off portion; provided, however, that if exceeding this method of purchasing from all Tendering Shareholders having equal rounded-off portions results in exceeding the maximum numbers of shares to be purchased, to an extent not less than the maximum numbers of shares to be purchased, shareholders, etc. from whom purchases will be made will be decided by a random drawing from among such Tendering Shareholders

If the total number of the shares to be purchased from each Tendering Shareholder calculated by rounding off the number of shares that are less than one unit share resulting from a calculation on a prorata basis exceeds the maximum numbers of shares to be purchased, until the total number of the shares to be purchased is not less than the maximum numbers of shares to be purchased, one unit share tendered per each Tendering Shareholders (the total number of shares constituting less than a whole unit, in the case that the total number of the shares to be purchased by calculated on a pro rata

basis include in the shares constituting less than a whole unit) shall be reduced in the order from the Tendering Shareholders with the largest rounded-up portion; provided, however, that if the total number of the shares to be purchased is less than the maximum numbers of shares to be purchased by using this method to reduce the number of shares to be purchased from all Tendering Shareholders having equal rounded-up portions, to an extent not less than the maximum numbers of shares to be purchased, shareholders, etc. whose number of shares to be purchased will be reduced will be decided by a random drawing from among such shareholders, etc.

b. Conditions of Withdrawal, etc. of Tender Offer, Details thereof and Method of Disclosure of Withdrawal

Upon the occurrence of any event listed in Article 14, Paragraph 1, Items 1.1 through 1.9 and Items 1.12 through 1.18, Item 2, Items 3.1 through 3.8 and 3.10, as well as Article 14, Paragraph 2, Items 3 through 6 of the the Financial Instruments and Exchange Act Enforcement Order (Cabinet Order No. 321 of 1965, as amended; the “Enforcement Order”), the Tender Offer may be withdrawn.

In the Tender Offer, “matters equivalent to the matters listed in Items 1.1 through 1.9” in Article 14, Paragraph 1, Item 3.10 of the Enforcement Order means the case where it is found that there is a false statement regarding, or an omission of, a material matter to be stated, in the statutory disclosure documents which the Target Company submitted in the past.

Should the Tender Offeror intend to withdraw the Tender Offer, it will give notice through electronic disclosure as well as in the *Nihon Keizai Shimbun*; provided, that if it is deemed difficult to give such notice within the Tender Offer Period, the Tender Offeror will make an official announcement pursuant to Article 20 of the TOB Order and forthwith give public notice.

c. Conditions of Reduction of Purchase Price, etc., Details thereof and Method of Disclosure of Reduction, etc.

Pursuant to Article 27-6, Paragraph 1, Section 1 of the Act, if the Target Company takes any action enumerated in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, the Tender Offeror may reduce the Tender Offer Price of the Tender Offer pursuant to standards set forth in Article 19, Paragraph 1, of the TOB Order. Should the Tender Offeror intend to reduce the per share Tender Offer Price to be paid in the Tender Offer, it will give notice through electronic disclosure and give notice of such disclosure in the *Nihon Keizai Shimbun*; provided, however, that if it is deemed difficult to give such notice within the Tender Offer Period, the Tender Offeror will make an official announcement pursuant to Article 20 of the TOB Order and forthwith give notice. If the Tender Offer Price is reduced, the Tender Offeror will purchase any shares tendered prior to the announcement of such reduction at the amended Tender Offer Price.

d. Matters Concerning Tendering Shareholders’ Right of Cancellation of Application

A Tendering Shareholder may cancel an application for the Tender Offer at any time during the Tender Offer Period. Tendering Shareholders may, at any time during the Tender Offer Period, cancel an application for the Tender Offer. In the event of such cancellation, the Tendering Shareholders must deliver or mail a written request to cancel the application for the Tender Offer (the “Written Request for Cancellation”), with the Receipt of Application for the Tender Offer enclosed, to the head office or any branch offices in Japan of the Tender Offer Agent by 4:00 p.m. on the last day of the Tender Offer Period. Cancellation of application shall become effective when the Written Request for Cancellation is delivered to or received by the Tender Offer Agent defined below. If by mail, the cancellation of the acceptance of the Tender Offer will not be effective unless the Written Request for Cancellation is received by the Tender Offer Agent by 4:00 p.m. on the last day of the Tender Offer Period. In the event of the cancellation of application tendered through kabu.com Securities Co., Ltd., as the Sub-Agent, Tendering Shareholders must follow the procedures for the cancellation of application by 4:00 p.m. on the last day of the Tender Offer Period through the website after logging in the way described in “Share Tender Offer (TOB)” (<http://kabu.com/item/tob/>) at its website (<http://kabu.com/>).

Entities authorized to receive the Written Request for Cancellation:

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.  
5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo  
(and other branch offices of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. in Japan)

No compensation for damages or penalty payment will be demanded of any Tendering Shareholder by the Tender Offeror in the event that the application by the Tendering Shareholder is canceled. The cost of returning the shares held in custody by the Tender Offeror will be borne by the Tender Offeror.

e. Method of Disclosure if the Conditions or other Terms of Tender Offer are Changed

Except where such change is prohibited pursuant to each item of Paragraph 1 of Article 27-6 of the Act and Article 13 of the Enforcement Order, the Tender Offeror may change the terms or conditions of the Tender Offer during the Tender Offer Period.

Should any terms or conditions of the Tender Offer be changed, the Tender Offeror will give public notice thereof through electronic disclosure and give notice of such disclosure in the *Nihon Keizai Shimbun*; provided, however, that if it is deemed difficult to make such notice within the Tender Offer Period, the Tender Offeror will make an official announcement in accordance with Article 20 of the TOB Order, and forthwith give public notice. The purchase of the shares and other securities tendered prior to such public notice will also be made in accordance with the terms and conditions as changed.

f. Method of Disclosure if Amendment to Registration Statement is Submitted

If the Tender Offeror submits an amendment to the Registration Statement to the Director-General of the Kanto Local Finance Bureau (except in circumstances provided for under the proviso in Article 27-8, Paragraph 11 of the Act), the Tender Offeror will promptly make an official announcement of the contents of such amended statement to the extent relevant to the contents of the public notice of the Tender Offer, pursuant to Article 20 of the TOB Order. The Tender Offeror will also promptly amend this Statement and provide an amended Statement to the Tendering Shareholders who have received the original Statement. If the amendments are limited in extent, however, the Tender Offeror may, instead of providing an amended Statement, prepare and deliver a document stating the reason for the amendments, the matters amended and the details thereof to the Tendering Shareholders.

g. Method of Disclosure of Results of Tender Offer

The Tender Offeror will announce the results of the Tender Offer in accordance with methods stipulated in Article 9-4 of the Enforcement Order and Article 30-2 of the TOB Order on the day following the last day of the Tender Offer Period.

**(10) Date of Public Notification**

Tuesday, September 30, 2014

**(11) Tender Offer Agent**

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.  
5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo

To delegate a part of its duties, the tender offer agent has appointed the following company as a sub-agent (Sub-Agent):

kabu.com Securities Co., Ltd.  
3-2, Otemachi 1-chome, Chiyoda-ku, Tokyo

### **3. Policies following the Tender Offer and Outlook**

Please refer to “1. Purpose of the Tender Offer”, “(2) Background and Reason for the Tender Offer, and Management Policy after the Tender Offer”, “(6) Plans to Acquire Additional Shares following the Tender Offer”, and “(7) Prospects of Delisting and Reasons therefor” for information pertaining to policies following the Tender Offer.

### **4. Other**

#### **(1) Agreements between Tender Offeror and Target Company or its Directors and Officers, and Contents Thereof**

##### **a. Expression of the Opinion Supporting the Tender Offer**

According to the Notice by the Target Company, the Target Company resolved at its board of directors’ meeting held on today, that the Target Company would issue an opinion in support of the Tender Offer and take a neutral position on whether to recommend that the shareholders of the Target Company accept the Tender Offer and defer to the decision of each shareholder as to whether to accept the Tender Offer.

As to the details of the abovementioned Target Company’s decision making process, please refer to “1. Purpose of Tender Offer”, “(5) Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest”, “c. Unanimous Approval by the Non-Interested Directors and Corporate Auditors of the Target Company”, “a. Agreement” above.

##### **b. Terms and conditions of Agreement**

The Company and the Target Company executed the Agreement as of May 13, 2014, as described in “1. Purpose of Tender Offer”, “(3) Material Agreements Related to the Tender Offer”, “a. Agreement” above. Please refer to “1. Purpose of Tender Offer”, “(3) Material Agreements Related to the Tender Offer” “a. Agreement” above to see the outline of the Agreement.

#### **(2) Other Relevant Information Investors May Need in Evaluating the Tender Offer**

N/A

**Insider Regulations**

Please be advised that pursuant to Article 167, Paragraph 3, 4 of the Financial Instrument and Exchange Act of Japan and Article 30 of the Financial Instruments and Exchange Act Enforcement Order of Japan, any person who has received information concerning the Tender Offer through this press release may be restricted from purchasing or otherwise trading the shares and other securities of Taiyo Nippon Sanso Corporation as a first-hand recipient of information under the regulations on insider trading, for 12 hours from the publication of this press release. Also, please note that the Tender Offeror or the Target Company shall not be held responsible for any criminal, civil or administrative changes brought against any person for his/her purchase or other trade.

**Restrictions on Solicitation**

This press release is intended for the announcement of the Tender Offer to the general public and is not intended to solicit sales of shares. If anyone desires to sell his or her shares, the shareholder should, at his or her own responsibility, review the tender offer explanatory statement and accept the Tender Offer in his or her own discretion. This press release is not considered as an offer or solicitation of sales of securities or solicitation of this purchase offer and does not constitute any such part. This press release (or any part of it) or the fact of its distribution does not provide a basis for any kind of agreement pertaining to the Tender Offer, and it may not be relied upon when executing any such agreement.

**Other foreign jurisdictions**

Announcement, issuance or distribution of this press release may be subject to legal restrictions in certain countries or regions. In such case, you are required to be aware of and comply with such restrictions. In such countries or regions that legally prohibit the launch of the Tender Offer, this press release does not constitute an offer for purchase or solicitation for offer or sales of shares regarding the Tender Offer, even if this press release or its translation is received in such countries or regions. In that case, it shall be considered as a mere distribution of informative materials.

**Differences from the Tender Offer under the US law**

The Tender Offer is to be conducted in accordance with the procedures and information disclosure standards prescribed in Japan's Financial Instruments and Exchange Act. However, these procedures and standards are not necessarily the same as the corresponding procedures and standards in the U.S. In particular, Section 13(e) or Section 14(d) of the U.S. Securities Exchange Act of 1934, as amended, and the rules prescribed thereunder do not apply to the Tender Offer, and the Tender Offer does not conform to those procedures and standards. Moreover, as the Tender Offeror is a company incorporated outside of the U.S., it may be difficult to execute rights and make claims under the securities-related laws of the U.S. In addition, it may not be possible to file a lawsuit against a company or its officers based outside of the U.S. at a court outside of the U.S. on the ground of a violation of the laws related to securities in the U.S. Also, there is no guarantee that companies and their subsidiaries and affiliates based outside of the U.S. could be forced to comply with the jurisdiction of U.S. courts.

**Priority to Japanese**

Unless otherwise provided, all procedures for the Tender Offer shall be conducted in the Japanese language. All or some portion of the documents relating to the Tender Offer may be prepared in the English language. However, should there be an inconsistency between a document in English and that in Japanese, the Japanese document shall prevail. All financial statements referred in this document are created based on the Japanese accounting standards and are not based on those in the U.S. Therefore, the contents of the statements are not necessarily equivalent to those created based on the U.S. accounting standards.

**Forward-Looking Statements**

This press release contains “forward-looking statements” as defined in Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934. Due to any known or unknown risks, uncertainty, or other factors, it is possible that actual results may differ greatly from the projections as expressly or implicitly indicated as “forward-looking statements”. The Tender Offeror or its respective affiliates including its affiliated company cannot promise that the projections expressly or implicitly indicated as “forward-looking statements” will result in being correct. The “forward-looking statements” in this document were prepared based on the information held by the Tender Offeror as of today, and unless required by laws to do so, the Tender Offeror or its affiliates including its affiliated company are not obliged to update or modify such statements in order to reflect any event or condition in the future.

**Purchases outside the Tender Offer**

The Tender Offeror, the Target Company, the Tender Offer Agent, and the respective financial advisors to the Tender Offeror and the Target Company (including their respective affiliates) may, to the extent permitted under Japan’s securities laws, prior to the commencement of, or during the Tender Offer Period in the Tender Offer, engage in the purchase, or arrangement to purchase, of shares of the Target Company for their own account or for their customers’ accounts by means other than pursuant to the Tender Offer. If any information concerning such purchase is disclosed in Japan, disclosure will be made on the English homepage of either the parties who conducts such purchase (or through other public disclosure methods).

END