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Notice Regarding Disposition of Treasury Shares through Third-party Allotment Associated with Introduction of New Performance-based Share Compensation Plan

Mitsubishi Chemical Holdings Corporation ("MCHC") announces today that it has decided to dispose of treasury shares through the third party-allotment scheme ("Treasury Share Disposition") described herein:

1. Overview of disposition

(1) Date of disposition	September 20, 2018
(2) Number and class of shares for disposition	3,294,000 common shares
(3) Disposition price	1,005.5 yen per share
(4) Total value of disposition	3,312,117,000 yen
(5) Intended recipient	The Master Trust Bank of Japan, Ltd. (board incentive plan trust account)
(6) Other	This Treasury Share Disposition is contingent on the entry into force of notification under the Financial Instruments and Exchange Act

2. Purpose and reason for the disposition

MCHC has resolved to introduce a new performance-based share compensation plan for the company's corporate executive officers and executive officers (excluding non-residents in Japan; the same applies hereinafter) and Mitsubishi Chemical Corporation's president and representative director, directors concurrently serving as executive officers, and executive officers (excluding non-residents in Japan; hereinafter collectively referred to as "Executive Officers," including MCHC corporate executive officers and executive officers) for the purpose of establishing more explicit ties between compensation for Executive Officers and MCHC's business results and shareholder value,

further bolstering the sense of contribution to increasing corporate value and management awareness focused on shareholders, and providing incentives for improving medium- to long-term corporate value. This Treasury Share Disposition will be implemented through a third-party allotment to The Master Trust Bank of Japan, Ltd., a joint trustee for the board incentive plan trust agreement (the "Trust Agreement") signed between MCHC and Mitsubishi UFJ Trust and Banking Corporation for the introduction of the new compensation plan.

The number of shares for disposition is set at 3,294,000, which is the total number expected to be allotted to Executive Officers during the trust period in accordance with share delivery regulations. The share dilution rate from the Treasury Share Disposition will be 0.22% (rounded off to two decimal places) of the total 1,506,288,107 shares outstanding as of March 31, 2018 (0.23% of dilution rate vis-à-vis MCHC's total number of voting right units outstanding as of March 31, 2018).

The number of shares to be allotted in the Treasury Share Disposition and the degree of dilution resulting therefrom are regarded as reasonable in view of the expected minor impact on the stock market, as the shares will be allotted to Executive Officers according to the share delivery regulations and are not planned to be released into the market as a batch.

Overview of Trust Agreement

Type of trust	Monetary trust other than a specified individually operated monetary trust (third party-benefit trust)
Purpose of trust	Granting of incentives to Executive Officers
Trustor	Mitsubishi Chemical Holdings Corporation
Trustee	Mitsubishi UFJ Trust and Banking Corporation (tentative) (Joint trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries	Executive Officers satisfying beneficiary requirements
Trust administrator	Third party with no vested interest in MCHC (certified public accountant)
Date of trust agreement	September 20, 2018 (tentative)
Period of trust	September 20, 2018 – August 31, 2021 (tentative)
Start date of plan	September 20, 2018 (tentative)
Exercise of voting rights	Voting rights will not be exercised.

3. Calculation basis for disposition price and specific details

In order to eliminate arbitrariness, the disposition price was set in compliance with the Japan Securities Dealers Association's "Guidelines on Handling the Allotment of New Shares to Third Parties" at 1,005.5 yen, the closing price of MCHC shares on the Tokyo Stock Exchange on August 28, 2018, the business day preceding the date on which the Treasury Share Disposition was determined.

MCHC chose the closing price of its shares on this date because it judged that this level represents the company's appropriate corporate value in the stock market and is a

reasonable issuance price.

Furthermore, the disposition price is equivalent of the one-month average closing share price of 978 yen (rounded down to the nearest yen) between July 30, 2018 and August 28, 2018 multiplied by 102.81% (deviation of 2.81%), the three-month average closing share price of 961 yen (rounded down to the nearest yen) between May 29, 2018 and August 28, 2018 multiplied by 104.63% (deviation of 4.63%), and the six-month average closing share price of 994 yen (rounded down to the nearest yen) between March 1, 2018 and August 28, 2018 multiplied by 101.16% (deviation of 1.16%), on the Tokyo Stock Exchange immediately before the determination date, which led MCHC to judge that this does not represent a particularly advantageous issuance price. The MCHC Audit Committee has expressed its view, in light of Japan Securities Dealers Association's guidelines, to the effect that it found nothing unreasonable in the process by which the disposition price was judged as not being advantageous or in the details of the process, and that it found no evidence of violation of laws and regulations.

4. Procedures under the Corporate Behaviour Guidelines

Because this Treasury Share Disposition has a dilution rate of less than 25% and does not involve any changes among controlling shareholders, the procedures for obtaining the views of independent third parties and confirming the intent of shareholders as prescribed in Article 432 of the Securities Listing Regulations established by Tokyo Stock Exchange, Inc. are not required.