

March 19, 2015

Taiyo Nippon Sanso Corporation

Notice Regarding Abolishment of the Countermeasures Against Large-scale Acquisitions of the Company's Shares (Takeover Defense)

At its 4th Annual Meeting of Shareholders held on June 27, 2008, Taiyo Nippon Sanso Corporation (hereinafter, "the Company") decided, after obtaining shareholder approval, to adopt the "Countermeasures Against Large-scale Acquisitions of the Company's Shares" (hereinafter, "takeover defense") as a measure to prevent the Company's decisions on financial and business policies from being controlled by persons deemed inappropriate in light of "Basic policies regarding the roles of persons who control decisions on the Company's financial and business policies" (hereinafter, "basic policies for control over the Company") provided in Article 118, Paragraph 3 of the Ordinance for Enforcement of the Companies Act.

Subsequently, at the 7th Annual Meeting of Shareholders held on June 29, 2011, after gaining shareholder approval and partially amending the takeover defense, the Company renewed the takeover defense measures. At the 10th Annual Meeting of Shareholders held on June 27, 2014, the Company again renewed the takeover defense after obtaining shareholder approval.

The effective period of the takeover defense expires at the conclusion of the annual meeting of shareholders (the Company's 13th Annual Meeting of Shareholders scheduled in June 2017) for the last fiscal year ending within three years after the conclusion of the 10th Annual Meeting of Shareholders. However, at the board of directors meeting held today, the Company decided to abolish the takeover defense. Details are as follows.

The Company established and renewed the takeover defense as an initiative to improve the Company's corporate value and ensure that the common interests of our shareholders are upheld.

However, on May 13, 2014, the Company executed a master agreement with Mitsubishi Chemical Holdings Corporation (hereinafter, "MCHC") to further enhance the capital alliance between the two companies and their corporate value. Based on this master agreement, MCHC made a tender offer for the common shares of the Company and, together with its subsidiaries, now holds a majority of the voting right of the Company.

Taking into account this business environment that has recently surrounded the Taiyo Nippon Sanso Group, as well as the change in the shareholder composition of the Company, a meeting of the Company's Board of Directors determined that the potential of large-scale acquisitions of its shares by persons deemed inappropriate in light of the basic policies for control over the Company had diminished, and therefore a resolution was passed at today's board of directors' meeting to abolish the takeover defense.

Based on its Medium-Term Management Plan "Ortus Stage 1," the Company intends to accelerate the pace of business growth by concentrating its management resources to improve profitability in Japan and seek new growth opportunities abroad. At the same time, by strengthening its corporate governance, the Company seeks to further enhance corporate value through the sound and efficient conduct of management on a consistent basis.

Even after the abolishment of the takeover defense, the Company will continue to take appropriate action within the acceptable limits of the Companies Act and other related laws and regulations including the Financial Instruments and Exchange Act. Specifically, the Company will continue to request that persons who attempt large-scale acquisitions of the Company's shares provide information necessary and sufficient for shareholders to determine the pros and cons of such acquisitions. It will also disclose the views expressed at the Company's Board of Directors' meeting, and ensure that shareholders have time to study the matter.