



January 17, 2020

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Announcement of Mitsubishi Chemical Holdings Corporation's Decision to Make a Demand for Sale of Our Shares, and Our Approval of that Demand for Sale of Our Shares and Delisting of Our Shares

As Mitsubishi Tanabe Pharma Corporation (“**MTPC**”) announced in the release titled “Announcement Concerning Results of the Tender Offer of Our Shares by Mitsubishi Chemical Holdings Corporation which is Our Controlling Shareholder”, dated January 8, 2020, Mitsubishi Chemical Holdings Corporation (“**MCHC**”) conducted a tender offer for MTPC’s common shares (the “**MTPC Common Shares**”) from November 19, 2019 (that tender offer, the “**Tender Offer**”), and, as a result, MCHC came to own 513,675,239 MTPC Common Shares (Voting Rights Ownership Ratio (please see Note): 91.57%) as of January 15, 2020, which is the commencement date of settlement of the Tender Offer, and became a special controlling shareholder of MTPC (the “**Special Controlling Shareholder**”) as defined in the Companies Act (Act No. 86 of 2005, as amended; hereinafter the same applies).

According to MCHC, since it came to own 90% or more of the voting rights of all shareholders of MTPC, MCHC decided today to demand all shareholders of MTPC (excluding MCHC and MTPC; “**Selling Shareholders**”) sell all of their MTPC Common Shares (“**Shares to be Sold**”) to MCHC (the “**Demand for Sale of Shares**”) under Article 179, Paragraph 1 of the Companies Act as part of the transaction intended to make MTPC a wholly-owned subsidiary of MCHC by acquiring all of the MTPC Common Shares (excluding those held by MCHC and the treasury shares held by MTPC) (the “**Transactions**”) as stated in “(5) Policy for Organizational Restructuring, Etc. After the Tender Offer (Matters Relating to So-called “Two-step Acquisition”)” in “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” in “Announcement of Mitsubishi Tanabe Pharma Corporation’s Opinion Regarding Tender Offer for Shares in Mitsubishi Tanabe Pharma Corporation by the Controlling Shareholder Mitsubishi Chemical Holdings Corporation, and Recommendation to Tender Shares” released by MTPC on November 18, 2019 (the “**Opinion Press Release**”).

MTPC hereby announces that it has received from MCHC a notice regarding the Demand for Sale of Shares today and resolved at its board of directors meeting held today to approve the Demand for Sale of Shares as detailed below.

In addition, the MTPC Common Shares will come to fall under the delisting criteria of the Tokyo Stock Exchange, Inc. (the “TSE”) upon the approval of the Demand for Sale of Shares. Therefore, the MTPC Common Shares will be designated as stock to be delisted for the period from today through February 26, 2020, and they will be delisted on February 27, 2020. Please note that after the delisting, the MTPC Common Shares may not be traded on the First Section of the TSE.

(Note) “**Voting Rights Ownership Ratio**” means the proportion of the number of the voting rights (i.e., 5,609,862 voting rights) represented by the total number of issued shares of MTPC as of September 30, 2019 (i.e., 561,417,916 shares), as set forth in the Second Quarterly Earnings Release for FY 2019 (IFRS) (Consolidated) disclosed by MTPC on October 30, 2019 (referred to as “**MTPC’s FY 2019 Second Quarterly Earnings Release**”), less the number of treasury shares (excluding the 200,279 shares that are held by the Officer Remuneration BIP (Board Inventive Plan) Trust as of September 30, 2019) held by MTPC as set forth in MTPC’s FY 2019 Second Quarterly Earnings Release (i.e., 431,636 shares) (equating to 560,986,280 shares) (voting rights ownership ratios are rounded up or down to two decimal places), and hereinafter the same shall apply.

1. Outline of Demand for Sale of Shares

(1) Outline of the Special Controlling Shareholder

(1)	Name	Mitsubishi Chemical Holdings Corporation	
(2)	Location	1-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo	
(3)	Name and title of representative	Hitoshi Ochi, Representative Corporate Executive Officer, President & Chief Executive Officer	
(4)	Description of business	Management of group companies (Development of the group strategies and allocation of financial resource)	
(5)	Capital	50,000 million yen (as of June 25, 2019)	
(6)	Date of incorporation	October 3, 2005	
(7)	Major shareholders and shareholding ratios (as of March 31, 2019)	The Master Trust Bank of Japan, Ltd. (Trust Account)	7.27%
		Japan Trustee Services Bank, Ltd. (Trust Account)	5.78%
		Meiji Yasuda Life Insurance Company (Standing proxy: Trust & Custody Services Bank, Ltd.)	4.52%
		Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	2.99%
		Japan Trustee Services Bank, Ltd. (Trust Account 4)	1.99%
		Japan Trustee Services Bank, Ltd.	1.81%

	(Trust Account 5)	
	Japan Trustee Services Bank, Ltd.	1.80%
	(Trust Account 7)	
	SSBTC Client Omnibus Account (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Department)	1.51%
	MUFG Bank, Ltd.	1.44%
	State Street Bank West Client – Treaty 505234 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	1.44%
(8)	Relationship between MTPC and MCHC	
	Capital relationship	MCHC holds 513,675,239 MTPC Common Shares (Voting Rights Ownership Ratio: 91.57%) as of the date hereof.
	Personnel relationship	Three of MTPC’s eight directors have worked at the Other MCHC Group Companies (Note); one of those three directors currently holds a position as director at a wholly-owned subsidiary of MCHC, and one of the other five directors holds positions as executive officer at MCHC and director at a wholly-owned subsidiary of MCHC. Also, one statutory auditor of MTPC has worked at the Other MCHC Group Companies. In addition to the above, 63 employees of the MTPC Group are seconded to the Other MCHC Group Companies, and eight employees of the Other MCHC Group Companies are seconded to the MTPC Group.
	Business relationship	MTPC deposits funds with MCHC and receives interest on those funds.
	Status as related party	MCHC is MTPC’s parent company, and therefore, a related party of MTPC.

(Note) “**Other MCHC Group Companies**” means companies that constitute the MCHC Group, excluding the companies that constitute the MTPC Group. “**MCHC Group**” means MCHC, its 552 subsidiaries, and its 169 affiliated companies (as of the date of September 30, 2019); hereinafter the same) in which MCHC serves as its holding company, and “**MTPC Group**” means MTPC and its 34 subsidiaries and its two equity-method affiliates (as of the date of September 30; hereinafter the same).

(2) **Schedule of the Demand for Sale of Shares**

Date of the demand for the sale of shares	Friday, January 17, 2020
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Date when the resolution was passed at MTPC's board of directors meeting	Friday, January 17, 2020
Last trading day	Wednesday, February 26, 2020
Delisting date	Thursday, February 27, 2020
Acquisition date	Monday, March 2, 2020

(3) Sale Consideration

2,010 yen per common share

2. Details of the Demand for Sale of Shares

MTPC received from MCHC today notice of the Demand for Sale of Shares with the following contents.

- (1) When Deciding not to Make the Demand for Sale of Shares a Wholly-Owned Subsidiary Corporation of the Special Controlling Shareholder, That Decision and the Name of That Wholly-Owned Subsidiary Corporation of the Special Controlling Shareholder (Article 179-2, Paragraph 1, Item 1 of the Companies Act)**

Not applicable

- (2) Amount of Cash to be Delivered to Selling Shareholders as Consideration for the Shares to be Sold Through the Demand for Sale of Shares and Matters Related to the Allotment of Cash to the Selling Shareholders (Article 179-2, Paragraph 1, Items 2 and 3 of the Companies Act)**

MCHC will allocate and deliver to each of the Selling Shareholders 2,010 yen per share of the Shares to be Sold held by that shareholder as consideration for the Shares to be Sold (the "Sale Consideration").

- (3) Matters Related to a Demand for Sale of Share Options (Article 179-2, Paragraph 1, Item 4 of the Companies Act)**

Not applicable

- (4) Day on Which the Special Controlling Shareholder Acquires the Shares to be Sold ("Acquisition Date") (Article 179-2, Paragraph 1, Item 5 of the Companies Act)**

March 2, 2020

- (5) Method of Securing Funds for Payment of the Sale Consideration (Article 179-2, Paragraph 1, Item 6 of the Companies Act and Article 33-5, Paragraph 1, Item 1 of the Regulations for Enforcement of the Companies Act)**

MCHC plans to pay the Sale Consideration from borrowings under the Term Loan Agreement dated January 8, 2020 executed with MUFG Bank, Ltd. as the lender.

As evidence of the above borrowing, MCHC obtained a loan certificate from MUFG Bank, Ltd. (which is attached to the Tender Offer Registration Statement related to the Tender Offer) on November 15, 2019 stating that MUFG Bank, Ltd. is prepared to make a loan up to 492.4 billion yen on specific loan terms separately determined by MUFG Bank, Ltd. upon consultation with MCHC (such as the interest rate and the term of loan). In addition, no event that might hinder MCHC's payment of the Sale Consideration has occurred, and MCHC is not currently aware of any possibility of such an event occurring in the future.

(6) Any Other Terms and Conditions for the Demand for Sale of Shares (Article 179-2, Paragraph 1, Item (6) of the Companies Act and Article 33-5, Paragraph 1, Item 2 of the Regulations for Enforcement of the Companies Act)

The Sale Consideration will be delivered on, or within a reasonable period after the Acquisition Date to the address of Selling Shareholders stated or recorded in MTPC's final shareholder register as of the day immediately preceding the Acquisition Date, or at any other place notified by the Selling Shareholders to MTPC, and that delivery will be made in the same manner as a delivery of dividends by MTPC.

However, if delivery is unable to be made in that manner, the Sale Consideration will be paid to the relevant Selling Shareholders at the head office of MTPC in a manner designated by MTPC (or, at any other place and in any other manner designated by MCHC for delivery of the Sale Consideration).

3. Grounds and Reasons for the Decision to Approve the Demand for Sale of Shares

(1) Grounds and reasons for the decision to approve the Demand for Sale of Shares

The Demand for Sale of Shares will be conducted as part of the Transactions; therefore the Sale Consideration is set to be equal to the tender offer price per share of the MTPC Common Shares in the Tender Offer (the "**Tender Offer Price**").

As stated in "D. Background of and Reasons for Decision-Making for Supporting the Tender Offer by MTPC" in "(2) Grounds and Reasons for the Opinion on the Tender Offer" in "3. Details of and Grounds and Reasons for the Opinion on the Tender Offer" in the Opinion Press Release, MTPC decided that the Transactions would contribute to increasing the corporate value of MTPC based on the following background and reasons.

MTPC received an initial inquiry about commencing discussions to consider making MTPC a wholly-owned subsidiary of MCHC on July 30, 2019. Accordingly, given that MTPC is a consolidated subsidiary of MCHC and the Transactions constitute transactions that typically involve structural conflict of interest issues and information asymmetry issues, in order to address those issues and to ensure the fairness of the Transactions, MTPC immediately started establishing a framework for evaluating and negotiating the Transactions in terms of increasing its corporate value and securing the interests of general shareholders of MTPC from a standpoint

independent of MCHC, based on the advice of Mori Hamada & Matsumoto, which is a legal adviser of MTPC.

Specifically, after preparation towards the establishment of a special committee as stated in “A. Establishing an Independent Special Committee” in “(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest”, by a resolution at an extraordinary meeting of the board of directors held on August 29, 2019, soon after the receipt from MCHC of an initial proposal of the Transactions which described matters including background of MCHC’s proposal for the Transactions and the management policy after the Tender Offer (the “**Initial Written Proposal**”) on August 27, 2019, MTPC (i) established a special committee, which consisted of four members (three members after the resignation of Mr. Shigeki Iwane), namely Mr. Shigeki Iwane (MTPC’s former outside director (resigned on October 7, 2019); President and Director of The Kansai Electric Power Co., Inc.; Mr. Shigeki Iwane resigned as a member of the special committee due to personal reasons on September 30, 2019), Mr. Tsutomu Kamijo (outside director of MTPC and Chairman and Director of Sapporo Holdings Limited), Mr. Kazutoshi Murao (outside director of MTPC and Counselor to the president of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION), and Mr. Hiroshi Enoki (outside statutory auditor of MTPC and a representative of Hiroshi Enoki Certified Public Accountant Office) (for the process of establishment of that special committee, process of the review, and details of determinations made, please refer to “A. Establishing an Independent Special Committee” in “(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest” below.) (ii) referred the following (the “**Consulted Matters**”) to the special committee and requested the special committee to submit its opinions on those matters to MTPC: (i) evaluate whether the board of directors of MTPC should express an opinion in support of the Tender Offer and whether it should recommend that the shareholders of MTPC tender MTPC Common Shares in the Tender Offer, after (a) evaluating and determining whether the Transactions should be implemented from the perspective of increasing the corporate value of MTPC and (b) evaluating and determining the reasonableness of the transaction terms and conditions and the fairness of the procedures from the view of securing the interests of the general shareholders of MTPC, and provide its recommendation to the board of directors of MTPC; and (ii) evaluate whether the decision on the Tender Offer by the board of directors of MTPC will be disadvantageous to the minority shareholders of MTPC, and provide its opinion to the board of directors of MTPC. The board of directors of MTPC also resolved that the contents of determinations by the special committee should be respected to the highest degree in relation to decision-making by the board of directors of MTPC for the Tender Offer (including the decision whether to support the Tender Offer) and that the board of directors of MTPC will not support the Tender Offer if the special committee determines that the terms and conditions of the transactions are not reasonable. The board of directors of MTPC further resolved to grant the special committee the authority (a) to negotiate the terms and conditions of the transactions with MCHC, (b) to appoint its own financial, legal or other advisors as necessary (fees are to be borne by MTPC) to prepare responses to the Consulted Matters, or to name or approve MTPC’s financial, legal or other advisors (including retrospective approval), and (c) to receive from the officers and employees of MTPC the information necessary to evaluate and make determinations regarding the Tender Offer. As stated in “A. Establishing an Independent Special Committee” in “(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest” below, the special committee appointed Nakamura, Tsunoda & Matsumoto as its own legal advisor and appointed KPMG FAS Co., Ltd. (“**KPMG**”) as its own financial advisor and third-party valuation institution based on the

authorization described above.

In addition, as stated in “A. Establishing an Independent Special Committee” in “(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest” below, the special committee confirmed that there is no concern with respect to the independence and expertise of MTPC’s legal adviser Mori Hamada & Matsumoto and approved the appointment of Mori Hamada & Matsumoto. Also, MTPC followed the nomination made by the special committee after examining the independence, expertise, accomplishments, and other matters of multiple candidates for financial advisor, and appointed Merrill Lynch Japan Securities Co., Ltd. (“**Merrill Lynch Japan Securities**”) as a financial advisor of MTPC on September 3, 2019.

Further, as stated in “F. Building of an Independent Evaluation Framework” in “(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest” below, MTPC established an internal framework for evaluating and negotiating and making determinations regarding the Transactions (including the scope of the officers and employees of MTPC involved in evaluating and negotiating and making determinations regarding the Transactions, and their duties) from a standpoint independent of MCHC, and obtained approval from the special committee that there is no concern with respect to that evaluation framework from the standpoint of independence.

Subsequently, MTPC received guidance and other legal advice, including on measures to secure the fairness of the procedures for the Transactions, from Mori Hamada & Matsumoto and advice from a financial point of view, including submission of the share valuation report on the result of calculation of the value of MTPC Common Shares, from Merrill Lynch Japan Securities and has carefully discussed and evaluated whether to implement the Transactions and the reasonableness of the transaction terms and conditions.

Also, MTPC received from MCHC an initial proposal including 1,800 yen for the Tender Offer Price on October 9, 2019, and subsequently continued to discuss and negotiate with MCHC the terms and conditions of the Transactions, including the Tender Offer Price. Specifically, MTPC received from MCHC a proposal that the Tender Offer Price should be 1,850 yen on October 18, 2019, and a proposal that the Tender Offer Price should be 1,940 yen on October 29, 2019. In response to each of these proposals, MTPC requested MCHC to reconsider its proposal because neither of the proposed prices were reasonable enough. After that negotiation, MTPC received from MCHC on October 31, 2019 a revised proposal regarding the Transactions (which included the Tender Offer Price of 2,010 yen; the “**Revised Proposal**”).

In the process of the evaluation and negotiation stated above, MTPC made reports to the special committee from time to time regarding material aspects and obtained approval from the special committee when necessary. Specifically, MTPC provided to the special committee an explanation regarding the policy for negotiation of the Transactions in advance, and obtained approval from the special committee. Upon the preparation of the business plan to be presented to MCHC and the Consolidated Financial Forecast (defined in “(ii) Outline of Valuation” in “C. Procurement by the Special Committee of the Share Valuation Report and the Fairness Opinion from Independent Financial Advisor and Third-Party Valuation Institution” in “(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest”; hereinafter the same) that constitutes the basis for the calculation of the value of MTPC Common Shares by Merrill Lynch

Japan Securities and KPMG, MTPC explained to the special committee the preparation policy in advance, and in the process of that preparation, MTPC provided to the special committee several explanations regarding the details of the drafts of the business plan and the Consolidated Financial Forecast under preparation (including changes to be made from the revised medium-term management plan regarding “Notice Regarding Revision of Medium-Term Management Plan 16-20: Open Up the Future” that MTPC announced on November 19, 2018), material assumptions, and the progress of preparation, and obtained approval from the special committee after the special committee confirmed the rationality of the details, material assumptions, and the preparation process of the final business plan and the Consolidated Financial Forecast. In addition, upon the receipt of the proposed Tender Offer Price from MCHC, MTPC made reports to the special committee each time, and received from the special committee instructions and requests for the policy on how to react to the proposal and the strategy for negotiation with MCHC and took measures in accordance with those instructions and requests.

Following this, MTPC received a written report (the “**Report**”) from the special committee on November 18, 2019 stating that the special committee believes that (i) the board of directors of MTPC should resolve to express an opinion in support of the Tender Offer and to recommend that the shareholders of MTPC tender MTPC Common Shares in the Tender Offer and (ii) (a) resolving to express an opinion in support of the Tender Offer and to recommend that the shareholders of MTPC tender MTPC Common Shares in the Tender Offer at the board of directors of MTPC would not be disadvantageous to the minority shareholders of MTPC and (b) making MTPC a wholly-owned subsidiary of MCHC after the completion of the Tender Offer would not be disadvantageous to the minority shareholders of MTPC (for details of the Report, please refer to the section titled “A. Establishing an Independent Special Committee” in “(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest”). In addition to the Report, MTPC received from the special committee a share valuation report on the result of calculation of the value of MTPC Common Shares (the “**Share Valuation Report (KPMG)**”) and an opinion (a fairness opinion) dated November 18, 2019 to the effect that 2,010 yen per share as the Tender Offer Price is fair to the general shareholders of MTPC from a financial point of view (the “**Fairness Opinion (KPMG)**”) received by the special committee from KPMG on November 18, 2019 (for details of the Share Valuation Report (KPMG) and the Fairness Opinion (KPMG), please refer to the section titled “C. Procurement by the Special Committee of the Share Valuation Report and the Fairness Opinion from Independent Financial Advisor and Third-Party Valuation Institution” in “(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest”).

In light of this background, MTPC carefully discussed and evaluated at its board of directors meeting held on November 18, 2019 whether the Transactions, including the Tender Offer, would contribute to increasing the corporate value of MTPC and whether the transaction terms and conditions of the Transactions, including the Tender Offer Price, are reasonable, based on legal advice from Mori Hamada & Matsumoto, advice from a financial point of view from Merrill Lynch Japan Securities, and a share valuation report on the result of the valuation of the value of MTPC Common Shares received from Merrill Lynch Japan Securities on November 18, 2019 (the “**Share Valuation Report (Merrill Lynch Japan Securities)**”), as well as the Share Valuation Report (KPMG) and the Fairness Opinion (KPMG) received through the special committee, giving the highest degree of respect to the contents of determinations by the special committee presented in the Report.

As a result, as stated below, MTPC concluded that as a result of becoming a wholly owned subsidiary of MCHC, it becomes possible for the MTPC Group to closely cooperate or collaborate with the Other MCHC Group Companies and mutually utilize external networks in a smooth and efficient manner and to seek to accelerate and enhance the creation of innovation more than ever in a healthcare sector where business opportunities have significantly expanded, enabling both the MTPC Group and the entire MCHC Group including the MTPC Group to further increase their corporate value.

Namely, the MCHC Group, including the MTPC Group, believes that, if each of the companies can exchange, combine and utilize the intellectual property, know-how, technology, networks and human resources actively and flexibly in the four fields (i.e., pharmaceuticals, biotechnology, chemistry and digital) possessed by each company, the MCHC Group can create new products and innovations requested by society in the future.

As a specific example of the aforementioned fields in MCHC's and MTPC's assumption, the field of regenerative medicine, which is a target of strong social expectations, can be listed first. MCHC and MTPC have made remarkable advances in the fields of cell medicine, genetic therapy, nucleic acid drugs (Note 1) and functionally alternative medical devices as the technologies that will meet social needs, such as a complete recovery from illness and recovery of organs and bodily functions, which cannot be achieved with traditional medicines. According to MCHC, the MCHC Group is conducting clinical trials of regenerative medicine utilizing Muse cells (Note 2), and a closer cooperation between the Other MCHC Group Companies and the MTPC Group will be increasingly needed in clinical development. Research and development of genetic therapy and nucleic acid drugs have also been advanced in the MTPC Group, and it will be significantly meaningful for the future growth of the MCHC Group if the MCHC Group, including the MTPC Group, works together on the field of regenerative medicine.

Furthermore, the field of prevention (including prevention of progression) can be listed as one of the specific fields. In terms of preventing the illness or loss of quality of life and economic value from becoming ill, the development of vaccines to prevent not only infectious diseases but also illness, the development of the management technologies of information on the individuals' health that will lead to the early detection of disease signs, and the advancement of sensing (Note 3) and diagnosis technologies are all important issues that MCHC believes.

Furthermore, it is expected that further refinement and individualization of health care will increasingly generate economic benefits in the field of medicine in the management of illness that will help the recovery of illness and prevent the progression of illness. In order to respond to these social issues, MCHC believes that the MCHC Group, including the MTPC Group, will be able to integrate internal and external knowledge and technology and create, at a fast pace, new solutions, such as wearable devices, healthcare data platforms, and pharmaceuticals that are combined with IoT (Note 4), digital technology and medical devices.

(Note 1) Nucleic acid drugs means drugs using nucleotide, which is constituents of deoxyribonucleic acid (DNA) or ribonucleic acid (RNA), etc. controlling matters concerning genetic information, and its derivative; hereinafter the same.

- (Note 2) Muse cells mean the non-neoplastic mesenchymal pluripotent cells in human bodies, which can be differentiated into various cells or tissues.
- (Note 3) Sensing means measurement and quantification of information concerning physiological change occurring inside and outside human body, health and exercise condition by using the sensor, etc.
- (Note 4) IoT means the technology that enables materials derived from goods such as machines that were previously not connected to internet to be gathered through the network and analyzed comprehensively through the network.

According to MCHC, the development of materials used in functionally alternative medical devices is one of the strong fields of the Other MCHC Group Companies. By utilizing the technologies and knowhow held by the MTPC Group in this field, revitalization of innovation in this field can be achieved within the MCHC Group, including the MTPC Group. By utilizing MTPC's bio-technologies, human resources and know-hows, MCHC will be able to work on the construction of new solution business in medical-food-bio business (i.e. performance product business related to health, medicine, food and agriculture) of the MCHC Group.

In the pharmaceutical business operated by the MTPC Group, the MTPC Group mainly made strategic investments and R&D investments centered on conventional type medicine development while attempting to expand drug discovery modality (Note 5). However, by integrating the MTPC Group and the Other MCHC Group Companies, they will be able to describe a portfolio that extends to all technological areas that contribute to the healthcare business development from conventional type medicine to digital medicine (Note 6), biotechnology and microbiomes (Note 7) and that may enable them to globally expand a business model that meets the needs of society and contributes to healthcare under KAITEKI management (management that MCHC pursues in order to enhance its corporate value, which is considered to be the sum of three values—improved capital efficiency, enhancement of innovative capacity in respect of creation of innovative products and services, and provision of solutions which contribute to the enhanced sustainability of people, society, and the Earth—in an effort to achieve the “sustainable well-being of people, society, and our planet Earth”), i.e., disease treatment, pre-symptomatic disease care, health maintenance and healthy activities.

Moreover, in addition to product development and innovation, the MTPC Group and the Other MCHC Group Companies will be able to further streamline management processes by structuring wide collaborative organizations among all the business areas by (a) mutually taking advantage of the global human network and logistics network owned by the Other MCHC Group Companies and MTPC Group, (b) making strategic and efficient investments jointly with investing companies (i.e., Diamond Edge Ventures/California, U.S. (which is owned by MCHC) and MP Healthcare Venture Management/Massachusetts, U.S. (which is owned by MTPC)) and (c) utilizing the Other MCHC Group Companies' foreign operations of financial, general affair and human resource function by the MTPC Group.

- (Note 5) Drug discovery modalities means treatment methods, such as small molecule compounds; peptide drugs; protein drugs including therapeutic antibodies; genetic

therapy; nucleic acid drugs; cell therapy drugs; and regenerative medicine.

- (Note 6) Digital medicine means tools to support lifestyle modifications, to treat diseases or to support treatments utilizing smartphone applications, etc. (e.g., applications to quit smoking) or tools that combine medical devices such as sensors and medicines (e.g., pills with integrated chips to improve drug adherence rates), etc.
- (Note 7) Microbiomes are microorganism communities. Microorganism communities exist inside and outside the human body; for example, the microbiomes existing inside bowels and cuticles of human bodies are referred to as human microbiomes, which are subject to research in terms of possible effects on various diseases, etc.

MTPC also determined that 2,010 yen per share as Tender Offer Price is a reasonable price that secures interests that should be enjoyed by MTPC's general shareholders, and that the Tender Offer would provide MTPC's general shareholders with a reasonable opportunity to sell their MTPC Common Shares at a price inclusive of an appropriate premium, based on the following:

- (i) the fact that the price is a price agreed to with MCHC based on sufficient negotiations conducted on multiple occasions with MCHC, in which the special committee was substantially involved, and after taking sufficient measures to ensure the fairness of the terms and conditions of the Transactions, including the Tender Offer Price stated in “(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest” below;
- (ii) the fact that the price exceeds the upper bound of each of the valuation ranges evaluated using the market price analysis and the trading comparables analysis, and it is within the valuation range evaluated using the discounted cash flow analysis (the “**DCF Analysis**”) according to the share valuation report of the evaluation of the value of MTPC Common Shares by Merrill Lynch Japan Securities based on the Share Valuation Report (Merrill Lynch Japan Securities) stated in “E. Procurement by MTPC of the Share Valuation Report from Independent Financial Advisor and Third-Party Valuation Institution” in “(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest” below;
- (iii) the fact that the price exceeds the upper bound of the valuation range evaluated using the market price method, and it also exceeds the median of each of the valuation ranges evaluated using the share price multiple method and the discounted cash flow method (the “**DCF Method**”) according to the share valuation report of evaluation of the value of MTPC Common Shares by KPMG based on the Share Valuation Report (KPMG) stated in “C. Procurement by the Special Committee of the Share Valuation Report and the Fairness Opinion from Independent Financial Advisor and Third-Party Valuation Institution” in “(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest” below, and as stated in “C. Procurement by the Special Committee of the Share Valuation Report and the Fairness Opinion from Independent Financial Advisor and Third-Party Valuation Institution” in “(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest” below that KPMG issued the Fairness Opinion (KPMG) stating to the effect that 2,010 yen per share as Tender Offer Price is fair to the general shareholders of MTPC;
- (iv) the fact that the price is a price inclusive of a premium of (a) 53.08% (to be rounded to the

second decimal place; the same applies to each percentage of a premium on a share price below) on 1,313 yen, the closing price on November 15, 2019, which is the business day immediately preceding the announcement date of the implementation of the Tender Offer, (b) 54.85% on 1,298 yen, the simple average closing price (to be rounded to the nearest one (1) yen; the same applies to each simple average closing price below) for the one-month period ending on November 15, 2019, (c) 62.88% on 1,234 yen, the simple average closing price for the three-month period ending on November 15, 2019, and (d) 63.02% on 1,233 yen, the simple average closing price for the six-month period ending on November 15, 2019 of MTPC Common Shares on the First Section of the TSE, and that MTPC considers the premium included in the price to be substantial when compared to the levels of premiums offered in other cases where a tender offer is conducted by a parent company aiming to convert its listed subsidiary into its wholly owned subsidiary; and

- (v) the fact that, as stated in “A. Establishing an Independent Special Committee” in “(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest,” the price is considered to be reasonable in the Report obtained from the special committee.

Based on the facts above, MTPC decided that the Transactions would contribute to increasing the corporate value of MTPC and that the transaction terms and conditions of the Transactions, including the Tender Offer Price, are reasonable. Therefore, the board of directors of MTPC resolved at its meeting held on November 18, 2019 to express its opinion in support of the Tender Offer and recommend that the shareholders of MTPC tender MTPC Common Shares in the Tender Offer.

For details of the decision-making process at the meeting of MTPC’s board of directors described above, please refer to “G. Unanimous Approval of All Non-interested Directors and the No Dissenting Opinion of All Non-interested Statutory Auditors at MTPC” in “(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest.”

On January 8, 2020, MTPC received from MCHC a report on the results of the Tender Offer to the effect that 197,355,170 shares of the MTPC Common Shares were tendered and that MCHC would acquire all of those shares. As a result, MCHC’s Voting Rights Ownership Ratio represented by its holding of the MTPC Common Shares became 91.57% as of January 15, 2020 (the commencement date of the settlement of the Tender Offer), and MCHC became the Special Controlling Shareholder of MTPC.

Based on this, MTPC received from MCHC notice of the Demand for Sale of Shares today under Article 179, Paragraph 1 of the Companies Act as part of the Transactions as stated in “(5) Policy for Organizational Restructuring, Etc. After the Tender Offer (Matters Relating to So-called “Two-step Acquisition”)” in “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” in the Opinion Press Release.

Upon receipt of that notice, MTPC prudently discussed and deliberated whether to approve the Demand for Sale of Shares.

As a result, the board of directors of MTPC decided that due consideration had been given to the interest of the Selling Shareholders in the Demand for Sale of Shares and that terms and

conditions of the Demand for Sale of Shares are fair based on the following reasons:

- (i) the Demand for Sale of Shares is to be conducted as part of the Transactions, and based on the background and reasons explained above, MTPC determined that the Transactions would contribute to the improvement of MTPC's corporate value, and there are no particular circumstances that require that determination to be changed;
- (ii) the Sale Consideration of 2,010 yen per Share to be Sold is equal to the Tender Offer Price, and it is believed that that price is a reasonable price that secures the interests that should be enjoyed by the Selling Shareholders as explained above, since that price is a price agreed to with MCHC based on sufficient negotiations conducted on multiple occasions with MCHC, in which the special committee was substantially involved, and after taking sufficient measures to ensure the fairness of the terms and conditions of the Transactions stated in "(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest" below, and as stated in "A. Establishing an Independent Special Committee" in "(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest" below, the price is considered to be reasonable in the Report obtained from the special committee;
- (iii) the status of readiness and method for securing funds for payment of the Sale Consideration by MCHC are considered to be appropriate, and it is expected MCHC will be capable of delivering the Sale Consideration because (a) MCHC plans to pay the Sale Consideration from borrowings under the Term Loan Agreement dated January 8, 2020 executed with MUFG Bank, Ltd. as the lender, and MTPC has confirmed the method for securing funds based on the loan certificate of such loans prepared by MUFG Bank, Ltd. and (b) according to MCHC, no event that might hinder MCHC's payment of the Sale Consideration has occurred and MCHC is not currently aware of any possibility of such an event occurring in the future;
- (iv) the terms and conditions of the Demand for Sale of Shares are considered to be appropriate because no unreasonable points have been found with respect to the period until the delivery and the payment method of the Sale Consideration; and
- (v) no event that will significantly change MTPC's corporate value has arisen since the commencement of the Tender Offer to date.

MTPC therefore resolved today at its board of directors meeting to approve the Demand for Sale of Shares as it was stated in the notice from MCHC with the unanimous approval of the directors who participated in the deliberation and resolution.

Of the eight directors of MTPC, Mr. Masayuki Mitsuka concurrently serves as a director of The KAITEKI Institute, Inc., a wholly-owned subsidiary of MCHC; Mr. Takeshi Matsumoto concurrently serves as a managing executive officer of MCHC and a director of Life Science Institute, Inc., a wholly-owned subsidiary of MCHC; Mr. Eizo Tabaru has served as an executive officer at major business entities within the MCHC Group in the past; and Mr. Hiroaki Ueno was once an employee at major business entities within the MCHC Group. Thus, from the standpoint of avoiding to the extent possible any possible impact of structural conflict of interest issues in the Transactions, the board of directors meeting held today was two-tiered: first, (i) the

four directors other than Mr. Masayuki Mitsuka, Mr. Eizo Tabaru, Mr. Takeshi Matsumoto, and Mr. Hiroaki Ueno participated in deliberation and passed a resolution as stated above by unanimous approval; and further, in light of ensuring the quorum for the board of directors meeting of MTPC was met, (ii) five directors (those four directors participating in (i) above and Mr. Hiroaki Ueno) participated in the deliberation and once again passed a resolution as stated above by unanimous approval. All of the statutory auditors who participated in the deliberation at the board of directors expressed the opinion that they had no objections with respect to the resolution.

Of the directors of MTPC, three directors (Mr. Masayuki Mitsuka, Mr. Eizo Tabaru, and Mr. Takeshi Matsumoto) did not participate in the deliberation or resolution of the board of directors meeting of MTPC for the Transactions, including the aforementioned board of directors meeting held today, in light of avoiding any possible impact of structural conflict of interest issues in the Transactions, and they did not participate in the deliberation of the Transactions or the discussion or negotiation of the Transactions with MCHC on behalf of MTPC.

On the other hand, as stated in “F. Building of an Independent Evaluation Framework” in “(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest” below, Mr. Hiroaki Ueno belonged to Mitsubishi Pharma Corporation (“**Mitsubishi Pharma**”) until 2007 and joined MTPC in the same year. Given that a significant time has passed since Mr. Hiroaki Ueno joined MTPC, MTPC determined that this causes little conflict of interest in relation to MCHC, and Mr. Hiroaki Ueno participated in the deliberation and resolution in the second stage of the board of directors meeting of MTPC held today in light of ensuring the quorum for the board of directors meeting was met.

Mr. Koji Kudo, a statutory auditor of MTPC who is originally from major business entities within the MCHC Group, did not participate in any of the deliberations at the board of directors meeting and refrained from expressing his opinion regarding the resolution of the board of directors.

(2) Matters Relating to Valuation

The Demand for Sale of Shares will be conducted as the second step of the so-called “Two-step Acquisition” after the Tender Offer, and the Sale Consideration is set to be equal to the Tender Offer Price. Therefore, when making the decision to approve the Demand for Sale of Shares, MTPC did not obtain another share valuation report.

(3) Possibility of Delisting

The MTPC Common Shares are listed on the First Section of the TSE as of today. However, the MTPC Common Shares will come to fall under the delisting criteria of the TSE upon the approval of the Demand for Sale of Shares. Therefore, the MTPC Common Shares will be designated as stock to be delisted for the period from today through February 26, 2020, and will be delisted on February 27, 2020. Please note that after the delisting, the MTPC Common Shares may not be traded on the First Section of the TSE.

(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest

The Demand for Sale of Shares will be conducted as the second step of the so-called “Two-step Acquisition” after the Tender Offer as part of the Transactions with the Sale Consideration equal to the Tender Offer Price. As explained in “(6) Measures to Ensure the Fairness of the Tender Offer, such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” in the Opinion Press Release, considering that MTPC is a consolidated subsidiary of MCHC and that the Transactions constitute transactions that typically involve structural conflict of interest issues and information asymmetry issues, MTPC implemented the following measures to address these issues and to ensure the fairness of the terms and conditions of the Transactions.

As stated in “(1) Grounds and reasons for the decision to approve the Demand for Sale of Shares” above, at the board of directors of MTPC regarding the approval of the Demand for Sale of Shares, (i) from the standpoint of avoiding to the extent possible any possible impact of structural conflict of interest issues in the Transactions, the board of directors meeting held today was two-tiered: first, (i) of the eight directors of MTPC, the four directors other than Mr. Masayuki Mitsuka, Mr. Eizo Tabaru, Mr. Takeshi Matsumoto, and Mr. Hiroaki Ueno participated in deliberation and passed a resolution as stated above by unanimous approval; and further, in light of ensuring the quorum for the board of directors meeting of MTPC was met, (ii) five directors (those four directors participating in (i) above and Mr. Hiroaki Ueno) participated in the deliberation and once again passed a resolution as stated above by unanimous approval. All of the statutory auditors who participated in the deliberation at the board of directors expressed the opinion that they had no objections with respect to the resolution. Mr. Koji Kudo, a statutory auditor of MTPC who is originally from major business entities within the MCHC Group, did not participate in any of the deliberations at the board of directors meeting and refrained from expressing his opinion regarding the resolution of the board of directors.

In addition, according to MCHC, since MCHC held 316,320,069 MTPC Common Shares (Voting Rights Ownership Ratio: 56.39%) as of the announcement date of the Tender Offer, November 18, 2019, and since if MCHC sets the minimum number of shares to be purchased with a lower limit of so-called “Majority of Minority” in the Tender Offer, it makes the completion of the Tender Offer more uncertain and may not contribute to the interests of all of the general shareholders who desire to tender their shares through the Tender Offer, MCHC does not set the minimum number of shares to be purchased with a lower limit of so-called “Majority of Minority” in the Tender Offer. However, given that MCHC and MTPC have implemented the following measures, MCHC believes that the interests of all of the general shareholders of MTPC have been given ample consideration.

The measures implemented by MCHC described below are based on explanations given by MCHC.

A. Establishing an Independent Special Committee

(i) Process of the Establishment of an Independent Special Committee

As described in “(1) Grounds and reasons for the decision to approve the Demand for Sale of Shares” above, MTPC established a special committee by a resolution at an extraordinary meeting of the board of directors held on August 29, 2019. Prior to the establishment of the special committee, MTPC received an initial inquiry about commencing discussions to consider making MTPC a wholly-owned subsidiary of MCHC from MCHC on July 30, 2019; immediately after receiving that inquiry, for the purpose of establishing a framework for evaluating and negotiating the Transactions in terms of increasing the corporate value of MTPC and securing the interests of general shareholders of MTPC from a standpoint independent of MCHC, MTPC, while receiving advice from Mori Hamada & Matsumoto, individually explained to all of MTPC’s independent outside directors at that time, as well as Mr. Hiroshi Enoki, a certified public accountant, and Mr. Tadashi Fukuda, an attorney-at-law, who are independent outside statutory auditors of MTPC with extensive experience and expertise, that (i) MTPC received the inquiry from MCHC, and (ii) since the Transactions constitute transactions that typically involve structural conflict of interest issues and information asymmetry issues, MTPC needs to take sufficient measures to ensure the fairness of the terms and conditions of the Transactions (including the Tender Offer Price), such as the establishment of a special committee, when evaluating and negotiating the Transactions. MTPC held a meeting with all of MTPC’s independent outside directors at that time and independent outside statutory auditors Mr. Hiroshi Enoki and Mr. Tadashi Fukuda on August 19, 2019. At the meeting, MTPC once again explained to the effect that the inquiry had been received from MCHC, and Mori Hamada & Matsumoto explained (a) to the effect that MTPC needs to sufficiently ensure the fairness of procedures to address the structural conflict of interest issues and information asymmetry issues in the Transactions and (b) the roles of the special committee, followed by a question-and-answer session. At the same time, MTPC confirmed the independence and competence of MTPC’s independent outside directors and independent outside statutory auditors who will be candidates for the members of the special committee, while receiving advice from Mori Hamada & Matsumoto. Subsequently, after confirming (i) independence from MCHC (despite there being certain business relationships between each member’s company (including Mr. Hiroshi Enoki’s company, Deloitte Touche Tohmatsu LLC) and MCHC or MTPC, the volume of those transactions accounts for less than 1% of consolidated profit in each case, and it has also been confirmed that there are no other material interests) and (ii) absence of material interest in the results of the Transactions that differs from that of the general shareholders, MTPC held discussions with MTPC’s independent outside directors at that time and independent outside statutory auditors present at the meeting and appointed four members, namely Mr. Shigeki Iwane (MTPC’s former outside director (resigned on October 7, 2019); President and Director of The Kansai Electric Power Co., Inc.; Mr. Shigeki Iwane resigned as a member of the special committee due to personal reasons on September 30, 2019), Mr. Tsutomu Kamijo (outside director of MTPC and Chairman and Director of Sapporo Holdings Limited), Mr. Kazutoshi Murao (outside director of MTPC and Counselor to the president of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION), and Mr. Hiroshi Enoki (outside statutory auditor of MTPC and a representative accountant of Hiroshi Enoki Certified Public Accountant Office) as candidates for members of the special committee, while receiving advice from Mori Hamada & Matsumoto (there has been no change in the members of the special committee apart from the resignation of Mr. Shigeki Iwane).

Subsequently, as stated in “(1) Grounds and reasons for the decision to approve the Demand for Sale of Shares” above, by a resolution at an extraordinary meeting of the board of directors

held on August 29, 2019, soon after the receipt of the Initial Written Proposal from MCHC on August 27, 2019, MTPC established the special committee, referred the Consulted Matters to the special committee, and requested the special committee to submit its opinion on the Consulted Matters to MTPC. The board of directors of MTPC also resolved that the contents of determinations by the special committee should be respected to the highest degree in relation to decision-making by the board of directors of MTPC for the Tender Offer (including the decision whether to support the Tender Offer) and that the board of directors of MTPC will not support the Tender Offer if the special committee determines that the terms and conditions of the transactions are not reasonable. The board of directors of MTPC further resolved to grant the special committee the authority (a) to negotiate the terms and conditions of the transactions with MCHC, (b) to appoint its own financial, legal or other advisors as necessary (fees are to be borne by MTPC) to prepare responses to the Consulted Matters, or to name or approve MTPC's financial, legal or other advisors (including retrospective approval), and (c) to receive from the officers and employees of MTPC the information necessary to evaluate and make determinations regarding the Tender Offer.

Each member of the special committee will be paid a fixed amount of remuneration irrespective of the contents of responses as remuneration for his duties.

(ii) Process of Review

From August 29, 2019 to November 18, 2019, the special committee carefully discussed and evaluated the Consulted Matters by holding 16 meetings in total for around 26 hours in total and frequently exchanged emails between meetings to report or share information, to conduct deliberations, and to make decisions.

Specifically, upon firstly examining the independence, expertise, and accomplishments, and other matters of multiple candidates for legal advisor and financial advisor and third-party valuation institution, the special committee appointed Nakamura, Tsunoda & Matsumoto as its own legal advisor independent from MCHC and MTPC and KPMG as its own financial advisor and third-party valuation institution independent from MCHC and MTPC. The special committee confirmed that there has been no business relationship between Nakamura, Tsunoda & Matsumoto and MCHC or MTPC for the past three years. Although one of the employees of KPMG has been seconded to MCHC and KPMG receives a certain amount of consideration related to such secondment, the special committee determined that, taking into account the size of KPMG's business, the existence of that relationship does not affect the independence of KPMG from MCHC in the Transactions. The special committee also confirmed that there have been no other business relationships between KPMG and MCHC or MTPC for the past three years.

In addition, the special committee approved the appointment of Mori Hamada & Matsumoto, MTPC's legal advisor, after confirming that there is no concern with respect to its independence and expertise. After considering the independence, expertise, and achievements, and other matters of multiple candidates for financial advisor, the special committee nominated Merrill Lynch Japan Securities as MTPC's financial advisor, and, following the nomination, MTPC appointed Merrill Lynch Japan Securities as MTPC's financial advisor. Furthermore, the special committee approved the internal framework for evaluating the Transactions (including

the scope of officers and employees of MTPC involved in the evaluation, negotiation and decision the Transactions, and their duties) established by MTPC after confirming that there is no concern with respect to that evaluation framework from the standpoint of independence.

Subsequently, the special committee has discussed and evaluated measures to be taken to ensure the fairness of the procedures in the Transactions, taking into account legal advice received from Nakamura, Tsunoda & Matsumoto and the opinions of Mori Hamada & Matsumoto.

The special committee submitted written questions to MCHC regarding (a) MCHC's positioning of the health care business and its future vision, (b) the role of MTPC in the future vision, (c) the synergies anticipated as a result of the Transactions and the reason why making a wholly-owned subsidiary is necessary rather than retaining the current capital structure, (d) MCHC's thoughts on MTPC's management policy and the mid-term management plan after the Transactions, (e) the reason why MCHC chose to conduct the Tender Offer at this timing and MCHC's thoughts on the Tender Offer Price, (f) MCHC's thoughts on personnel policy and corporate governance after the Transactions, (g) MCHC's thoughts on the disadvantages of delisting and (h) procedures, terms and conditions of the Transactions. MCHC responded to the special committee, and Hitoshi Ochi, Director and Representative Corporate Executive Officer, President & CEO of MCHC, provided the special committee in person with an explanation regarding these matters and held a question-and-answer session.

The special committee requested MTPC President & Representative Director Masayuki Mitsuka, MTPC Representative Director Takashi Kobayashi, MTPC Director Eizo Tabaru, MTPC Director Hiroaki Ueno, and MTPC Director Yoshihiro Kobayashi to attend meetings of the special committee and asked their opinions as the management of MTPC and for relevant information regarding (a) the relationship between the future vision for the healthcare business in the MTPC Group and the Transactions, (b) the reason why making a wholly-owned subsidiary is necessary rather than retaining the current capital structure and the synergies anticipated as a result of the Transactions, (c) their thoughts on the timing of the Transactions, (d) disadvantages of delisting, and (e) availability of other options other than the Transactions, and then held a question-and-answer session, deliberation, and discussions on these matters.

The special committee received, in advance, an explanation from MTPC regarding the policy for preparing the business plan upon the preparation of the business plan (including the Consolidated Financial Forecast) for the Transactions by MTPC, received explanations during the preparation process regarding the details, material assumptions, and the preparation progress of the draft of the business plan at several occasions, and approved the details, material assumptions, and the preparation process of the final business plan after confirming the rationality of those elements, taking into account the advice from a financial point of view received from KPMG. As stated in "C. Procurement by the Special Committee of the Share Valuation Report and the Fairness Opinion from Independent Financial Advisor and Third-Party Valuation Institution" and "E. Procurement by MTPC of the Share Valuation Report from Independent Financial Advisor and Third-Party Valuation Institution" below, KPMG and Merrill Lynch Japan Securities conducted the valuation of MTPC Common Shares based on the Consolidated Financial Forecast, and the special committee (a) received explanations from KPMG regarding the valuation method for MTPC Common Shares used by KPMG, the reason

why KPMG used the valuation method, the details of valuation by using each method and material assumptions for the valuation of MTPC Common Shares (including the basis for calculating the discount rate under the DCF Analysis and DCF Method and the reason for selecting comparable companies under trading comparables analysis and share price multiple method) (collectively, the “**Evaluation Methods**”) implemented by KPMG, (b) considered the explanations from Merrill Lynch Japan Securities regarding the Evaluation Methods implemented by Merrill Lynch Japan Securities for the valuation of MTPC Common Shares in accordance with instructions from MTPC which had received a request from the special committee to provide those instructions, and (c) confirmed the rationality of these matters after question-and-answer sessions, deliberation, and discussions. As stated in “C. Procurement by the Special Committee of the Share Valuation Report and the Fairness Opinion from Independent Financial Advisor and Third-Party Valuation Institution” below, the special committee received the Fairness Opinion (KPMG) on November 18, 2019, together with the explanation from KPMG regarding the details and material assumptions for the Fairness Opinion (KPMG), and the special committee confirmed such details and material assumptions.

The special committee received, in advance, an explanation from MTPC regarding the negotiation policy for the Transactions that MTPC had decided on after taking into account the advice from a financial point of view received from Merrill Lynch Japan Securities, including the implementation of adequate negotiation in accordance with general negotiation processes for M&A conducted between independent parties to obtain more favorable terms and conditions of the transactions to the extent possible from MCHC, and approved the negotiation policy after deliberation and discussion based on the advice from a financial point of view received from KPMG. Since receiving on October 9, 2019, the initial proposal from MCHC that the Tender Offer Price should be 1,800 yen per share, each time MTPC has received from MCHC a price proposal, MTPC has made a report to the special committee in a timely manner. The special committee evaluated and discussed the contents of the proposal based on the advice from a financial point of view received from KPMG, as well as MTPC’s view based on the advice from a financial point of view received from Merrill Lynch Japan Securities by MTPC, and was actively involved in the discussion and negotiation process regarding the Tender Offer Price between MTPC and MCHC, including giving instructions and making requests to MTPC (a) to request MCHC to increase the Tender Offer Price and (b) to suggest a price that sufficiently reflects the synergies anticipated from the Transactions. As a result, MTPC received the Revised Proposal on October 31, 2019 from MCHC stating 2,010 yen per share as the Tender Offer Price.

The special committee received explanations regarding details on the following from Mori Hamada & Matsumoto on several occasions and, while receiving advice from Nakamura, Tsunoda & Matsumoto, confirmed that sufficient information disclosure would be provided: (a) drafts of the Opinion Press Release and an opinion statement for the Tender Offer to be disclosed or filed by MTPC and (b) drafts of the press release tender offer registration statement for the Tender Offer to be disclosed or filed by MCHC.

(iii) Determinations

Based on the background provided above and in light of the legal advice from Nakamura, Tsunoda & Matsumoto and advice from a financial point of view from KPMG, and the Share

Valuation Report (KPMG) and the Fairness Opinion (KPMG) submitted as of November 18, 2019 from KPMG, the special committee carefully discussed and evaluated the Consulted Matters and, as of November 18, 2019, submitted to the board of directors of MTPC the Report with the unanimous approval of the members. An outline of the Report is as follows.

(a) Opinion

- i The special committee believes that the board of directors of MTPC should resolve to express an opinion in support of the Tender Offer and to recommend that the shareholders of MTPC tender MTPC Common Shares in the Tender Offer.
- ii The special committee believes that resolving to express an opinion in support of the Tender Offer and to recommend that the shareholders of MTPC tender MTPC Common Shares in the Tender Offer would not be disadvantageous to the minority shareholders of MTPC. The special committee also believes that making MTPC a wholly-owned subsidiary of MCHC after the completion of the Tender Offer would not be disadvantageous to the minority shareholders of MTPC.

(b) Evaluation

- i Based on the following aspects, the special committee has determined that the Transactions and subsequent actions will contribute to increasing the corporate value of MTPC.
 - The special committee agrees with the current understanding of MTPC and MCHC regarding the business environment surrounding MTPC and MTPC's business issues as stated in "B. Background and Purpose of and Decision-Making Process for the Tender Offeror Leading to the Decision to Conduct the Tender Offer" in "(2) Grounds and Reasons for the Opinion on the Tender Offer" in "3. Details of and Grounds and Reasons for the Opinion on the Tender Offer" in the Opinion Press Release, and considers it necessary and reasonable to conduct the Transactions between MTPC and MCHC at this time to promote the creation and realization of further synergies.
 - Based on the business environment and business issues stated above, according to the management of MTPC, it is important to maintain the sustainability of pharmaceuticals in the context of a declining birthrate and aging society and rapid technological evolution in the healthcare field in order to maintain and increase MTPC's corporate value in the medium to long term, and continuous investment in technology and access to growing technological domains are essential business strategies, and the special committee believes that the Transactions are an effective choice to pursue such business strategies. Under the current capital structure in which both parent and subsidiary companies are listed, synergy effects have not been fully realized because there are certain restrictions due to necessity of establishing a firewall between MTPC and MCHC and protecting the interests of the general shareholders of both parties; however, making MTPC a wholly-owned subsidiary of MCHC through the Transactions will remove these restrictions, and thus satisfy the conditions to realize the synergy effects stated in "B. Background and Purpose of and

Decision-Making Process for the Tender Offeror Leading to the Decision to Conduct the Tender Offer” in “(2) Grounds and Reasons for the Opinion on the Tender Offer” in “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” in the Opinion Press Release.

- The synergy effects stated above will not be achieved solely by making MTPC a wholly-owned subsidiary of MCHC; continuous investments for the purpose of maintaining the speed of the R&D pipelines (Note) and access to new technology in the regenerative medicine and digital areas are also considered necessary. In order to realize the synergy effects stated above to the fullest extent through such continuous investment, it is considered necessary for MTPC to remain in a core position in the healthcare business in the MCHC Group and to ensure a structure in which MTPC and MCHC may actively be involved in realizing such synergy effects. As stated in “C. Management Policy After the Tender Offer” in “(2) Grounds and Reasons for the Opinion on the Tender Offer” in “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” in the Opinion Press Release, MTPC and MCHC plan to continue to position MTPC’s pharmaceutical business at the core of the healthcare business in the MCHC Group and to disclose, after mutual confirmation, the details of business strategies and policies regarding management resources in order for MTPC and MCHC to actively promote synergy effects; therefore, it is reasonably expected that the structure to realize synergy effects by the Transactions will be ensured.
- Some disadvantages are also expected from MTPC’s delisting, however, it is considered possible to mitigate these disadvantages sufficiently, and the special committee has determined that the advantages of strengthening the attractive features of MTPC’s products and its pipelines through the Transactions will be greater than the disadvantages.
- The special committee believes that none of the possible transactions other than the Transactions would be more effective than the Transactions in increasing MTPC’s corporate value due to the following reasons: the fact that MCHC has no apparent intention of selling the MTPC Common Shares held by MCHC to other third parties; the fact that a merger with a major overseas pharmaceutical company would be unlikely to utilize the strengths of MTPC; and the fact that significant restructuring would be required if MTPC were to merge with a major overseas pharmaceutical company or a medium-sized pharmaceutical company in Japan.

(Note) Pipeline means compounds which are ethical drug candidates and product groups thereof subject to clinical tests; hereinafter the same.

- ii From the perspective of (a) ensuring a situation substantially equivalent to an arm’s length transaction in the process of formulating the transaction terms and (b) ensuring that general shareholders have an opportunity to make an appropriate decision based on sufficient information, it is confirmed that fair procedures to protect the interests of general shareholders have been taken in the Transactions based on following points.

- It is confirmed that the independent special committee established by MTPC worked effectively in the Tender Offer.
- It is confirmed that the special committee obtained independent professional advice from Nakamura, Tsunoda & Matsumoto and KPMG, its external experts, and that MTPC obtained independent professional advice from Mori Hamada & Matsumoto and Merrill Lynch Japan Securities, its external experts.
- It is confirmed that the special committee obtained a share valuation report from KPMG, an expert independent third-party valuation institution as a basis for its decision, and MTPC obtained a share valuation report from Merrill Lynch Japan Securities, an expert independent third-party valuation institution as a basis for its decision.
- The special committee obtained the Fairness Opinion (KPMG) from KPMG, and KPMG stated in its opinion that 2,010 yen per share as the Tender Offer Price is fair to the general shareholders of MTPC from a financial point of view.
- MTPC made a report to the special committee to the effect that MTPC has built an internal framework under which MTPC's officers and employees involved in the evaluation, negotiation, and decision-making regarding the Transactions are able to perform their duties from a position independent from MCHC, and the special committee has confirmed and approved that there is no concern with respect to that framework from the standpoint of independence.
- All directors and statutory auditors who have conflict of interest are excluded from the deliberation or resolution of the board of directors meeting and evaluation and negotiation regarding the Transactions.
- It is confirmed that MTPC conducted so-called "indirect market checks" where an M&A transaction is executed in a manner that allows other prospective acquiring parties to make competing proposals after the proposed M&A transaction is announced. Although MTPC did not conduct so-called "active market checks" to investigate and evaluate prospective acquiring parties in the market, considering the fact that (a) the purchaser is the controlling shareholder in the Transactions and (b) MCHC is unlikely to sell the MTPC Common Shares held by MCHC to any third party, it would be pointless to conduct the active market check and the fact that MTPC did not conduct so-called "active market checks" would be unlikely to reduce the fairness of procedures in the Transactions.
- According to MCHC, MCHC has not included a "Majority of Minority" condition because the inclusion of a "Majority of Minority" condition in the Tender Offer may make the completion of the Tender Offer more incertitude and may not contribute to the interest of all of the general shareholders who desire to tender their shares through the Tender Offer. The special committee believes that the Tender Offer's decision is not unreasonable. Furthermore, the special committee believes that the fact that

MCHC did not include a “Majority of Minority” condition does not reduce the fairness of procedures in the Transactions because (a) the Transactions would contribute to increasing the corporate value of MTPC and the transaction terms and conditions for the Transactions are appropriate and (b) MTPC has taken sufficient measures to ensure the fairness of the Transactions.

- It is confirmed that the Tender Offer intends to ensure that general shareholders have an opportunity to make an appropriate decision based on sufficient information.
 - It is confirmed that coerciveness is eliminated in the Transactions.
- iii It is confirmed that transaction terms and conditions for the Transactions are reasonable based on following reasons.
- The acquisition method used in the Transactions is believed to be reasonable because the method by which an offeror conducts a tender offer as a first step, and then conducts a demand for sale of shares or a share consolidation as a second step is generally used in transactions conducted in order to make a company a wholly-owned subsidiary like the Transactions. Also, the type of consideration for the acquisition is believed to be reasonable because (i) a tender offer in which consideration is paid in cash is believed to be more reasonable to MTPC’s general shareholders than a one-step acquisition in which shares of MCHC are delivered as consideration, since the business of MCHC is different from that of MTPC, and (ii) the type of consideration for acquisition in the second step transaction is deemed reasonable because MTPC’s general shareholders who do not tender their shares will be able to avoid the risk of a decrease in the price of MCHC’s shares which they would have borne if MCHC’s shares were to be delivered as consideration in exchange for MTPC’s shares, and will be able to receive an amount of cash determined based on the same price as the Tender Offer Price.
 - 2,010 yen per share as the Tender Offer Price is confirmed to be reasonable because (a) no particular unreasonable points have been found with respect to the purpose, preparation, or content of the Consolidated Financial Forecast that is the basis of the share valuation by the DCF Method and DCF Analysis in the Share Valuation Report (KPMG) and the Share Valuation Report (Merrill Lynch Japan Securities), (b) the Share Valuation Report (KPMG) is determined to be credible since no particular unreasonable points have been found with respect to the method and details of valuation stated therein, and 2,010 yen per share as the Tender Offer Price exceeds the upper bound of the valuation range evaluated using the market price method, and it also exceeds the median of each of the valuation ranges evaluated using share price multiple method and DCF Method, in the Share Valuation Report (KPMG) (c) the Share Valuation Report (Merrill Lynch Japan Securities) is determined to be credible since no particular unreasonable points have been found with respect to the method and details of valuation stated therein, and 2,010 yen per share as the Tender Offer Price exceeds the upper bound of each of the valuation ranges evaluated using the market price analysis and the trading comparables analysis, and it is within the valuation range evaluated using DCF Analysis, in the Share Valuation Report (Merrill

Lynch Japan Securities), (d) the premium included in 2,010 yen per share as the Tender Offer Price exceeds the average and median of premiums added in similar transactions, therefore it is confirmed that a substantial premium is added, (e) the Tender Offer Price is the price agreed to after sincere negotiations, in which the special committee was substantially involved and played a central role, between MTPC and MCHC, and (f) the Tender Offer Price is judged to be fair to the general shareholders of MTPC from a financial point of view in the Fairness Opinion (KPMG) obtained from KPMG.

- iv Based on above, the board of directors of MTPC believes that it should resolve to express its opinion in support of the Tender Offer and recommend that the shareholders of MTPC accept the Tender Offer.
- v Furthermore, the board of directors of MTPC believes that resolving to express an opinion in support of the Tender Offer and to recommend that the shareholders of MTPC accept the Tender Offer would not be disadvantageous to the minority shareholders of MTPC. The board of directors of MTPC also believes that making MTPC a wholly-owned subsidiary of MCHC after the completion of the Tender Offer would not be disadvantageous to the minority shareholders of MTPC.

B. Procurement by the Special Committee of Advice from an Independent Legal Advisor

As stated in “A. Establishing an Independent Special Committee” above, for the purpose of obtaining expert advice regarding the fairness of procedures, the special committee appointed Nakamura, Tsunoda & Matsumoto as its own legal advisor independent from MCHC and MTPC and received legal advice, including advice regarding measures to be taken to ensure the fairness of the procedures of the Transactions, various procedures for the Transactions, and the method and process of deliberation of the special committee for the Transactions.

Nakamura, Tsunoda & Matsumoto is not a related party of MCHC or MTPC and does not have any material interest in the Transactions (including the Tender Offer). For other information regarding the independence of Nakamura, Tsunoda & Matsumoto, please see “A. Establishing an Independent Special Committee” above.

C. Procurement by the Special Committee of the Share Valuation Report and the Fairness Opinion from Independent Financial Advisor and Third-Party Valuation Institution

- (i) Name of Valuation Institution and its Relationship with MTPC and MCHC

In considering the Consulted Matters, in order to ensure the reasonableness of transaction terms and conditions of the Transactions, including the Tender Offer Price, the special committee requested KPMG, its own financial advisor and third-party valuation institution independent from MCHC and MTPC, to calculate the value of MTPC Common Shares and conduct financial analysis incidental thereto and also to express an opinion concerning the fairness of the Tender Offer Price (a fairness opinion). MTPC obtained the Share Valuation Report (KPMG) and the

Fairness Opinion (KPMG) on November 18, 2019.

As stated in “(1) Grounds and reasons for the decision to approve the Demand for Sale of Shares” above, the board of directors of MTPC received the Share Valuation Report (KPMG) and the Fairness Opinion (KPMG) together with the Report that was submitted to it by the special committee on November 18, 2019, and, in light of the contents of the Share Valuation Report (KPMG) and the Fairness Opinion (KPMG), the board of directors of MTPC passed the resolution stated in “G. Unanimous Approval of All Non-interested Directors and the No Dissenting Opinion of All Non-interested Statutory Auditors at MTPC” below.

KPMG is not a related party of MCHC or MTPC, and does not have any material interest in connection with the Transactions, including the Tender Offer, needing to be disclosed. As stated in “A. Establishing an Independent Special Committee” above, the special committee appointed KPMG as its own financial advisor and third-party valuation institution after considering several candidate financial advisors and third-party valuation institutions in terms of their independence, expertise, accomplishments, and other matters. Also, only a fixed-amount of compensation, which is payable regardless of whether the Transactions succeed, will be paid to KPMG in connection with the Transactions, and no contingency compensation, which is payable subject to completion of the Transactions, including the Tender Offer, and other conditions, will be paid.

(ii) Outline of Valuation

In order to collect and examine information required for calculating the value of MTPC Common Shares, KPMG obtained information on MTPC’s current business status and forecasted business outlook and received explanations about these matters from MTPC’s management, and calculated the value of MTPC Common Shares based on that information. After considering which methods should be applied to calculate the value of MTPC Common Shares among the various share value calculation methods available, KPMG calculated the value of MTPC shares using: (a) the market price method because MTPC Common Shares are listed on the First Section of the TSE and market prices exist; (b) the share price multiple method because there are multiple listed companies engaged in businesses similar to that of MTPC and analogical inference of the share value is viable; and (c) the DCF Method so as to reflect in the evaluation the status of future business activities, based on the premise that MTPC is a going concern and from the perspective that it would be appropriate to assess the share value of MTPC Common Shares in multiple ways. The following are the ranges of values per MTPC Common Share that were calculated by KPMG based on each calculation method set out above.

Market Price Method:	1,233 yen – 1,313 yen
Share Price Multiple Method:	1,735 yen – 2,050 yen
DCF Method:	1,841 yen – 2,096 yen

Under the market price method, using November 15, 2019 as the valuation reference date, the per-value of MTPC Common Shares was evaluated to range from 1,233 yen to 1,313 yen, based on the closing price of the reference date (1,313 yen), the simple average closing price for the most recent one month (1,298 yen), the simple average closing price for the most recent three months (1,234 yen) and the simple average closing price for the most recent six months (1,233

yen) of MTPC Common Shares on the First Section of the TSE.

Under the share price multiple method, the per-value of MTPC shares was evaluated to range from 1,735 yen to 2,050 yen based on the ratio of earnings before interest, taxes, depreciation, and amortization (“**EBITDA**”) to the enterprise value compared to Astellas Pharma Inc., Daiichi Sankyo Company Limited, Eisai Co., Ltd., Chugai Pharmaceutical Co., Ltd., Sumitomo Dainippon Pharma Co., Ltd., Shionogi & Co., Ltd., and Kyowa Kirin Co., Ltd. as comparable listed companies, each of which is selected by KPMG, among listed companies in Japan that engage mainly in development, manufacture, and sale of ethical drugs as MTPC does, comprehensively taking into account their similarities to MTPC in terms of operating results, financial status, status of cash flow, scale of business, and other factors.

Under the DCF Method, the range of the per-value of MTPC Common Share is evaluated from 1,841 yen to 2,096 yen, which results from analyzing MTPC’s corporate value and share value by discounting to the present value at a certain discount rate the free cash flow that MTPC is expected to generate in the second quarter of 2020 and onward based on MTPC’s business plans for the period from the fiscal year ending March 2020 to the fiscal year ending March 2031 and trends in MTPC’s operating results to date, after holding question-and-answer sessions with MTPC in order to confirm the reasonableness of those business plans. A sum-of-the-parts approach was used for the DCF Method, whereby corporate value and share value are calculated by aggregating values of each business segment or geographic segment analyzed separately. The discount rate (weighted-average cost of capital) adopted is 6.05% to 6.55% as to domestic operation and 9.55% to 11.45% for overseas operation, which are calculated based on the CAPM (capital asset pricing model) theory that is generally used in practice for share value evaluation. The perpetual assumption method was used in valuation of the going-concern value of the business segments and geographic segments that KPMG considers that evaluation as the going-concern are appropriate based on sustainable cash flows, and the perpetual growth rate was 0.0% to 2.35%, which was determined based on analysis conducted separately for businesses in Japan and overseas.

The consolidated financial forecast prepared based on the business plan provided by MTPC (the “**Consolidated Financial Forecast**”), used by KPMG as the basis of the DCF Method, is as follows. Details of the Consolidated Financial Forecast have been reviewed by KPMG after holding several question-and-answer sessions with MTPC and also confirmed by the special committee in terms of the reasonableness of their details, material assumptions, and the preparation process, as stated in “A. Establishing an Independent Special Committee” above. The forecast below also covers the fiscal years in which a substantial increase/decrease in profits is expected. Specifically, the expectation that the full-year operating income for the fiscal year ending March 2024 will be increased to 61.6 billion yen, which is 64% up from the previous year, and that the Adjusted EBITDA (Note) will be increased to 96.2 billion yen, which is 86% up from the previous year, is made mainly because the investment in research and development for existing late-stage products of MTPC will be completed and existing late-stage products of MTPC, such as ND0612 (Levodopa/Carbidopa, Continuous SC pump (Parkinson’s disease)) and MT-1186 (Edaravone, Free radical scavenger (Amyotrophic lateral sclerosis: ALS/Oral suspension)), are expected to fully contribute to MTPC’s profits. For the fiscal year ending March 2025, it is expected that the existing late-stage products of MTPC will continuously contribute to the profits, similar to the previous fiscal year, and the full-year operating income

will be increased to 93.0 billion yen, which is 51% up from the previous year. In contrast, the expectation for the fiscal year ending March 2031 that the full-year operating income will be decreased to 90.5 billion yen, which is 31% down from the previous year, is made mainly because the sales amount and the items of other income will be decreased due to the completion of the existing late-stage products of MTPC. However, the synergistic effect expected to be achieved by the execution of the Transactions is not reflected in the Consolidated Financial Forecast, as it is difficult to estimate any effect at this point. Please note that an arbitration procedure was commenced with Novartis Pharma AG in February 2019, and a part of the royalty for Gilenya payable by Novartis Pharma AG has not been recognized as sales revenue in accordance with IFRS. Although this accounting treatment is expected to be made going forward, so that such a recognition will not be made during the process of the arbitration procedure, the Consolidated Financial Forecast was prepared under the assumption that the application for the arbitration had not been made. Therefore, the Consolidated Financial Forecast is different from the financial forecast announced by MTPC in MTPC's FY 2019 Second Quarterly Earnings Release:

(In 100 million Yen)

	FY ending March 2020	FY ending March 2021	FY ending March 2022	FY ending March 2023	FY ending March 2024	FY ending March 2025
Sales	4,188	4,117	4,188	4,158	4,776	5,114
Operating Income	502	440	459	375	616	930
Adjusted EBITDA (Note)	626	485	610	517	962	1,201
Free Cash Flow	265	166	328	296	603	933

	FY ending March 2026	FY ending March 2027	FY ending March 2028	FY ending March 2029	FY ending March 2030	FY ending March 2031
Sales	5,227	5,390	5,733	5,756	5,555	4,956
Operating Income	1,081	1,170	1,463	1,498	1,318	905
Adjusted EBITDA (Note)	1,349	1,433	1,728	1,763	1,572	1,133
Free Cash Flow	1,007	1,068	1,281	1,366	1,210	968

(Note) This refers to EBITDA after the adjustments of revenue or expenses temporarily generated.

In principle, when calculating the value of MTPC shares, KPMG has used, as-is, information provided to it by MTPC, information obtained through interviews, publicly available information, and other information based on the assumption that these materials and information are entirely accurate and complete and that there exist no circumstances that have not been disclosed to KPMG that would have a material impact upon the calculations of the value of MTPC shares. KPMG has not made an independent study of the accuracy or completeness of those materials and information. KPMG has not independently valued or appraised the assets or liabilities (including derivative transactions, off-balance-sheet assets or liabilities, and other

contingent liabilities) of MTPC or any of its subsidiaries or affiliates and has not conducted any analysis or valuation of individual assets or liabilities. Also, KPMG has not requested any third-party institution to perform any such valuation, appraisal, or assessment. Moreover, KPMG assumed that MTPC's financial forecast, referenced in the relevant calculations, was reasonably prepared and produced pursuant to the best forecasts and judgments that could be obtained from MTPC this time, and that relevant calculations reflected the information and economic situation as of November 18, 2019.

(iii) Outline of the Fairness Opinion (KPMG)

The special committee also obtained the Fairness Opinion (KPMG) from KPMG, which states to the effect that 2,010 yen per share as the Tender Offer Price is fair to the general shareholders of MTPC from a financial point of view. The Fairness Opinion (KPMG) expresses an opinion to the effect that, assuming the scheme of the Transactions is implemented, 2,010 yen per share as the Tender Offer Price will be a fair value to the general shareholders of MTPC (the "**Expression of Opinion**") in light of the result of the share valuation conducted based on the Consolidated Financial Forecast that was prepared by MTPC as stand-alone basis and the result of analysis of premiums added in past tender offer cases that are similar to the Tender Offer. The Fairness Opinion (KPMG) was issued after several question-and-answer sessions were held with MTPC regarding the background and process that led to the conclusion to support the Tender Offer and review procedures conducted by the review committee of KPMG independently from the KPMG team engaging in the preparation of the Fairness Opinion, in addition to examination of the result of the MTPC share valuation conducted by KPMG through analysis and examination of financial information, including the Consolidated Financial Forecast, provided by MTPC and the holding of question-and-answer sessions with MTPC.

The Expression of Opinion is based on the assumption that the information provided by MTPC and publicly available information are entirely accurate and complete, and KPMG has not independently assessed their accuracy or completeness. KPMG has not independently valuated, appraised, or assessed the individual assets or liabilities (including contingent liabilities) of MTPC or any of its subsidiaries and has not received any valuation report or appraisal report on those matters. KPMG has not conducted any audit or assessment procedures with respect to MTPC's financial statements, including audit procedures in accordance with generally accepted auditing standards, and is not in a position to express an audit opinion on MTPC's financial information. If there is a material error in the information disclosed to KPMG by MTPC, or if there is a fact undisclosed to KPMG as of the date of the Expression of Opinion that could materially affect the analysis of the value of MTPC Common Shares, then the result of analysis, which is the basis of KPMG's opinion, might be materially different. Since the contents of the Expression of Opinion are based on economic conditions, the regulatory environment, the market environment, and other conditions as of the date of the Expression of Opinion, any subsequent change in those conditions or environment might cause a material impact on the analysis of MTPC Common Share value; however, KPMG is not obligated to update, amend, or reaffirm the contents of the Expression of Opinion.

The Expression of Opinion is made on the assumption that the estimated financial forecast provided by MTPC is the most reasonable and accountable financial forecast reasonably prepared by MTPC based on the best forecasts and judgments made by MTPC's management as of the

date of the Expression of Opinion. KPMG does not express any opinion regarding the assumptions underlying that financial forecast or its feasibility. Matters and the environment assumed in a financial forecast not materializing as expected is a common occurrence, and differences between the forecast and actual performance that would potentially arise in such a case might have a material impact on the value of the MTPC shares; however, the analysis by KPMG was not conducted for the purpose of examining the feasibility of the financial forecast. KPMG is not in a position to express an opinion on the appropriateness of the assumptions used in the financial forecast.

The Expression of Opinion is made for the sole purpose of providing a portion of the information that should be considered by the special committee when considering and submitting its opinion on the Consulted Matters and not for any other purpose. Also, the Expression of Opinion does not express KPMG's opinion on decision-making by the special committee or express any recommendation as to whether MTPC's general shareholders should tender their shares. In addition, KPMG has not been requested to calculate or forecast the purchase price of the MTPC shares in transactions other than the Tender Offer and is not in a position to express an opinion on those matters.

D. Procurement by MTPC of Advice from an Independent Legal Advisor

As stated in "A. Establishing an Independent Special Committee" above, for the purpose of obtaining expert advice on the fairness of procedures, MTPC appointed Mori Hamada & Matsumoto as a legal advisor independent from MCHC and MTPC and received legal advice, including advice regarding measures to be taken to ensure the fairness of the procedures of the Transactions, various procedures for the Transactions, and the method and process of decision-making by MTPC for the Transactions.

Mori Hamada & Matsumoto is not a related party of MCHC or MTPC and does not have any material interest in the Transactions (including the Tender Offer).

E. Procurement by MTPC of the Share Valuation Report from Independent Financial Advisor and Third-Party Valuation Institution

(i) Name of Valuation Institution and its Relationship with MTPC and MCHC

In arriving at our opinion regarding the Tender Offer, in order to ensure the fairness of the decision-making process concerning the Tender Offer Price presented by MCHC, MTPC requested Merrill Lynch Japan Securities, a financial advisor and third-party valuation institution independent from MCHC and MTPC, to evaluate the value of MTPC Common Shares and conduct financial analysis incidental thereto. MTPC obtained the Share Valuation Report (Merrill Lynch Japan Securities) dated November 18, 2019, subject to the assumptions set forth below (Note) and certain other conditions. Merrill Lynch Japan Securities is not a related party of MCHC or MTPC, and does not have any material interest in the Transactions, including Tender Offer, needing to be disclosed. Further, MTPC has not obtained from Merrill Lynch Japan Securities any opinion concerning the fairness of the Tender Offer Price (a fairness opinion).

Also, compensation payable to Merrill Lynch Japan Securities in connection with the Transactions is contingency compensation that is payable subject to completion of the Tender

Offer. MTPC has appointed Merrill Lynch Japan Securities as its financial advisor and third-party valuation institution based on the compensation system above after taking into consideration practices generally used in similar transactions, the propriety of a compensation system in which MTPC will bear a certain level of financial burden if the Transactions are not completed, and other factors.

(ii) Outline of Valuation

After considering the various valuation methods of the equity value of MTPC Common Shares, Merrill Lynch Japan Securities analyzed the equity value of MTPC Common Shares using (i) the market price analysis because MTPC Common Shares are listed on the First Section of the TSE, (ii) the trading comparables analysis because there are numerous listed companies that are considered to be relatively similar to MTPC and analogical inference of the share value of MTPC Common Shares is viable, and (iii) the DCF Analysis so as to reflect in the evaluation the status of future business activities, subject to the condition precedent set forth below (Note) and other certain conditions, based on the premise that MTPC is a going concern and from the perspective that it would be appropriate to evaluate the share value of MTPC Common Shares in multiple ways.

According to Merrill Lynch Japan Securities, the methods used, and the corresponding ranges of per-share price of MTPC Common Shares evaluated by such methods, are as follows. For assumptions, points of attention, etc. in the preparation of the Share Valuation Report (Merrill Lynch Japan Securities) by Merrill Lynch Japan Securities and the underlying valuation analysis therefor, please refer to (Note).

Market Price Analysis:	1,233 yen – 1,313 yen
Trading Comparables Analysis:	1,386 yen – 1,750 yen
DCF Analysis:	1,861 yen – 2,209 yen

Under the market price analysis, using November 15, 2019 as the valuation reference date, the per-value of MTPC Common Shares was evaluated to range from 1,233 yen to 1,313 yen, based on the closing price of the reference date (1,313 yen), the simple average closing price for the most recent one month (1,298 yen), the simple average closing price for the most recent three months (1,234 yen) and the simple average closing price for the most recent six months (1,233 yen) of MTPC Common Shares on the First Section of the TSE.

Under the trading comparables analysis, the share value of MTPC shares was analyzed via comparison with market share prices and financial indices indicating profitability, etc. of various listed companies engaged in relatively similar, albeit not completely identical, businesses to those of MTPC, picked out for the purpose of analysis. The per-value of MTPC Common Shares was evaluated to range from 1,386 yen to 1,750 yen, based on the ratio of EBITDA to the business value compared to Astellas Pharma Inc., Otsuka Holdings Co., Ltd., Eisai Co., Ltd., Shionogi & Co., Ltd., Kyowa Kirin Co., Ltd., Ono Pharmaceutical Co., Ltd., Santen Pharmaceutical Co., Ltd., Sumitomo Dainippon Pharma Co., Ltd., Nippon Shinyaku Co., Ltd., Hisamitsu Pharmaceutical Co., Inc., Kaken Pharmaceutical Co., Ltd., Mochida Pharmaceutical Co., Ltd., Kissei Pharmaceutical Co., Ltd. and KYORIN Holdings, Inc., each of which is deemed to be a listed company having similarities to MTPC, and taking into consideration the market capitalization

and the scale of corporate value, the current business scale and the status of business deployment within/outside Japan, the future domestic/international business deployment strategy, and the policy and status of the research and development activities toward the creation of new medicine (including the products developed by itself, and the activities for adoption or derivation) and other factors.

Under the DCF Analysis, the per-value of MTPC Common Shares has been evaluated to range from 1,861 yen to 2,209 yen, after analyzing the enterprise value and the equity value of MTPC based on the financial forecast for the 12 fiscal years from the fiscal year ending March 2020 to the fiscal year ending March 2031 (including the free cash flow) prepared by MTPC by discounting such free cash flow to the present value at a certain discount rate. The discount rate (weighted average cost of capital) adopted is 4.75% to 6.75% as to the domestic operation and 8.0% to 10.0% as to the overseas operation, which are analyzed based on the CAPM (capital asset pricing model) theory that is generally used in practice for share value evaluation. The exit multiple method and the perpetual growth rate method are adopted for the valuation of the going concern value, and 8.0 to 10.0 times and 8.0 to 10.0 times are adopted as the EBITDA multiple for the domestic business and the international business, respectively, under the exit multiple method, and the ratio of minus 2.0% to minus 1.0% and 1.0% to 2.0% are adopted as the perpetual growth rate as to the domestic business and the international business, respectively, under the perpetual growth rate method based on the guidance given by MTPC.

Details of the Consolidated Financial Forecast used by Merrill Lynch Japan Securities as the basis of the DCF Analysis have been examined by Merrill Lynch Japan Securities, which has not independently assessed the accuracy or completeness of the Consolidated Financial Forecast and is not obligated to do so (please refer to (Note) below for assumptions, disclaimers, etc. based on which Merrill Lynch Japan Securities examined the Consolidated Financial Forecast). Details of the Consolidated Financial Forecast have also been confirmed by the special committee in terms of the reasonableness of their details, material assumptions, and the preparation process, as stated in “A. Establishing an Independent Special Committee” above. Specific figures in the Consolidated Financial Forecast used as the basis for calculation by the DCF Analysis by Merrill Lynch Japan Securities is as stated in “(ii) Outline of Valuation” in “C. Procurement by the Special Committee of the Share Valuation Report and the Fairness Opinion from Independent Financial Advisor and Third-Party Valuation Institution” above.

(Note) The above-mentioned Share Valuation Report (Merrill Lynch Japan Securities) has been delivered solely for the use and benefit of the board of directors of MTPC in its capacity as such in connection with and for purposes of its evaluation of the Tender Offer Price from a financial point of view. The Share Valuation Report (Merrill Lynch Japan Securities) does not express any opinion or view with respect to any consideration received in connection with the Transactions by the holders of any class of securities, creditors or other constituencies of any party. The Share Valuation Report (Merrill Lynch Japan Securities) expresses no view or opinion as to any terms or other aspects of the Transactions, including, without limitation, the form or structure of the Transactions. Furthermore, the Share Valuation Report (Merrill Lynch Japan Securities) does not express any opinion or view as to the relative merits of the Transactions in comparison to other strategies or transactions that might be available to MTPC or in which MTPC might engage or as to the underlying business

decision of MTPC to proceed with or effect the Transactions. In addition, the Share Valuation Report (Merrill Lynch Japan Securities) does not express any opinion or recommendation to any shareholder of MTPC as to whether to tender their MTPC shares in the Tender Offer or how to vote or act in connection with the Transactions or any related matter. Moreover, the Share Valuation Report (Merrill Lynch Japan Securities) does not express any opinion or view with respect to the fairness (financial or otherwise) of the amount, nature or any other aspect of any compensation to any of the officers, directors or employees of any party to the Transactions, or class of such persons, relative to the Tender Offer Price. The Share Valuation Report (Merrill Lynch Japan Securities) does not express any opinion as to the prices at which MTPC Common Shares will be traded at any time, including following the announcement or consummation of the Transactions.

In preparing the Share Valuation Report (Merrill Lynch Japan Securities) and conducting its underlying valuation analysis, Merrill Lynch Japan Securities reviewed certain publicly available information concerning the business and financial matters of MTPC, as well as the business and financial information inside MTPC (including the Consolidated Financial Forecast) which was either provided by the management of MTPC to Merrill Lynch Japan Securities or with which Merrill Lynch Japan Securities discussed with the management of MTPC. Merrill Lynch Japan Securities has assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with Merrill Lynch Japan Securities and has relied upon the assurances of the management of MTPC that they are not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect. Further, with respect to the Consolidated Financial Forecast, Merrill Lynch Japan Securities has been advised by MTPC, and has assumed, with the consent of MTPC, that it has been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of MTPC as to the future financial performance of MTPC. The Share Valuation Report (Merrill Lynch Japan Securities) is necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to Merrill Lynch Japan Securities as of, the date of the report (except as otherwise stated in the analysis). It should be understood that subsequent developments may affect the Share Valuation Report (Merrill Lynch Japan Securities), and Merrill Lynch Japan Securities does not have any obligation to update, revise, or reaffirm such report.

As noted above, the descriptions of the analyses conducted by Merrill Lynch Japan Securities set forth above are summaries of the material financial analyses presented by Merrill Lynch Japan Securities to the board of directors of MTPC in connection with the Share Valuation Report (Merrill Lynch Japan Securities) and are not comprehensive descriptions of all analyses undertaken by Merrill Lynch Japan Securities in connection with such report. The preparation of the Share Valuation Report (Merrill Lynch Japan Securities) and its underlying analysis is a complex analytical process involving various judgments about the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances; therefore, it is not necessarily advisable to describe only a part of the results or summary of the analysis. Merrill Lynch Japan Securities

believes that its analyses must be considered holistically. Merrill Lynch Japan Securities further believes that selecting portions of its analyses and the factors considered or focusing on any information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying Merrill Lynch Japan Securities' analysis and the opinion. The fact that any specific analysis has been referred to in the summary set out above is not meant to indicate that such analysis was given greater weight than any other analysis referred to in such summary. In performing its analyses, Merrill Lynch Japan Securities considered industry performance, general business and economic conditions, and other matters, many of which are beyond the control of MCHC and MTPC. The estimates of the future performance of MTPC based on which Merrill Lynch Japan Securities' analyses were made are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than such estimates. Merrill Lynch Japan Securities' analyses were performed solely as part of its analysis contained in the Share Valuation Report (Merrill Lynch Japan Securities) and were provided to the board of directors of MTPC in connection with the delivery of such report. Merrill Lynch Japan Securities' analyses do not purport to be appraisals or to reflect the prices at which a company might actually be sold or the prices at which any securities have been traded or may be traded at any time in the future. Accordingly, the estimates used in, and the ranges of valuations resulting from, any particular analysis described above are inherently subject to substantial uncertainty and should not be taken to be Merrill Lynch Japan Securities' view of the actual values of MTPC. The Tender Offer Price was determined through negotiations between MCHC and MTPC (or the special committee), rather than by any financial advisor, and was approved by the board of directors of MTPC. The determination to express its opinion to support the Tender Offer was made solely by the board of directors of MTPC. As described above, the Share Valuation Report (Merrill Lynch Japan Securities) was only one of many factors considered by the board of directors of MTPC in its evaluation of the Transactions and should not be viewed as determinative of the views of the board of directors or the management of MTPC with respect to the Transactions or the Tender Offer Price.

Merrill Lynch Japan Securities has not made or been provided with any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of MTPC, nor has it made any physical inspection of the properties or assets of MTPC. Merrill Lynch Japan Securities has not evaluated the solvency or fair value of MTPC under any applicable laws or regulations relating to bankruptcy, insolvency or similar matters. Merrill Lynch Japan Securities has assumed, at the direction of MTPC, that the Tender Offer will be consummated in accordance with its terms currently contemplated, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary governmental, regulatory and other approvals, consents, releases and waivers for the Transactions, no delay, limitation, restriction or condition, including any divestiture requirements or amendments thereto, will be imposed that would have an adverse effect on MCHC or MTPC or the contemplated benefits of the Transactions.

Merrill Lynch Japan Securities has acted as financial advisor to MTPC in connection with the Transactions and will receive a fee for its services, all of which is contingent

upon completion of the Tender Offer. In addition, MTPC has agreed to reimburse expenses incurred in connection with, and indemnify Merrill Lynch Japan Securities against certain liabilities arising out of the engagement.

Merrill Lynch Japan Securities and its affiliates comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of companies, governments and individuals. In the ordinary course of its businesses, Merrill Lynch Japan Securities and its affiliates may invest on a principal basis or on behalf of customers or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in equity, debt or other securities or financial instruments (including derivatives, bank loans or other obligations) of MCHC, MTPC and certain of their respective affiliates.

Merrill Lynch Japan Securities and its affiliates in the past have provided and may be currently providing or may provide in the future, investment banking, commercial banking and other financial services to MTPC and its affiliates and have received or in the future may receive compensation for the rendering of such services. In addition, Merrill Lynch Japan Securities and its affiliates in the past have provided and may be currently providing or may provide in the future, investment banking, commercial banking and other financial services to MCHC and its affiliates and have received or in the future may receive compensation for the rendering of these services. Merrill Lynch Japan Securities does not provide any legal, accounting or tax-related advice.

F. Building of an Independent Evaluation Framework

As stated in “(1) Grounds and reasons for the decision to approve the Demand for Sale of Shares” above, MTPC has built an internal framework for evaluating and negotiating and making determinations regarding the Transactions from a standpoint independent of MCHC. Specifically, immediately after MTPC received an initial inquiry about commencing discussions to consider making MTPC a wholly-owned subsidiary of MCHC from MCHC on July 30, 2019, in light of avoiding any possible impact of structural conflict of interest issues, MTPC has refrained, and continues to refrain, from involving not only MTPC’s officers and employees who concurrently serve as officers or employees of the Other MCHC Group Companies, but also each of MTPC’s officers and employees who were officers or employees of the Other MCHC Companies in the past, in the negotiation process regarding the terms and conditions of the Transactions, including the Tender Offer Price, between MTPC and MCHC or in the preparation process for the Consolidated Financial Forecast on which the valuation of MTPC Common Shares have been based. The special committee has approved that there is no concern from the standpoint of independence with respect to the internal framework for evaluating the Transactions built within MTPC (including the scope of MTPC’s officers and employees involved in the evaluation negotiation, and decision of the Transactions, and their duties), including the exclusion of MTPC’s officers and employees as stated above.

Mr. Hiroaki Ueno, one of MTPC’s directors, belonged to Mitsubishi Pharma until MTPC

was established by a merger between Tanabe Seiyaku Co., Ltd. and Mitsubishi Pharma in 2007. Mr. Hiroaki Ueno joined MTPC as a result of the establishment of MTPC by the merger, and MTPC determined that Mr. Ueno has little conflict of interest in relation to MCHC because a significant time has passed since Mr. Ueno joined MTPC. In addition, considering the fact that Mr. Hiroaki Ueno has comprehensive knowledge of technical aspects related to pharmaceuticals, biotechnology and chemistry and his knowledge and expertise are required for the deliberation of the Transactions, Mr. Hiroaki Ueno participated in the deliberation of the Transactions only with respect to the matters of which structural conflict of interest issues would not likely affect the interests of general shareholders, such as participation in evaluation of the expected synergies to be realized through the Transactions.

G. Unanimous Approval of All Non-interested Directors and the No Dissenting Opinion of All Non-interested Statutory Auditors at MTPC

As stated in “(1) Grounds and reasons for the decision to approve the Demand for Sale of Shares” above, the board of directors of MTPC carefully discussed and evaluated whether the Transactions (including the Tender Offer) would contribute to increasing the corporate value of MTPC and whether the transaction terms and conditions of the Transactions (including the Tender Offer Price) are reasonable, based on the legal advice received from Mori Hamada & Matsumoto, advice from a financial point of view and the Share Valuation Report (Merrill Lynch Japan Securities) received from Merrill Lynch Japan Securities, as well as the Share Valuation Report (KPMG) and the Fairness Opinion (KPMG) received through the special committee, giving the highest degree of respect to the contents of determinations by the special committee presented in the Report.

As a result, as stated in “(1) Grounds and reasons for the decision to approve the Demand for Sale of Shares” above, MTPC determined that (i) the Transactions (including the Tender Offer) would contribute to increasing the corporate value of MTPC and (ii) the transaction terms and conditions of the Transactions (including the Tender Offer Price) is reasonable, securing interests that should be enjoyed by MTPC’s general shareholders, and the Tender Offer would provide MTPC’s general shareholders with a reasonable opportunity to sell their MTPC Common Shares at a price inclusive of an appropriate premium. Therefore, MTPC resolved at its board of directors meeting held on November 18, 2019 by unanimous approval of the directors who participated in the deliberation and resolution to express an opinion in support of the Tender Offer and to recommend that the shareholders of MTPC tender MTPC Common Shares in the Tender Offer.

Of the eight directors of MTPC, Mr. Masayuki Mitsuka concurrently serves as a director of The KAITEKI Institute, Inc., a wholly-owned subsidiary of MCHC; Mr. Takeshi Matsumoto concurrently serves as a managing executive officer of MCHC and a director of Life Science Institute, Inc.; Mr. Eizo Tabaru has served as an executive officer at major business entities within the MCHC Group in the past; and Mr. Hiroaki Ueno was once an employee at major business entities within the MCHC Group. Thus, from the standpoint of avoiding to the extent possible any possible impact of structural conflict of interest issues in the Transactions, the board of directors meeting held on November 18, 2019 was two-tiered: first, (i) the four directors other than Mr. Masayuki Mitsuka, Mr. Eizo Tabaru, Mr. Takeshi Matsumoto, and Mr. Hiroaki Ueno participated in deliberation and passed a resolution as stated above by unanimous approval; and

further, in light of ensuring the quorum for the board of directors meeting of MTPC was met, (ii) five directors (those four directors participating in (i) above and Mr. Hiroaki Ueno) participated in the deliberation and once again passed a resolution as stated above by unanimous approval.

All of the statutory auditors who participated in the deliberation at the board of directors expressed the opinion that they had no objections with respect to the resolution.

Of the directors of MTPC, three directors (Mr. Masayuki Mitsuka, Mr. Eizo Tabaru, and Mr. Takeshi Matsumoto) did not participate in the deliberation or resolution of the board of directors meeting of MTPC for the Transactions, including the aforementioned board of directors meeting held on November 18, 2019, in light of avoiding any possible impact of structural conflict of interest issues in the Transactions, and they did not participate in the deliberation of the Transactions or the discussion or negotiation of the Transactions with MCHC on behalf of MTPC.

On the other hand, as stated in “F. Building of an Independent Evaluation Framework” above, Mr. Hiroaki Ueno belonged to Mitsubishi Pharma until 2007 and joined MTPC in the same year. Given that a significant time has passed since Mr. Hiroaki Ueno joined MTPC, MTPC determined that this causes little conflict of interest in relation to MCHC. In addition, considering the fact that Mr. Hiroaki Ueno has comprehensive knowledge of technical aspects related to pharmaceuticals, biotechnology, and chemistry and his knowledge and expertise are required for the deliberation of the Transactions, Mr. Hiroaki Ueno participated in the deliberation and resolution in the second stage of the board of directors meeting of MTPC held on November 18, 2019 in light of ensuring the quorum for the board of directors meeting was met, and participated in the deliberation of the Transactions only with respect to the matters of which structural conflict of interest issues would not likely affect the interests of general shareholders, such as participation in evaluation of the expected synergies to be realized through the Transactions.

Mr. Koji Kudo, a statutory auditor of MTPC who is originally from major business entities within the MCHC Group, did not participate in any of the deliberations at the board of directors meeting and refrained from expressing his opinion regarding the resolution of the board of directors.

H. No Transaction Protection Clause

In order to secure an opportunity for persons other than MCHC to make competing offers, etc., and thereby contribute to ensuring the fairness of the Tender Offer Price, MCHC and MTPC have not entered into any agreement that restricts MTPC from contacting persons making competing offers, including any agreement providing a transaction protection clause that may forbid MTPC from contacting persons making competing offers.

I. Measures to Ensure Opportunities for MTPC’s Shareholders to Decide Whether to Tender Their Shares in the Tender Offer

According to MCHC, as mentioned in “(5) Policy for Organizational Restructuring, Etc. After the Tender Offer (Matters Relating to So-called “Two-step Acquisition”)” in “3. Details of

and Grounds and Reasons for the Opinion on the Tender Offer” in the Opinion Press Release, MCHC secured an opportunity for the shareholders of MTPC to appropriately decide whether to tender their shares in the Tender Offer and thereby cared to ensure that the Tender Offer is not coercive, because (a) MCHC took an approach to ensure an opportunity for all shareholders of MTPC to exercise the right under the Companies Act to require MTPC to purchase their MTPC Common Shares at the fair price or the right to file a motion with the court to determine the fair price of MTPC Common Shares, i.e., promptly after the completion of the settlement of the Tender Offer and depending on the amount of the MTPC Common Shares acquired by MCHC at completion of the Tender Offer, MCHC planned to exercise the Demand for Sale of Shares with respect to all of the MTPC Common Shares (excluding the MTPC Common Shares owned by MCHC and the treasury shares owned by MTPC), or alternatively, MCHC intended to request that the MTPC hold an extraordinary meeting of shareholders at which MTPC would present proposals to approve the consolidation of the MTPC Common Shares (the “**Share Consolidation**”) in accordance with Article 180 of the Companies Act and, subject to the Share Consolidation becoming effective, to abolish the article in the Articles of Incorporation concerning the number of shares per share unit; and (b) MCHC indicated that, in the event of exercising the Demand for Sale of Shares or conducting the Share Consolidation, the amount of cash to be paid to the respective shareholders was planned to be equal to an amount calculated by multiplying the Tender Offer Price by the number of the MTPC Common Shares each shareholder owns.

In addition, according to MCHC, MCHC set the tender offer period of the Tender Offer as 31 business days, while the statutory minimum period stipulated in the Act is 20 business days. MCHC set a relatively long tender offer period and secured an appropriate opportunity for the shareholders of MTPC to decide whether to tender their shares in the Tender Offer.

4. Future Prospects

MTPC’s management structure, etc. after the Demand for Sale of Shares will be discussed and deliberated between MCHC and MTPC.

5. Details of Transactions, Etc. with Controlling Shareholder

(1) Transactions, Etc. with Controlling Shareholder and Status of Conformity with Policy on Measures to Protect Minority Shareholders

Since MCHC is the controlling shareholder (the parent company) of MTPC, the approval of the Demand for Sale of Shares by the board of directors of MTPC constitutes a transaction, etc. with a controlling shareholder. As a “Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder” in the Corporate Governance Report disclosed on October 11, 2019, MTPC stated that in regard to transactions between MTPC and the controlling shareholder, the highest priority is given in the decision-making to increase the enterprise value of the MTPC Group in order to maximize the benefits to all of MTPC’s shareholders, and MTPC verifies the adequacy and economic rationality such as whether the terms and conditions are equivalent to those of general transactions; significant transactions are subject to sufficient deliberations and approval by the board of directors, which includes two or more independent outside board directors, from the perspective of ensuring the interests of the

MTPC Group and/or MTPC's shareholders.

With respect to the Transactions, including the Demand for Sale of Shares, MTPC has implemented measures to address structural conflict of interest issues and information asymmetry issues and to ensure the fairness of the terms and conditions of the Transactions as stated in "(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest" in "3. Grounds and Reasons for the Decision to Approve the Demand for Sale of Shares" above. MTPC believes these measures are consistent with the policy stated above.

(2) Details of Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest

Please refer to "(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest" in "3. Grounds and Reasons for the Decision to Approve the Demand for Sale of Shares" above.

(3) Outline of Opinion Stating that the Transactions Would Not be Disadvantageous to the Minority Shareholders, Obtained from a Party who has No Interest in the Controlling Shareholder

MTPC received the Report from the special committee on November 18, 2019, which includes contents to the effect that the special committee believes that (i) resolving to express an opinion in support of the Tender Offer and to recommend that the shareholders of MTPC tender MTPC Common Shares in the Tender Offer at the board of directors meeting of MTPC would not be disadvantageous to the minority shareholders of MTPC and (ii) making MTPC a wholly-owned subsidiary of MCHC after the completion of the Tender Offer would not be disadvantageous to the minority shareholders of MTPC. For details, please refer to "A. Establishing an Independent Special Committee" in "(4) Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest" in "3. Grounds and Reasons for the Decision to Approve the Demand for Sale of Shares" above. Since the Report also includes the opinion that making MTPC a wholly-owned subsidiary of MCHC after the completion of the Tender Offer would not be disadvantageous to the minority shareholders of MTPC, MTPC did not separately obtain an additional opinion from a party that has no interest in the controlling shareholder upon the approval of the Demand for Sale of Shares.

End.