May 10, 2017

To Whom It May Concern

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Notice Regarding Scheduled Commencement of Tender Offer for Shares of Soda Aromatic Co., Ltd. (Securities Code: 4965)

This Tender Offer is not directly or indirectly conducted within the United States or to or for the benefit of U.S. shareholders, who are expressly excluded from the tender offer. Tender of shares from U.S. holders, originating from addresses or accounts within the United States or made through the U.S. Postal Service or other U.S. jurisdictional means will not be accepted. Tendering shareholders will be required to make representations and warranties as to their non-U.S. status.

The Tender Offer Statement, transmittal documents and other related documents concerning the Tender Offer will not and may not be sent or distributed to the United States or to or for the benefit of U.S. shareholders or their representatives. The tender offer agent may reject in its sole discretion any tenders which it believes are made, directly or indirectly, from or for the benefit of U.S. holders or otherwise in violation of these restrictions.

As of the date hereof, Toray Industries, Inc. ("**Toray**") and Mitsui & Co., Ltd. ("**MBK**") (Toray and MBK may also collectively be referred to as the "**Acquirers**") have decided to jointly acquire the common shares of Soda Aromatic Co., Ltd. (the "**Company**") (the "**Company's Shares**") by making a tender offer (the "**Tender Offer**") and therefore hereby announce as follows.

The Tender Offer will be commenced under the conditions that: (i) the board of directors meeting of the Company assents to the Tender Offer and recommends the shareholders of the Company to apply for the Tender Offer; (ii) the Company discloses such resolution of the board of directors meeting, and such expression of opinion is not withdrawn; and (iii) the Acquirers complete the necessary procedures and notifications under the Antitrust Laws/Competition Laws of Japan, Europe and China. The Tender Offer is planned to be promptly commenced when the above conditions are satisfied. As of the date hereof, the Acquirers aim to commence the Tender Offer in early August 2017; however, as it is difficult to accurately predict the period necessary for the procedures for both domestic and foreign antitrust authorities, the detailed schedule for the Tender Offer will be announced as soon as the decision is made.

1 Purposes of the Purchase

(1) Outline of the Tender Offer

As of the date hereof, Toray owns 5,001,250 shares of the Company's Shares (shareholding ratio (Note) 50.03%) of the Company which is listed on the JASDAQ Standard Market (the "**JASDAQ Market**") which is a market run by Tokyo Stock Exchange, Inc. ("**Tokyo Stock Exchange**") and has caused the Company to be a subsidiary. As of the date hereof, MBK owns 1,500,000 shares of the Company's Shares (shareholding ratio 15.01%) and has caused the Company to be an equity accounted investee. By adding the Company's fourth largest shareholder of Mr. Yoshinobu Soda (who owns 367,350 shares and a shareholding ratio of 3.67%), who: (i) is Toray's special related party(as prescribed under Article 27-2 (7) of the Financial Instruments and Exchange Law (Act No. 25 of 1948; as amended)); and (ii) is the director of audit and supervisory committee member at the Company, the shareholding ratio of the Acquirers is currently 68.71% and such ratio is already more than two thirds prior to the commencement of the Tender Offer.

(Note) The "**shareholding ratio**" means the percentage of the 9,996,283 shares of the Company's Shares, which is the number of shares after deducting the treasury shares of the Company (3,717 shares) as of March 31, 2017, as described in the Summary of Financial Results ended in March 2017 (Japanese Standard) (Consolidation) announced by the Company on May 10, 2017 ("**Summary of Financial Results ended in March 2017 of the Company**"), from the number of issued and outstanding Company's Shares (10,000,000 shares) as of March 31, 2017, as described in the Summary of Financial Results ended in March 2017 of the Company (any fraction less than a thousandth is rounded off to the closest hundredth).

The Acquirers, hereby, execute a Joint Tender Offer Agreement as of the date hereof, (the "**Joint Tender Offer Agreement**"), under the conditions that: (i) the board of directors meeting of the Company assents to the Tender Offer and recommends the shareholders of the Company to apply for the Tender Offer; (ii) the Company discloses such resolution of the board of directors meetings, and such expression of opinion is not withdrawn; and (iii) the Acquirers complete the necessary procedures and notifications under the Antitrust Laws/Competition Laws of Japan, Europe and China, pursuant to the Joint Tender Offer Agreement, the Acquirers have decided to commence the

Tender Offer jointly for all of the Company's Shares (excluding the Company's Shares owned by the Acquirers and the treasury shares owned by the Company) to be owned by the Acquirers as part of a series of transactions under which the Acquirers are to become the sole shareholders of the Company (the "**Transaction**").

In order to provide a wide opportunity for the shareholders of the Company to sell the Company's Shares, the Acquirers do not set an upper or lower limit on the number of expected shares to be purchased in the Tender Offer. Therefore, the Acquirers will purchase all the shares applying for the Tender Offer (the "**Tendered Shares**").

Through this Transaction, the Acquirers assume that Toray will eventually hold a voting rights ownership ratio of 66% of the Company, with MBK holding a voting rights ownership ratio of 34%, and that: (a) if the total number of Tendered Shares is equal to or less than 1,000,626 shares, MBK will purchase all of the Tendered Shares; (b) if the total number of Tendered Shares is greater than 1,000,626 shares, MBK will purchase up to 1,000,626 shares out of all of the Tendered Shares and for the amount of Tendered Shares over 1,000,626 shares, Toray will purchase two thirds thereof (disregard to the nearest decimal place) of such Tendered Shares and MBK will purchase one third (rounded off to the nearest decimal place) of such Tendered Shares.

The Acquirers contemplate the delisting of the Company by way of the Transaction, so if the Acquirers are unable to acquire all of the Company's Shares through the Tender Offer, after the completion thereof, the Acquirers plan to commence a series of procedures to enable the Acquirers to become the sole shareholders of the Company. For more details, please refer to "*(4) Policies on the Organizational Restructuring, etc. after the Tender Offer (Matters Concerning "Two-Step Acquisition")*" below.

According to the "Notice on Expressing Opinion Regarding the Tender Offer for the Company's Shares by the Majority Shareholders, Toray and MBK" announced by the Company on May 10, 2017 (the "**Company's Press Release**"), as a result of careful consideration of various conditions regarding the Transaction, the Company came to the conclusion that: (i) the Company's corporate value is expected to be further enhanced through the Transaction; and (ii) the Tender Offer provides a reasonable opportunity for the shareholders of the Company to sell their shares at a price including a reasonable premium. Then, as the Company's opinion as of the date hereof, the Company resolved at the board of directors meeting of the Company held on May 10, 2017, to express an opinion in favor of the Tender Offer and resolved to recommend the shareholders of the Company to accept the Tender Offer if the Tender Offer begins, and to express again an opinion regarding the Tender Offer at the time when the Tender Offer begins based on grounds and reasons described in "*(iii) Decision-Making Process Leading to and Grounds for the Opinion in Favor of the Tender Offer by the Company*" of "*(2) Background and Purposes of the Tender Offer and Decision-Making Process Leading to the Consummation of the Tender Offer and Management Policy after the Tender Offer*" below.

(2) Background and Purposes of the Tender Offer and Decision-Making Process Leading to the Consummation of the Tender Offer and Management Policy after the Tender Offer

(i) Background and Purposes of the Tender Offer and Decision-Making Process Leading to the Consummation of the Tender Offer

The background and purposes of the Tender Offer and the decision-making process leading to the consummation of the Tender Offer is as follows. Among the following description, the

description regarding the Company is based on the explanations given by the Company

Toray was founded as Toyo Rayon Co., Ltd. in 1926, and it has listed its shares on the Tokyo Stock Exchange since 1949, and changed its corporate name to current Toray Industries, Inc. in 1970. Toray and its subsidiaries and affiliated companies (241 subsidiaries and 42 affiliated companies, as of March 31, 2017), operate their business under the corporate philosophy of "Contributing to society through the creation of new value with innovative ideas, technologies and products." The core technologies of organic synthetic chemistry, polymer chemistry, biotechnology, and nanotechnology as the sources of value creation, the Toray group has developed the following businesses in 26 countries and regions around the world: Fibers & Textiles, Performance Chemicals, Carbon Fiber Composite Materials, Environment & Engineering and Life Science.

MBK was founded as Daiichi Bussan Kaisha, Ltd. in 1947, and it has listed its shares on the Tokyo Stock Exchange since 1949, and changed its corporate name to current Mitsui & Co., Ltd. in 1959. Utilizing global operating locations, network and information resources as a general trading company, MBK, its 268 consolidated subsidiaries and its 201 equity accounted investees (as of March 31, 2017), multilaterally pursue business in the fields of Metals, Machinery & Infrastructure, Chemicals, Energy, Lifestyle, and Innovation & Corporate Development.

The Company originates from the aromatic dealer founded by Mr. Seiji Soda, a founder of the Company, in April 1915. The old-Soda Aromatic Co., Ltd., a predecessor of the Company, was established in September 1941, and MS Aromatic Co., Ltd. was established in September 1972, and by transfer of business, MS Aromatic Co., Ltd. took over the aromatic-related business from the old-Soda Aromatic Co., Ltd. and changed its corporate name to the Company's current name in October 1972.

After that, in a large change in the circumstance of the aromatic industry due to severe competition with major petrochemical companies and U.S. and European major aromatic companies, as a strategy for strengthening the Company's competition capability within Japan and globally, since the Company commenced a capital tie-up with Toray (with a voting rights ownership ratio at the time of 45.00%) and MBK (with a voting rights ownership ratio at the time of 5.00%) by the way of Toray and MBK purchasing the Company's Shares from the Soda Sangyo Co., Ltd. in December 1972, the Company has continued its capital relationship with Toray and MBK, in order to build up the relations with Toray, which has "technological capability" mainly polymer chemistry, and MBK, which has "global capability" such as a worldwide information and sales network. Moreover, after an over-the-counter registry to Japanese Securities Dealers Association in July 1997, Toray additionally acquired the Company's Shares through trading within the market in March 1999, and the voting rights ownership ratio became 50.01% and the Company became a subsidiary of Toray. Moreover, MBK additionally acquired the Company's Shares through trading within the market in June 2004, and its voting rights ownership ratio became 15.00% and the Company became an equity accounted investee. The Company canceled an over-the-counter registry in December 2004, and listed on the JASDAQ Securities Exchange (currently JASDAQ Market, Tokyo Securities Exchange) managed by JASDAQ Securities Exchange, Inc.

To date, Toray has managed the business of the Company's group, has managed to optimize production costs, and has exchanged personnel with the Company through dispatching directors

and employees etc., and MBK has supported sales and development of international business, etc. mainly in the fields of synthetic aromas.

The Company's group consists of the Company and its 7 subsidiaries, and since the Company is established as a general aromatic manufacturer under the basic idea of "Contributing to society through the progress in the development and manufacture of products mainly in aromas, and selling them to customers", the Company works in research and development of aromas and manufactures and sales of compound aromas, synthetic aromas, and chemical products. More specifically, the Company has expanded its business in Japan and globally, with the main content of its business being: (i) manufacturing and sale of compound aromas for fragrances used for cosmetics and shampoos, etc., and for flavors used for drinks and snacks, etc.; and (ii) manufacturing and sale of synthetic aromas and chemical products including aroma materials and industrial raw materials. As a result of building a reliable business base over a long period of time in these business fields, the Company has been one of the leading Japanese aromatic companies and has a prominent position.

However, demand in recent years has seen a downward trend in the Japanese market for aromas because of the market being mature and being negatively impacted by the effect of the declining birthrate and aging population. In addition, the management environment surrounding the Company's group has become severe; for instance, intense competition among competitors and an increase in demand for quality assurance, etc. caused by diversification and sophistication of consumer preferences, and, therefore, the strengthening of the Company's sale function has become an urgent task.

Taking into account the shrinking of the Japanese market and the existence of intense competition, the Company expanded its business into global markets expecting to see an increase in demand; for instance, the Company strengthened the structure of manufacturing and sale of aromas for foodstuffs and daily goods through its subsidiaries Soda Aromatic (Kunshan) Co., Ltd. in China and Taiwan Soda Aromatic Co., Ltd. in Chinese Taipei and, established a joint-venture in Thailand in August 2016, and established a joint-venture sales company in Singapore in January 2017. In contrast, as for some synthetic aroma products, the sales price has been dropping, mainly due to the appearance on the scene of Chinese manufactures; therefore, strengthening the sales function in global markets and developing new markets, as well as selling high-value added products in the market, are seen as being significant tasks for the Company.

Under these business environment surroundings, the recent business results of the Company's group have seen the Company's domestic business continue to be in severe condition due to the decline in manufacturing and sales caused by demand reduction and climate factors in compound aromas, and a decline in the sales of products on consignment in the chemical business, and the international business is also in a severe business environment due to the effect of the decline of the Chinese economy. As a result, the performance was sluggish, the ordinary profit being JPY 424 million and the net profit which falls to the shareholders of the parent company being JPY 243 million in the fiscal year ended March 2017.

Taking into accounts such conditions, as a parent company of the Company, Toray started negotiation and consultation with the Company regarding the growth strategy of the Company's

group since May 2016. As a result, Toray has concluded that a drastic restructuring of the business base and a more aggressive investment of business resources were necessary to solve the business challenges of the Company's group, and in order to do so, it is indispensable to build a business structure which enables flexible decision making and cooperation with MBK, which has strong know-how and global development capability in the food industry which is highly related to aromatic markets, and MBK is familiar with the business of the Company's group as the second largest shareholder of the Company.

Under such conclusion, Toray has been engaged in negotiations and consultations with MBK about concrete policies to enhance the corporate value of the Company's group since middle of July 2016. Under the policy to strengthen the business in the field of food science as a core business, and under severe circumstance the domestic aromatic market becomes matured, MBK started examining the Transition with Toray as MBK thinks that through utilizing the network of the MBK group in business developments in China and South East Asia where growth is expected hereafter, and that will connect to strengthen the Company's competitive capabilities and expansion in business.

As a result, the Acquirers have concluded to share the recognition that the following effects are expected and that it is possible to enhance the corporate value of the Company's group by delisting the Company though the Transaction and by making the Acquirers to be the sole shareholders of the Company; and by Toray, MBK and the Company forming a trinity to drive the business forward.

(i) Accelerating the Business Strategy Implementation

In order to correspond to the diversification and intensification of customers' preference in recent aromatic market, and to strengthen the development capability in the global market, it is necessary to build the flexible business structure to enable speedy and decisive decision making corresponding to the global trend and customers' needs which varies daily. Thus Acquirers think that it is possible to build the speedier business structure by making the Acquirers to be the sole shareholders of the Company through the Transaction, while respecting the Company's independency.

(ii) Strengthening the Competition Capability

The Acquirers have executed the necessary support about strengthening in sale function, developing new market, optimizing production costs, strengthening in business base by capital tie up etc., regarding the Company's group since before. However, the Acquirers think that strengthening the competition capability of the Company's group is possible through aggressively executing these supports and utilizing the knowledge regarding network in both domestic and global and business that the Acquirers have, by delisting the Company through the Transaction and making the Acquirers to be the sole shareholders of the Company, sharing the trading information and market outlets of the Company's group becomes possible, which were difficult from a viewpoint of the independence of the listed company.

More specifically, Toray considers that through utilizing the knowledge as a general chemical manufacture, and contemplates to mainly support the Company to maintain and strengthen the appropriate organization structure and strengthening in manufacture and technology aspects; and therefore, it intends to dispatch the most appropriate personnel necessary. Since MBK develops domestically and globally the foodstuffs and food business

which highly relates to aromatic markets, MBK considers that through utilizing such market outlet aggressively, strengthening in domestic and global sales and marketing aspects of the Company, as well as strengthening in development of global business and development in new business aspects and therefore, dispatch the most appropriate personnel necessary.

(iii) Strengthening in Personnel Development and Appointment

While the Acquirers have exchanged personnel with the Company through dispatching directors and employees since before, the Acquirers think that they can strengthen the education system for more integrated personnel exchange/development and the recruiting activities, and accordingly they can develop and appoint personnel to overcome the business tasks of the Company's group, such as dispatching personnel who enhances the strengthening of function of global bases, only by delisting the Company through the Transaction and making the Acquirers to be the sole shareholders of the Company.; .

Under such recognition, the Acquirers made an initial offer regarding the Transaction to the Company in early December 2016, then made an initial proposal and explanation regarding the Transaction to the Company in early January 2017, and commenced the primary due diligence on the Company through early January 2017 to March 2017. Moreover, the Acquirers made a detailed proposal and explanation regarding the Transaction to the Company in early February 2017, and the Acquirers have seriously discussed and considered the conditions of and schedules for the Transaction including the purchase price of the Tender Offer (the "**Tender Offer Price**") with the Company since early March 2017.

Taking into account these discussions and consultations, the Acquirers execute the Joint Tender Offer Agreement as of the date hereof, under the conditions that: (i) the board of directors meeting at the Company assents to the Tender Offer and recommends the shareholders of the Company to apply for the Tender Offer, (ii) the Company disclose such resolution of the board of directors meetings, and such expression of opinion is not withdrawn, and (iii) the Acquirers complete the necessary procedures and notifications under Antitrust Laws/Competition Laws of Japan, Europe and China, pursuant to the Joint Tender Offer Agreement, the Acquirers decided to commence the Tender Offer as part of a series of the Transaction.

(ii) Management Policy after the Tender Offer

After the completion of the Tender Offer, the Acquirers will work out the measures to actualize each result stated in the above "*(i)Background and Purposes of the Tender Offer and Decision-making Process Leading to the Consummation of the Tender Offer*" as well as the Acquirers plan to newly nominate someone to appoint the director(s) of the Company for the purpose of building the appropriate business structure for such; however, the concrete contents of the measures and the concrete timing and candidates etc., for the appointment of the director(s) are undecided as of now. The details of the business structure of the Company including these points will be decided with the discussions with the Company after the completion of the Tender Offer.

As of today, the directors of the Company constitute of 10 members, including the director of audit and supervisory committee members and the Acquirers execute a shareholders agreement

(the "**Shareholders Agreement**") as a date of today. In this Shareholders Agreement, after completion of the Transaction, the maximum number of directors of the Company will be 9 and Toray will nominate 6 members out of 9 (5 members if the number of directors is 8 or 7) and MBK will nominate 3 members out of 9 (3 members if the number of directors is 8 and 2 members if the number of directors is 7). Also, the representative director of the Company is 1 member and Toray shall nominate such representative director (provided, however, that Toray makes an effort to obtain prior approval from MBK). Furthermore, the auditor of the Company is 1 member and it is agreed that Toray shall nominate such auditor. For the outline of the Shareholders Agreement, please refer to "*(ii) Shareholders Agreement*" of "*(6)Matters concerning Material Agreements regarding the Tender Offer*" below.

(iii) Decision-Making Process Leading to and Grounds for the opinion in favor of the Tender Offer by the Company

According to the Press Release, decision-making process leading to and grounds for the opinion in favor of the Tender Offer by the Company is as follows.

As stated in the above "*(i)Background and Purposes of the Tender Offer and Decision-making Process Leading to the Consummation of the Tender Offer*", the Company received an initial proposal and explanation regarding the Transaction from the Acquirers in early January 2017, and received a detailed proposal and explanation in early February 2017, and as of today the Company is a consolidated subsidiary of Toray as well as an equity accounted investee of MBK,; therefore, considering that a structural conflict of interest conditions may arise in the consideration of the Transaction including the Tender Offer at the Company, from the viewpoints of securing fairness of the Tender Offer Price and eliminating arbitrariness in the process of making decisions concerning the Transaction including the Tender Offer and avoiding conflicts of interest, and in consideration of the fact that a state of conflict of interest may occur with respect to the Transaction, the Company established a project team ("**Project Team of the Company**") which consists of 3 directors (Mr. Akihiko Doujima, Mr. Toshinobu Shirakawa and Mr. Nobuyuki Kamei) from among the directors excluding any director who may have a conflict of interest with respect to the Transaction on February 7, 2017 and the Project Team of the Company examined the Transaction. Moreover, the Company retained SMBC Nikko Securities Inc. ("**SMBC Nikko Securities**") as its financial advisor and third party evaluation institution, and the Company retained Nishimura & Asahi as its legal adviser as being independent from the Acquirers and the Company, and the Company established a third party committee on February 7, 2017 as an advisory board for considering the proposal regarding the Transaction. For more details of a third party committee, please refer to "*(d) Establishment of an Independent Third Party Committee of the Company*" of "*b. 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 Conflict of Interests*" of "*(ii)Process of Calculation*" of "*(4)Basis of Calculation of the Tender Offer Price*" of "*2 Summary of Tender Offer*" below.

Under the structure of the above, after the Project Team of the Company received an initial proposal on the terms and conditions of the Transaction from the Acquirers in early March 2017, the Project Team of the Company repeatedly had continuous negotiations and consultations regarding the terms and conditions of the Transaction, over multiple occasions with the Acquirers after and received a definitive proposal on the terms and conditions of the Transaction, including

Tender Offer Price (JPY1,140 per share), from the Acquirers. Moreover, the Project Team of the Company the Company has carefully discussed and considered the Transaction in the light of enhancing its corporate value, taking into consideration (i) the descriptions and explanations of the share valuation report obtained on May 9, 2017 from SMBC Nikko Securities (the "**Company's Share Valuation Report**"), (ii) the legal advice received from Nishimura & Asahi, and (iii) among others, with utmost consideration given to the consideration of the third party committee and the opinion of the third party committee submitted on May 9, 2017, from the aforementioned (the "**Written Opinion**")

Consequently, taking into account the severe conditions that have continued due to intensive competition between the competing companies and the matured domestic aromatic market, from the viewpoint of the Company's continuous growth, development to international growing markets such as ASEAN countries is an urgent business, the Company concluded that it is indispensable to delisting and tighten business cooperation with the Acquirers further than that it currently has under the current capital relationship in order to further increase the corporate value of the Company from a medium to long term point of view. Furthermore, the Company decided that through forming a trinity with the Acquirers the Transaction will contribute to enhance its corporate value, because the Transaction (a) builds the business structure which can speedily and flexibly respond to various customers' needs and global market trends, (b) effective management by the know-hows etc., the Acquirers hold, expectation of bringing the prices of the cost down to reasonable levels, and by delisting the capability of the Company to work out on the measures such as business tie ups and mergers and acquisitions which involves a large reform of the business structures without influenced by the business situation in sort term is considered to be enhance the strength of the competition power of the Company, and (c) accelerates the promotion of developing the global market through utilizing the business base of the Acquirers and their group companies etc., and education system for personnel exchange including international marketing personnel and personnel development.

For the Tender Offer Price, (a) as stated in "*2 Summary of Tender Offer (4)Basis of Calculation of the Tender Offer Price (ii) Process of Calculation b. 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 Conflict of Interests (iii) Procurement of a Share Valuation Report from an Independent Third Party Valuator retained by the Company"* below, in the Company's Share Valuation Report from SMBC Nikko Securities, the Tender Offer Price exceeds the value of the price range valued under the market price method, and is within the price range valued under the discounted cash flow ("**DCF")** analysis, (b) the price accounts for an approximately 53.43 % premium (rounded to the nearest one hundredth, the same shall apply hereinafter for the calculation of the premium) over the closing price of the Company's shares at the JASDAQ Market of the Tokyo Stock Exchange on May 9, 2017 (which is the business day immediately preceding the date of today) (JPY 743); an approximately 55.95 % premium over the simple arithmetic average of the closing prices for the latest month (JPY 731); an approximately 52.41% premium over the simple arithmetic average of the closing prices for the latest three months (JPY 748); and an approximately 55.53% premium over the simple arithmetic average of the closing prices for the latest six months (JPY 733), and appropriate premium is added compared to the same type of transactions in the past, (c) each measure stated in "*2 Summary of Tender Offer (4)Basis of Calculation of the Tender Offer Price (ii) Process of Calculation b. 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 Conflict of Interests" has been taken and the interests of the shareholders minority shareholders has been taken into account, and (d) such measures have been taken and the price has been determined through series of consultations and negotiations between the Company and the Acquirers, which were equivalent to arms-length consultations and negotiations.

As stated above, as an opinion of the Company as of now, at today's board of directors meeting, the Company carried the resolution that assents to the Tender Offer if the Tender Offer begins and recommend the shareholders of the Company to apply for the Tender Offer.

Moreover, considering that the Tender Offer will commence under the conditions of the board of directors meeting at the Company assents to the Tender Offer and recommends the shareholders of the Company to apply for the Tender Offer, the Company disclose such resolution of the board of directors meeting, and such expression of opinion is not withdrawn, and the Acquirers complete the necessary procedures and correspondences under Antitrust Laws/Competition Laws of Japan, Europe and China, and it is difficult to accurately predict the period necessary for the procedures etc. for both domestic and foreign antitrust authorities; at today's board of directors meeting, the Company also carried the resolution that (i) when the Tender Offer begins, the Company will request a third party valuator to consider whether there is any change in the opinion stated in the Written Opinion and a third party valuator to consult at the board of directors meeting that if there is no change then consult there is no change and if there is change, then express the amended opinion, and (ii) the Company shall express again an opinion regarding the Tender Offer at the time when the Tender Offer begins. For more details of the resolution by today's board of directors meeting of the Company, please refer to "*(f) Consent of All Directors without Conflicts of Interest*" of "*b. 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 Conflict of Interests*" of "*(ii)Process of Calculation*" of "*(4)Basis of Calculation of the Tender Offer Price*" of "*2 Summary of Tender Offer*" below.

(3) 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 Conflict of Interests

Taking into account that as of the date hereof, the Company is a consolidated subsidiary of Toray as well as an equity accounted investee of MBK, and the shareholding ratio of the Acquirers is 68.71% and the ration is already more than two third prior to the commencement of the Tender Offer, collectively with the Company's fourth largest shareholder, being Mr. Yoshinobu Soda (who owns 367,350 shares and the shareholding ratio is 3.67％), and, considering that a structural conflict of interest conditions may arise in the consideration of the Transaction including the Tender Offer at the Company, from the viewpoints of securing fairness of the Tender Offer Price and eliminating arbitrariness in the process of making decisions concerning the Transaction including the Tender Offer and avoiding conflicts of interest, and in consideration of the fact that a state of conflict of interest may occur with respect to the Transaction, the Acquirers and the Company have taken the following measures. Although the Acquirers have not set a lower limit of the number of Tendered Shares to be purchased in the Tender Offer, a so called Majority of Minority, the Acquirers and the Company consider that the

interest of the shareholders minority shareholders have been taken into account, because the following (i) through (vii) measures have been taken.

(i) Procurement of a Share Valuation Report from an Independent Third Party Valuator retained by the Acquirers
(ii) Deliberations, Consultations and Negotiation by the Project Team of the Company
(iii) Procurement of a Share Valuation Report from an Independent Third Party Valuator retained by the Company
(iv) Establishment of an Independent Third Party Committee of the Company
(v) Advice from an Independent Law Firm retained by the Company
(vi) Consent of All Directors without Conflicts of Interest
(vii) Measures to Ensure Opportunities for Other Acquirers to Purchase

For more details of above, please refer to "*b. 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 Conflict of Interests*" of "*(ii)Process of Calculation*" of "*(4)Basis of Calculation of the Tender Offer Price*" of "*2 Summary of Tender Offer*" below.

(4) Policies on the Organizational Restructuring, etc. after the Tender Offer (Matters Concerning "Two-Step Acquisition")

As the Acquirers conduct Tender Offer in purpose of acquiring all of the Company's Shares, when the Acquirers fail to acquire all of the Company's Shares through the Tender Offer, the Acquirers intends to undertake following procedures so that the Acquirers will be the sole shareholders of the Company.

Specifically, the Acquirers are expected to request the Company to hold an extraordinary shareholders' meeting (the "Extraordinary Shareholders' Meeting"), which includes proposals to consolidate the Company's Shares (the "Reverse Stock Split") and to amend a part of the Articles of Incorporation to abolish the provision on share units subject to the Reverse Stock Split coming into effect. Furthermore, the Acquirers are expected to vote in favor of these proposals at the Extraordinary Shareholders' Meeting. If the proposal for the Reverse Stock Split is approved in the Extraordinary Shareholders' Meeting, as of the date the Reverse Stock Split comes into effect, the shareholders of the Company will come to hold a number of the Shares of the Company which corresponds to the proportion of the Reverse Stock Split for which approval was obtained at the Extraordinary Shareholders' Meeting. When there is a fraction of less than one share in the number of shares due to the Reverse Stock Split, cash that will be attained by selling the Shares of the Company equivalent to the total number of such fraction (If there is a fraction less than one share in the total number, such fraction will be rounded off.) to the Company or the Acquirers will be delivered, pursuant to the procedures set forth in Article 235 of the Companies Act (Act No. 86 of July 26, 2005, as amended) and other relevant laws and regulations. With respect to the considerations of the Shares of the Company equivalent to the total number of such fraction, after the amount of cash delivered to each shareholder of the Company (excluding the Acquirers) that were not accepted in the Tender Offer as a result of such sale is calculated so that it will be the same as the price of the Tender Offer Price multiplied by the number of the Company's Shares held by each such shareholder, a notification of voluntary permission of sale will be made to the court. In

addition, although the proportion of the consolidation of the Company's Shares is undecided as of the date hereof, it is expected to be decided so that the number of the Shares held by the shareholders of the Company (excluding the Acquirers) who do not accept the Tender Offer will be a fraction less than one share, so that only the Acquirers or Toray will hold all of the Company's Shares.

After such Reverse Split Stock procedures, Toray will eventually hold a voting rights ratio of 66% of the Company, with MBK holding a voting rights ratio of 34%. The detailed procedures will be determined while taking into account Shareholding Ratio of Acquirers after the Tender Offer and the ownership status of Company's Shares by the other shareholder of the Company.

In purpose of the conservation of the rights of minority shareholders, when there are any fractional shares less than 1 share as a result of the Reverse Stock Split, each shareholder will have the right to put all their shares against the Company in a fair price and to file a case with the court to determine the fair price of the Company's Shares pursuant to the Article 182-4 and 182-5 of the Companies Act and other relevant laws and regulations. As stated above, upon this Reverse Stock Split, the number of the Company's Shares held by the shareholders who do not tender in the Tender Offer (excluding Company and/or Acquirers or Toray depending on the proportion of the consolidation of the Company's shares) will be a fraction less than 1 share and, thus, those shareholders who is against the Reverse Stock Split will have the right to put all their shares against the Company in a fair price and to file a case with the court to determine the fair price of the Company's Shares pursuant to Article 182-4 and 182-5 of the Companies Act and other relevant laws and regulations. Such fair value of the Company Shares shall be decided by the court.

There is a possibility that changes to the execution method and time period will occur with respect to the above procedures, depending on the status of revision, enactment, interpretation of the authorities, etc. with respect to the relevant laws and regulations, the proportion of shares held of the Acquirers after the Tender Offer and the ownership status of the Company's Shares, etc. However, even in such instance, a method of delivering cash to each shareholder of the Company (excluding the Acquirers and the Company) who did not accept the Tender Offer is ultimately expected to be adopted, and the amount of money to be delivered to each such shareholder in that instance is expected to be calculated so that it will be the same as the price of the Tender Offer Price multiplied by the number of the Shares of the Company held by each such shareholder. The specific procedures, schedules and other details shall be determined upon consultation between Company and such decision shall be announced by the Company as soon as possible.

Furthermore, the Tender Offer is not intended to solicit the approval of the shareholders of the Company at the Extraordinary Shareholders' Meeting. Please consult your own tax advisors at your own responsibility with respect to the tax treatment for the acceptance of the Tender Offer and any other procedures set out above.

(5) Possibility of Delisting and Reason therefor

Although the Company's Shares are listed on the JASDAQ Market of the Tokyo Stock Exchange, as of the date hereof, since an upper limit on the number of shares to be purchased in the Tender Offer has not been set, depending on the result of the Tender Offer, the Company's Shares may be delisted through prescribed procedures, pursuant to the delisting standards of the Tokyo Stock Exchange. In addition, even if it does not fall under such delisting standard at the conclusion of the Tender Offer, if the Tender Offer is successfully completed, and thereafter the shareholders of the Company are expected to be only the Acquirers as indicated in "(5) Policies on the Organizational Restructuring, etc. after the Tender Offer (Matters Concerning "Two-Step Acquisition")" above, in

such instance, the Company's Shares will be delisted through prescribed procedures, pursuant to the delisting standards of the Tokyo Stock Exchange. After the delisting, the Company's Shares cannot be traded on the JASDAQ Market of the Tokyo Stock Exchange.

(6) Matters concerning Material Agreements regarding the Tender Offer

(i) Joint Tender Offer Agreement

As set out in *"(1) Outline of the Tender Offer"* above, MBK and Toray has entered into the Joint Tender Offer Agreement and have agreed that (i) the Acquirers shall jointly conduct Tender Offer, (ii) upon this Tender Offer, (a) if the total number of Tendered Shares is equal to or less than 1,000,626 shares, MBK will purchase all of the Tendered Shares; (b) if the total number of Tendered Shares is greater than 1,000,626 shares, MBK will purchase up to 1,000,626 shares out of all of the Tendered Shares and for the amount of Tendered Shares over 1,000,626 shares, Toray will purchase two thirds thereof (disregard to the nearest decimal place) of such Tendered Shares and MBK will purchase one third (rounded off to the nearest decimal place) of such Tendered Shares, (iii) Acquirers shall take measures with aim for Toray to eventually hold a voting rights ownership ratio of 66% of the Company, with MBK holding a voting rights ownership ratio of 34%, promptly after Tender Offer procedure is completed, (iv) Toray, with the care of good manager, shall manage the Company's group to operate their business within the normal business operation and shall not let the Company to make the decision on neither mid or long term business plan nor important investment plan without the MBK's consent, until this Transaction is completed.

(ii) Shareholders Agreement

As set out in "*(ii) Management Policy after the Tender Offer*" of "*Background and Purposes of the Tender Offer and Decision-Making Process Leading to the Consummation of the Tender Offer and Management Policy after the Tender Offer*" above, as of the date hereof, the Acquirers have executed the Shareholders Agreement. In this Shareholders Agreement Toray and MBK has reached to agreement in the following; (i) management policy of the Company, matters regarding the roles of the Toray and MBK, (ii) investment ratio and the voting rights ownership ratio of Toray and MBK (66% for Toray and 34 % for MBK), (iii) prohibition in principal of the transfer of the Company's Shares owned by Toray and MBK, (iv) appointment of the Company's director by Toray and MBK, (v) Shareholder's committee (a consultative body for the Toray and MBK to discuss and make general consensus on the issues regarding the business strategy and the mid or long term plan for the management of the Company) and establishment of appointment committee (institutions to appoint officers including the directors of the Company for the Toray and MBK discuss about the specific supervision, role and expectation of the officers and selecting whether which officer should be working in full-time or part-time.).

In specific, with regard to the above (i), Toray and MBK has agreed to the following matters as a management policy of the Company;

(a) To strengthen our management structure through the integrated operation of the Company, Toray and MBK with the aim for speeding up the execution of the management strategy.

(b) To utilize the domestic and overseas networks of the Company, Toray and MBK and each of the group companies to strengthen sales functions and promote new market development. Thorough the active involvement, Toray and MBK will support the more efficient management of the Company and the optimization of various costs. Toray and MBK will support M & A and capital alliance by the target company, strengthen the business foundation and enhance the feasibility of global expansion.

(c) Strengthen and nurture the human resources required by the Company, such as international sales personnel, through Toray and MBK's education systems and personnel exchanges

This Shareholder's Agreement will be come into an effect when Toray eventually hold a voting rights ratio of 66% of the Company, with MBK holding a voting rights ratio of 34%.

2 Summary of Tender Offer

(1) Summary of the Company

i	Name	Soda Aromatic Co., Ltd.	
ii	Location	4-15-9 Nihonbashi Honcho, Chuo-ku, Tokyo, Japan	
iii	Name and Title of Representative	President, Sadahide Sawada	
iv	Contents of Business	Productions and sales of relevant products using various fragrances and flavors	
v	Capital	JPY 1,490,000,000（As of March 31, 2017）	
vi	Date of Establishment	September 19, 1972	
vii	Major Shareholder and Shareholding Ratio (as of March 31, 2017)	Toray Industries, Inc.	50.01%
		Mitsui & Co., Ltd.	15.00%
		Nomura PB Nominees TK1 Limited	3.97%
		Yoshinobu Soda	3.67%
		Employees Stock Ownership Plan of Soda Aromatic Co., Ltd	2.81%
		BBH For Fidelity Low Priced Stock Fund (Principal All Sector Sub portfolio) (Standing Proxy: Mitsubishi Tokyo UFJ Bank)	2.68%
		Masatoshi Tanimoto	2.11%
		BBH For Fidelity Puritan Fidelity Series Intrinsic Opportunities Fund (Standing Proxy: Mitsubishi Tokyo UFJ Bank)	1.63%
		Tokyo Marine & Nichido Fire Insurance Co., Ltd.	1.00%
		Semba Tohka Industries Co.,Ltd	0.95%
viii	Relationship between the Acquirers and the Company		
	Capital Relationship	As of today, 2016, Toray owns 5,001,250 Company Shares (50.01%) and MBK owns 1,500,000 Company Shares (15.00%)	
	Personal Relationship	Executive managing director of Toray, Shogo Masuda is concurrently serves as the director of the Company. In addition, Toray dispatch 1	

		employee to the Company to strengthen the technological division and MBK dispatch 1 employee to the Company to strengthen the sales division.
	Business Relationship	Purchases of products and goods and sales of materials and goods
	Status as Related Party	The Company is a consolidated subsidiary of the Toray and an equity accounted investee of MBK and related party of Acquirers.

(2) Schedule

The Tender Offer will be commenced under the conditions that: (i) the board of directors meeting of the Company assents to the Tender Offer and recommends the shareholders of the Company to apply for the Tender Offer; (ii) the Company discloses such resolution of the board of directors meeting, and such expression of opinion is not withdrawn; and (iii) the Acquirers completes the necessary procedures and notifications under the Antitrust Laws/Competition Laws of Japan, Europe and China. The Tender Offer is planned to be promptly commenced when the above conditions are satisfied. As of the date hereof, the Acquirers aim to commence the Tender Offer in early August 2017; however, as it is difficult to accurately predict the period necessary for the procedures for both domestic and foreign antitrust authorities, the detailed schedule for the Tender Offer will be announced as soon as the decision is made.

(3) Tender Offer Price

Common Shares JPY1,140 per share

(4) Basis of Calculation of the Tender Offer Price

(i) Basis of Calculation

In determining the Tender Offer Price, the Acquirers asked Nomura Securities Co., Ltd. ("**Nomura Securities**") as a third-party appraisal institution independent from the Acquirers and the Company to assess the share value of the Company's Shares. As a result of examining the calculation method in the Tender Offer, Nomura Securities calculated the share value of the Company's Shares by using the market share price analysis, comparable company analysis and DCF analysis, and the Acquirers acquired a Company's Share Valuation Report issued by Nomura Securities (the "**Acquirers' Share Valuation Report**") on May 9, 2017. Nomura Securities is not a relevant party of any of the Acquirers or the Company and does not have any material interest related to the Transaction including the Tender Offer. Note that the Acquirers have not obtained any fairness opinion on the Tender Offer Price from Nomura Securities.

The per-share value of the Company's Share calculated based on each of the foregoing methods is as follows:

Market Share Price Analysis:	JPY731 to JPY748
Comparable Company Analysis：	JPY1,040 to JPY1,421
DCF Analysis：	JPY1,071 to JPY1,339

Under the market share price analysis, using May 9, 2017 (hereinafter "the reference date") as the valuation reference date, the per-share value of the Company's Share has been calculated to be JPY 731 to JPY 748 based on (i) JPY 743, the closing price of the JASDAQ Market of the Tokyo

Stock Exchange on the reference date, (ii) JPY 740, the simple average of the closing prices of the JASDAQ Market of the Tokyo Stock Exchange in the past five business day up to the reference date, and (iii) JPY 731, the simple average of the closing prices of the JASDAQ Market of the Tokyo Stock Exchange in the past one month up to the reference date, (iv) JPY 748, the simple average of the closing prices of the JASDAQ Market of the Tokyo Stock Exchange in the past three months up to the reference date, and (v) JPY 733, the simple average of the closing prices of the JASDAQ Market of the Tokyo Stock Exchange in the past six months up to the reference date.

Under the comparable company analysis, the per-share value of the Company's Shares has been calculated to be JPY 1,040 to JPY 1,421 by comparing the market price and financial indicators (e.g., profitability, etc.) of listed companies that engage in businesses comparatively similar to those of the Company.

Under the DCF analysis, the per-share value of the Company's Share has been calculated to be JPY 1,071 to JPY 1,339, through analysis of enterprise value and equity value of the Company, by discounting, at a certain discount rate, the free cash flow expected to be generated by the Company in the fiscal years ending on March 31, 2018 and thereafter, to their present value, taking into account various factors such as profits and investment plans in the Company's business plans from the fiscal year ending March 2018 to the fiscal year ending March 2022 confirmed by Acquirers, interview with management members of the Company, up-to-date trend of business performance of the Company and other publicly available information.

The Acquirers determined as of the date hereof, based on the consultation and negotiation with the Company, the Tender Offer Price to be JPY 1,140 per-share, comprehensively taking into account the valuation results in the Acquirers' Share Valuation Report obtained from Nomura Securities, the results of primary due diligence regarding the Company conducted between earlier of January 2017 to middle of March 2017, the ranges of premiums granted in the past tender offer cases similar to the Tender Offer , the market price trend of the Company's Shares in the past 6 months, whether the board of directors of the Company support the Tender Offer and the number of Shares expected to be tendered in the Tender Offer.

The Tender Offer Price of JPY 1,140 per-share represents a premium of 53.43% over the closing price of the Company's Shares of JPY 743 on the JASDAQ market of the Tokyo Stock Exchange on May 9, 2017 which is the day immediately preceding the day of the date hereof, 54.05% over the simple average closing price of JPY 740 in the previous five day from May 9, 2017, 55.95% over the simple average closing price of JPY 731 in the previous one-month period, 52.41% over the simple average closing price of JPY 748 in the previous three-month period, and 55.53% over the simple average closing price of JPY 733 in the previous six-month period.

(ii) Process of Calculation

a. Process to Determine the Tender Offer Price

As set forth in above "(2) Background and Purpose of the Tender Offer and Decision-making Process Leading to the Consummation of the Tender Offer and Management Policy after the Tender Offer" of "1. Purposes of Purchase" the Acquirers and the Company has repeatedly discussed and examined the concrete measures to enhance the corporate value of the Company.

As a result, Acquirers concluded to share the recognition that (i) Speedier business strategy implementation, (ii) Strengthening the competition capability and (iii) Strengthening in

Personnel Development and Appointment are expected and it is possible to enhance the corporate value of that Company's group by Toray, MBK and the Company forming a trinity to drive the business forward and, then, as of hereof, Acquirers has decided to make the Tender Offer and has determined the Tender Offer Price through the processes described below.

(a) Name of Third Party who Issued Opinion in connection with Calculation

In determining the Tender Offer Price, the Acquirers referred to Acquirers' Share Valuation Report acquired from Nomura Securities, the third-party appraisal institution independent from the Acquirer and the Company. Nomura Securities is not a relevant party of any of the Acquirers or the Company and does not have any material interest related to the Transaction including the Tender Offer. Note that the Acquirers has not obtained any fairness opinion on the Tender Offer Price from Nomura Securities

(b) Summary of the Opinion

Nomura Securities assessed the value of the Company's Shares using the market share price analysis, the comparable company analysis, and the DCF analysis and the per-share value of the Company's Share calculated based on each of the foregoing methods is as follows:

Market Share Price Analysis:	JPY 731 to JPY 748
Comparable Company Analysis:	JPY 1,040 to JPY 1,421
DCF Analysis:	JPY 1,071 to JPY 1,339

(c) Process for the Determination of the Tender Offer Price based on the Opinion

As noted above "(i) Basis of Calculation", The Acquirers determined as of the date hereof, based on the consultation and negotiation with the Company, the Tender Offer Price to be JPY 1,140 per-share, comprehensively taking into account the valuation results in the Acquirers' Share Valuation Report obtained from Nomura Securities, the results of primary due diligence regarding the Company conducted between earlier of January 2017 to middle of March 2017, the ranges of premiums granted in the past tender offer cases similar to the Tender Offer , the market price trend of the Company's Shares in the past 6 months, whether the board of directors of the Company support the Tender Offer and the number of Shares expected to be tendered in the Tender Offer.

b. 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 Conflict of Interests

Taking into account that as of the date hereof, the Company is a consolidated subsidiary of Toray as well as an equity accounted investee of MBK, and the shareholding ratio of the Acquirers is 68.71% and the ration is already more than two third prior to the commencement of the Tender Offer, collectively with the Company's fourth largest shareholder, being Mr. Yoshinobu Soda (who owns 367,350 shares and the shareholding ratio is 3.67%), and, considering that a structural conflict of interest conditions may arise in the consideration of the Transaction including the Tender Offer at the Company, from the viewpoints of securing fairness of the Tender Offer Price and eliminating arbitrariness in the process of making decisions concerning the Transaction including the Tender Offer and avoiding conflicts of interest, and in consideration of the fact that a state of conflict of interest may occur with

respect to the Transaction, the Acquirers and the Company took the following measures. Although the Acquirers dose not set the lower limit of the number of Tendered Shares to be purchased in the Tender offer, so called Majority of Minority, the Acquirers and the Company consider that the interest of the shareholders minority shareholders has been taken into the account, because the following (i) through (vii) measures have been taken.

Among the following measures below, the measures which was conducted by the Company is based on the Company's Press Release and/or explanations given by the Company

(a) Procurement of a Share Valuation Report from an Independent Third Party Valuator retained by the Acquirers

Acquirers have obtained the Acquirers' Share Valuation Report from Nomura Securities on May 9, 2017. For the details, please refer to the above *"(i) Basis of Calculation"*.

(b) Deliberations, Consultations and Negotiation by the Project Team of the Company

According to the Company's Press Release, in consideration of the fact that a state of a structural conflict of interest may occur with respect to the Transaction as described above, the Company established a project team mainly consisted of three directors (Mr. Akihiko Doujima, Mr. Toshinobu Shirakawa and Mr. Nobuyuki Kamei) excluding director who may have conflict of interest with respect to the Transaction) with the intention to eliminating arbitrariness and ensuring their fairness, transparency and objectivity on February 7, 2017. The Project Team of the Company repeatedly had discussions and negotiations multiple times with the Acquirers regarding the terms and conditions of the Transaction, based on the Company's Share Valuation Report obtained from SMBC Nikko Securities and the legal advice obtained from Nishimura & Asahi Law Firm, while respecting the consideration made and the Written Opinion made by third party committee, and has carefully examined the terms and conditions of the Transaction from the viewpoint of enhancing corporate value.

(c) Procurement of a Share Valuation Report from an Independent Third Party Valuator retained by the Company

According to the Company's Press Release, with the intention for prudent deliberation and for the purpose of maintaining fairness, transparency, and objectivity within its decision-making process regarding the Transaction by its board of directors, the Company asked SMBC Nikko Securities, the financial advisor also acting as a third-party appraisal institution independent from the Acquirers and the Company, to evaluate the Company's Shares and obtained Company's Share Valuation Report. SMBC Nikko Securities is not a relevant party of any of the Acquirers or the Company and does not have any material interest related to the Transaction including the Tender Offer.

SMBC Nikko Securities has calculated the share value of the Company Shares based on the Company's business situation, as well as the Company's explanation on future business plan upon the Company's request. Note that the Company has not obtained any fairness opinion on the Tender Offer Price from SMBC Nikko Securities.

SMBC Nikko Securities has examined the financial situation and up-to-date trend of market price of the Company and has considered that it is appropriate to evaluate the value

of the shares of the Company from multiple perspectives and then reviewed the methods to be used in calculating the value of shares of the Company among multiple share valuation methods, and based on the premise that the Company is a going concern, calculated the value of the Company's Shares by using each of the market price method and the DCF analysis.

The ranges of per share value of the Company's Shares analyzed using the above methods are as follows:

Market Price Method:	JPY 731 to JPY 748
DCF Analysis:	JPY 1,033 to JPY 1,272

Under the market price method, the range of per share value of the Shares of the Company was analyzed to be JPY 731 to JPY 748, based on the simple arithmetic average of the regular trade closing stock prices of the Shares of the Company at the JASDAQ market of the Tokyo Stock Exchange for the latest-month (JPY 731), and latest three months (JPY 748) with the reference date as of May 9, 2015.

Under the DCF analysis, the range of per share value of the Shares of the Company was analyzed to be JPY 1,033 to JPY 1,272, through the analysis of the corporate value and share value of the Company by discounting a free cash flow amount expected to be generated in or after the fiscal year ending in March 2018 by the Company at a fixed discount rate, based on the Company's business plans for the years ending March 2018 to March 2022 and information available to the public. The discount rates applied in the analysis are 3.6% to 4.6% and, upon calculating the going concern value, the comparable multiple valuation method was applied and EV/EBITDA multiple in the analysis are 3.1 to 4.1.

In the business plan prepared by SMBC Nikko Securities for analysis under the DCF analysis, in addition to the steady growth of overseas business, due to the sales growth in the formulated perfume business which is the mainstay of the domestic business of the Company and other factors, a substantial increase in profit is expected compared to the previous term.

The synergy effect which is expected to be gained by execution of the Transaction is not included in the following financial forecast since it is difficult to predict accurately at this point. The concrete values of financial forecasts of the Company as the premise of calculation by the DCF analysis are as follows.

(Unit：million JPY)

Years ending	March 2018	March 2019	March 2020	March 2021	March 2022
Amount of Sales	14,645	15,128	15,888	16,539	17,081
Operating Income	452	623	1,156	1,383	1,622
EBITDA	1,203	1,405	1,830	2,098	2,425
Free Cash Flow	865	255	415	639	946

(d) Establishment of an Independent Third Party Committee of the Company

According to the Company's Press Release, the Company with the intention for ensuring fairness of the Tender Offer Price and prudent deliberation and for the purpose of maintaining fairness, transparency, and objectivity within its decision-making process

regarding the Transaction including the Tender Offer, established the Third Party Committee on February 7, 2017 consisting of a third party independent from the Company and the Acquirers, as the members of the Third Party Committee, 3 members i.e. Mr. Takeshi Nakano (attorney-at-law/ certified accountant at Ishizawa, Jin & Sato Law Office), Ms. Sachiko Kasano, attorney-at-law (Kasumimon Sogo Law Office), and Mr. Toshihiko Shibusa (certified accountant and president at Toranomon Audit LLC), have been appointed (And such members of the Third Party Committee has not been changed ever since its start).

The Company commissioned to the Third Party Committee to evaluate and consider (a) whether the purpose of the Transaction has legitimacy and reasonableness (including whether the Transaction enhance the corporate value of the Company); (b) whether condition of the Transaction (including Tender Offer Price) has fairness and prudent; (c) whether procedure of the Transaction has maintained its fairness; (d) whether this Transaction is not detrimental to the minority shareholders of the Company and; (e) whether the Company should express its opinion in favor of the Tender Offer and if so, whether it should recommend the shareholders to tender their shares to the Tender Offer (the "Consultative Matters") and deliver its opinion to the Company's board of directors.

The Third Party Committee has been held 12 times in total from February 17, 2017 through May 9, 2017 and the Consultative Matters have been discussed and considered.

More specifically, the Third Party Committee received several documents and explanations from the Company on the outline of the proposal by the Acquirers, as well as the purpose and content of the Transaction, specific contents of the corporate value of the Company which is expected to increase by the Transaction and the terms and conditions of the Transaction, made questions and answers on these terms as well as receiving explanation from the Acquirers, in the course of its consideration on the Consultative Matters.

Third Party Committee also received explanations from the Company on the business plan of the Company and had Q&A sessions.

In Addition, the Third Party Committee received explanation from SMBC Nikko Securities on calculation of the Company's Share based on the Company's Share Valuation Report submitted by SMBC Nikko Securities to the Company and held Q&A sessions.

Consequently, the Third Party Committee discussed and considered prudently fully taking into account the content of the explanation it received and the Q&A session with each party, and on May 9, 2017, the Third Party Committee submitted to the board of directors of the Company the Written Opinion including the following items:

(a) The severe conditions that have continued due to the matured domestic aromatic market and intensive competition between the competing companies, the Company faces business tasks such as considering strategic mergers and acquisitions in response to industry restructuring, creation of new commercial distribution, strengthening in overseas sales corresponding to domestic customers' overseas expansion. In order to work out on these measures, in addition to promoting the efficiency and modernization of the factory, the Company needs to get hold of management personnel who conquer such business tasks. Through the Transaction, the Third Party Committee believes that technical knowledge as a chemical manufacturer possessed by Toray and know-how of management of subsidiaries are aggressively introduced to and it is expected that the promotion by MBK to support for expanding sales channels, mainly overseas expansion become more aggressively, and such support by the Acquirers will make a certain contribution to conquer the Company's business tasks.

In addition, by delisting, the Company may easily make speedy and/or flexible decisions which may involve risks, without influenced by the business situation in sort term or exposing to the risk of stock price fluctuations of minority shareholders; therefore, the Third Party Committee believes that the Transaction will enhance the corporate value of the Company and its objective has legitimacy and rationality.

(b) (i) According to the Company's Share Valuation Report obtained from SMBC Nikko Securities, a third-party appraisal institution independent from the Company and the Acquirers, the share value per share of the Company is calculated under the market price method JPY 731 to JPY 748 , under the DCF analysis JPY 1,033 to JPY 1,272 and the Tender Offer Price (JPY 1,140 per share) is the amount within the range of the calculated share value of SMBC Nikko Securities and an explanation on the calculation method etc. of SMBC Nikko Securities, the Company and the Acquirers based on the hearings on the calculations, including the business plan of the Company with regard to the supplements, etc., the method of calculating the share value by SMBC Nikko Securities and the results thereof are sufficiently reasonable; (ii) after the Project Team of the Company received an initial proposal on the terms and conditions of the Transaction from the Acquirers in early March 2017, the Project Team of the Company repeatedly had discussions and negotiations multiple times with the Acquirers regarding the terms and conditions of the Transaction including the Tender Offer Price, and they agreed in the amount within the range of the result of the calculation of the share value by SMBC Nikko Securities and this consensus building process is recognized as an equivalent to the transactions between independent third parties and the interests of minority shareholders are fully considered, and the Tender Offer Price agreed (including the terms and conditions of making it a wholly owned subsidiary) is deemed to have sufficient transparency and fairness about; and (iii) for the Tender Offer Price, a premium of approximately 53% against the closing price on the date of submission the Written Opinion JPY 743, considering from a similar transaction case, such premium level does not make minority shareholder any disadvantages and from the fact that it is sufficiently reasonable, etc., the Third Party Committee believes that the fairness and appropriateness of the Transaction are sufficiently secured.

(c) (i) The Company has established Third Party Committee as an advisory board for considering the proposal regarding the Transaction, at the board of directors, resolved to respect the contents of the Written Opinion prepared by the Third Party Committee to the maximum extent, and the Project Team of the Company, while respecting the results of consideration at the Third Party Committee to the maximum extent, has repeatedly consulted and negotiated several times with the Acquirers regarding various conditions of the Transaction and the Company greatly took the opinions of Third Party Committee into account.; (ii) the Company retained SMBC Nikko Securities for their financial advisor and third party appraisal institution and retained Nishimura & Asahi Law Firm for their legal adviser and obtained advice from these independent professionals with regard to the negotiation with the Acquirers regarding terms and conditions of the Transaction; (iii) The Company asked the financial advisor, SMBC Nikko Securities as the third-party appraisal institution, as being independent from the Acquirers and the Company, to calculate the value of the Company's Shares and obtained the Company's Share Valuation Report; (iv) The Acquirers have set the tender offer period to be 30 business days and not the minimum tender offer period set under the laws and regulations, which is 20 business days, and this is

considered to provide the shareholders of the Company to have an opportunity to appropriately determine; and (v) although the lower limit of the number to be purchased is not set in the Tender Offer, the Company and the Acquirers take each of the above measures (i) to (iv), the interests of minority shareholders and the fairness of the procedures pertaining to this transaction have been secured. The Company timely disclosed extraordinary income and extraordinary loss on February 7, 2017, but this does not result in a downward revision of business performance, so that no extraordinary stock price fluctuation is also observed and as a result, the timely disclosure does not affect the above judgment.

(d) As mentioned above, the purpose of the Transaction is legitimate and appropriate, and the fairness and appropriateness of the conditions of the Transaction are secured and the fairness of the procedures pertaining to the Transaction is secured. We believe that this transaction is not detrimental to minority shareholders of the Company.

(e) Since the Transaction contributes to enhance the corporate value of the Company, it is appropriate for the board of director of the Company to express the opinion to assents to the Tender Offer, and the conditions of the Transaction is ensured of fairness and appropriateness and thus it is also appropriate for the board of director of the Company to make resolution to recommend the Shareholders of the Company to apply for the Tender Offer.

(e) Advice from an Independent Law Firm retained by the Company

According to the Company's Press Release, the Company retained Nishimura & Asahi Law Firm as an independent legal adviser and received legal advice on the decision-making process, the decision-making method and any other issues to be taken heed of, with regard to the Transaction, including the Tender Offer in order to ensure fairness and properness in the decision making-process etc. regarding the Transaction including the Tender Offer. Nishimura & Asahi Law Firm is not a relevant party of Acquirers and does not have any material interest to the Tender Offer.

(f) Consent of All Directors without Conflicts of Interest

According to the Company's Press Release, the board of director of the Company has considered carefully based on the Share Valuation Report obtained from SMBC Nikko Securities, legal advice obtained from Nishimura & Asahi Law Office, Written Opinion submitted by the Third Party Committee and the consultation and discussion held by the Project Team of the Company and came to a conclusion that this Transaction including Tender Offer will contributes to the further enhancement of the Company's corporate value and determined that the Tender Offer provides a reasonable opportunity for the shareholders of the Company to sell their shares at a price including a reasonable premium. For the details of decision making process, please refer to *"1. Purposes of the Purchase(2) Background and Purposes of the Tender Offer and Decision-Making Process Leading to the Consummation of the Tender Offer and Management Policy after the Tender Offer (iii) Decision-Making Process Leading to and Grounds for the Opinion in Favor of the Tender Offer by the Company"*. Then, as of the date hereof, the Company held a meeting of the board of directors and made resolution that when Tender Offer has commenced, the Company will express an opinion in favor of the Tender Offer and resolved to recommend the shareholders of the Company to accept the Tender Offer.

In addition, the Company considered that this Tender Offer will be commenced under the

conditions that: (i) the board of directors meeting of the Company assents to the Tender Offer and recommends the shareholders of the Company to apply for the Tender Offer; (ii) the Company discloses such resolution of the board of directors meeting, and such expression of opinion is not withdrawn; and (iii) the Acquirers completes the necessary procedures and notifications under the Antitrust Laws/Competition Laws of Japan, Europe and China, (iv)the Company discloses such resolution of the board of directors meeting, and such expression of opinion is disclosed to the public and it is not withdrawn, (v) the Tender Offer will be commenced when the Acquirers completes the necessary procedures and notifications under the Antitrust Laws/Competition Laws of Japan, Europe and China and as it is difficult to accurately predict the period necessary for the procedures for both domestic and foreign antitrust authorities, the Company's board of directors made resolution to questioning the Third Party Committee to consider if there is any changes to the content of the Written Opinion and restate the opinion to the board of directors of the Company if there is any changes and report to the board if there is no changes has made, and to express again an opinion regarding the Tender Offer at the time when the Tender Offer begins.

Considering that Mr. Shogo Masuda serves as the director of the Company and concurrently serves as a director for Toray, and Mr. Sadahide Sawada serves as the Chief Executive Officer of the Company and Mr. Kazuya Okamura served as a director of the Company and is not concurrently served as an officer of the Acquirers although in the past they were at the post of company officer or relatively important role in a department highly relevant to the business of the Toray or MBK (Mr. Sadahide Sawada used to be a head of the Toray chemical business department and Mr. Kazuya Okada used to be an executive officer of basic chemicals in MBK), with aim to avoid the possibility of causing the conflict of interest, those three person named above did not participate in any of the board of directors meeting or discussions. Moreover, they did not participate in consultation and negotiation with the Acquirers.

(g) Measures to Ensure Opportunities for Other Acquirers to Purchase

While the minimum tender offer period under the laws and regulations is 20 business days, the Acquirers plan to set the tender offer period to be 30 business days. By setting a relatively longer tender offer period, the shareholders of the Company will have an opportunity to appropriately determine whether to tender his shares to the Tender Offer. Further this relatively longer tender offer period may provide an opportunity for a third party other than the Acquirers to purchase or otherwise acquire the shares of the Company. As such, by setting the tender offer period relatively longer the fairness of the Tender Offer Price is being ensured.

In addition, the Acquirers and the Company have never concluded any agreement which may restrict communications with potential competing acquirer including deal protection agreement or any other agreement which could bar contact with a potential competing acquirer by the Company. In addition to the establishment of relatively long tender offer period, the Acquirers intend to ensure fairness of the Tender offer by securing the opportunity for competitive bid.

(iii) Relationship with the Appraisal Institution

Nomura Securities, which is the financial advisor of the Acquirers, is not a relevant party of any of the Acquirers or the Company, and does not have any material interest in the Tender Offer.

(5) Number of Shares to be Purchased

Number of Shares to be Purchased	Minimum Number of Shares to be Purchased	Maximum Number of Shares to be Purchased
3,495,033 shares	— shares	— shares

(Note 1) The Acquirers do not set an upper or lower limit on the number of expected shares to be purchased in the Tender Offer and the Acquirers will purchase all the Tendered Shares. The expected number of Shares to be purchased thorough Tender Offer is the maximum number of the Company Shares of 3,495,033 shares which is the number of Company's Shares after deducting the number of Company's Shares owned by the Acquirers of 6,501,250 shares and the treasury shares of the Company (3,717 shares) as of March 31, 2017, as described in the Summary of Financial Results ended in March 2017 of the Company, from the number of issued and outstanding Company's Shares (10,000,000 shares) as of March 31, 2017, as described in the Summary of Financial Results ended in March 2017

(Note 2) Shares less than one unit will also be purchased in the Tender Offer. If a shareholder exercises the right to demand the purchase of shares less than one unit pursuant to the Companies Act, the Company may purchase its own shares during the tender offer period pursuant to the procedures required under the applicable laws and regulations.

(Note 3) The Acquirers do not plan to purchase treasury shares held by the Company through the Tender Offer.

(Note 4) Through this Transaction, the Acquirers assume that Toray will eventually hold a voting rights ownership ratio of 66% of the Company, with MBK holding a voting rights ownership ratio of 34%, and that: (a) if the total number of Tendered Shares is equal to or less than 1,000,626 shares, MBK will commence the Tender Offer in relation to all of the Tendered Shares; (b) if the total number of Tendered Shares is greater than 1,000,626 shares, MBK will commence the Tender Offer up to 1,000,626 shares out of all of the Tendered Shares and for the amount of Tendered Shares over 1,000,626 shares, Toray will commence the Tender Offer for two thirds thereof (disregard to the nearest decimal place) of such Tendered Shares and MBK will commence the Tender Offer for one third (rounded off to the nearest decimal place) of such Tendered Shares.

(6) Change in Shareholding Ratio After the Tender Offer

Number of Voting Rights Represented by the Shares Held by the Acquirers before the Tender Offer	65,012	(Shareholding Ratio before the Tender Offer 65.04%)
Number of Voting Rights Represented by the Shares Held by Special Related Parties before the Tender Offer	0	(Shareholding Ratio before the Tender Offer 0.00%)

Number of Voting Rights Represented by the Shares Held by the Acquirers after the Tender Offer	99,962	(Shareholding Ratio after the Tender Offer 100.00 %)
Number of Voting Rights Represented by the Shares Held by Special Related Parties after the Tender Offer	0	(Shareholding Ratio after the Tender Offer 0.00 %)
Total Number of Voting Rights of All Shareholders of the Company	99,957	

(Note 1) The number entered as the “Number of voting rights represented by the Shares held by Special Related Parties before the Purchase” and its “Shareholding ratio of Special Related Parties before the Purchase” will be announced after investigation has conducted before the commencement of the Tender Offer. Noted that such number of shareholding ratio of Special Related Parties (excluding the shares held by the Company) is also a target for Tender Offer thus “Number of voting rights represented by the Shares held by Special Related Parties after the Purchase” is 0.

(Note 2) The number entered as the "Total Number of Voting Rights of All Shareholders of the Company" is the total number of voting rights of all shareholders of the Company as of December 31, 2016 as described in the securities report submitted by the Company on February 10, 2017 for the 45th Fiscal Period Third Quarterly Report of the Company (calculated 1 unit of share as 100 shares for 1 voting right); provided, however, that since the shares less than one unit and Share Options will also be purchased in the Tender Offer, in calculating the “Percentage of Number of Voting Rights to be Purchased Pursuant to the Tender Offer to Total Number of Voting Rights of All Shareholders” and the “Share Holding Ratio after the Tender Offer,” the denominator was calculated based on the voting rights of (99,962) which the number is calculated based on the number of shares (9,996,283 shares) which is the number after the deduction of treasury shares of the Company of (3,717 shares) as described in Summary of Financial Results ended in March 2017 of the Company from the total number of shares issued of all shareholders of the Company as of March 31, 2017 as described in Summary of Financial Results ended in March 2017 of the Company (10,000,000) as the number of voting rights (excluding the voting rights owned by the Company for the number of shares) .

(Note 3) The “Shareholding ration before the Purchase” and the “Share Holding Ratio after the Purchase” are rounded to the second decimal place.

(7) Aggregate Tender Offer Price (estimate) JPY 3,984,337,620

(Note) “Aggregate Tender Offer Price” is the amount obtained by multiplying the number of shares to be purchased in the Tender Offer (3,495,033 shares) by the Tender Offer Price per share (JPY 1,140).

(8) Other Conditions and Method of the Tender Offer

(i) Other Conditions and Method of the Tender Offer

The method of settlement, Commencement Date of Settlement, and other conditions and method for the Tender Offer will be announced promptly when decided. The tender offer agent will be the Nomura Securities.

(ii) Others

The Tender Offer is not directly or indirectly conducted within the United States or aimed at the United States, does not use the United States Postal Service or any methods or means of interstate commerce, international commerce (including but not limited to telephone, telex, facsimile, email, and Internet), and is not conducted through securities exchange facilities within the United States. The Tender Offer may not be tendered using the above methods and means, through the above facilities, or from within the United States.

Furthermore, the Statement and any other related purchase documents concerning the Tender Offer shall not be sent or distributed and may not be sent or distributed using postal or other methods within, to, or from the United States. Applications for the Tender Offer which directly or indirectly violate the above restrictions will not be accepted.

Each of the Tendering Shareholders (or the Standing Proxies in the case of Non-Japanese Shareholders) may be required to make the following representations and warranties upon application for the Tender Offer:

Either at the time of tendering its shares or of sending applications for the Tender Offer, (i) the Tendering Shareholder is not in the U.S.; (ii) no information or documents (including copies thereof) related to the Tender Offer have been, directly or indirectly, received or sent within, to, or from the United States; (iii) the Tendering Shareholder does not use, directly or indirectly, the United States Postal Service or any methods or means of interstate commerce, international commerce (including, without limitation, telephone, telex, facsimile, email, and Internet) or securities exchange facilities within the United States in relation to the Tender Offer, the signing of applications for the Tender Offer or the delivery thereof; and (iv) the Tendering Shareholder is not acting as an agent, trustee, or consignee without discretion on behalf of another person (excluding the case where such other person is giving all the instructions regarding the Tender Offer from outside of the United States).

3 Policies after the Tender Offer and Perspectives

For policies after the Tender Offer, please refer to "*(2) Background and Purposes of the Tender Offer and Decision-making Process Leading to the Consummation of the Tender Offer*" in "*1. Purposes of the Purchase*"

4 Others

(1) Agreements between the Acquirers and the Company or its Directors and Officers, and the Details Thereof

(i) Agreements between the Acquirers and the Company or its Directors and Officers, and the Details Thereof

According to the Company, the Company resolved at the board of directors meeting of the Company held on May 10, 2017, to express an opinion in favor of the Tender Offer and resolved to recommend the shareholders of the Company to accept the Tender Offer if the Tender Offer

begins, and to express again an opinion regarding the Tender Offer at the time when the Tender Offer begins., Please refer to the above "*(f) Consent of All Directors without Conflicts of Interest*" of "*b. 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 Conflict of Interests*" of "*(ii) Process of Calculation*" of "*(4)Basis of Calculation of the Tender Offer Price*" of "*2. Summary of Tender Offer*".

(ii) Background and Purposes of the Tender Offer and Decision-making Process Leading to the Consummation of the Tender Offer and Management Policy after the Tender Offer

Please refer to "*(2) Background and Purposes of the Tender Offer and Decision-making Process Leading to the Consummation of the Tender Offer and Management Policy after the Tender Offer*" of "*1 Purposes of the Purchase*" for the background and purposes of the Tender Offer and decision making process and management policy after the Tender Offer.

(iii) 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 Conflict of Interests

Please refer to *"b. 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 Conflict of Interests"* of *"(ii) Process of Calculation" of "(4) Basis of Calculation of the Tender Offer Price"* of *"2 Summary of Tender Offer"* for the details of 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 conflict of interests.

(2) Other Information necessary for investors to determine whether or not to make offers

(i) Announcement of the Summary of Financial Results ended in March 2017 of the Company

As of the date hereof, the Company has announced the Summary of Financial Results ended in March 2017 of the Company. According to the Summary of Financial Results ended in March 2017 of the Company, the summary of the financial results of the Company is as set out below. These have not been reviewed by the accounting auditors required under 193-2(1) of the Financial Instruments and Exchange Law. In addition, the summary below is the partial excerpts from the Summary of Financial Results ended in March 2017 of the Company. For details, please refer to the content of the Summary of Financial Results ended in March 2017 of the Company.

a. Status of Profit and Loss (Consolidated)

Accounting Period	Year Ended March 2017 (45th Fiscal year)
Amount of Sales	JPY 15,250 million
Operating Profit	JPY 525 million
Ordinary Profit	JPY 424 million
Net Profit which falls to the shareholders of	JPY 243 million

the parent company	

b. Status of Per Share Indices (Consolidated)

Accounting Period	Year Ended March 2017 (45th Fiscal year)
Net Income per Share	JPY 24.39
Dividend per Share	JPY 18
Net Asset per Share	JPY 1,642.78

c. Status of Dividends

With aim to secure the fairness among the shareholders, the board of directors meeting of the Company held today resolved that the Company will not declare an interim dividend for the fiscal year ending March 31, 2018, based on that if the Company pay the interim dividends, there is a possibility that the economic outcome would be different between the shareholders who tender their shares in the Tender Offer and those who do not. In addition, as it is difficult to predict a fiscal year-end dividend forecast at this time, the Company have decided at the board of directors meeting held today that the year-end dividend forecast for the fiscal year ending March 31, 2018 to be remain undecided.

(i) Announcement of Changes of Representative Director and Other Director

The Company has informally resolved at its board of directors meeting held today, 2017 to make the following changes in the representative director. These changes will be formally determined at the ordinary shareholders' meeting to be held on June 23, 2017 and its board of directors meeting to be held thereafter. For the details, please refer to the "Announcement of Change of Representative Director" announced by the Company on May 10, 2017.

Name	New title	Current title
Akihiko Ishimura	Representative Director and President	Senior Director of Toray Industries, Inc. Chief Representative of Toray Industries, Inc. for Indonesia President Director of P.T. Toray Industries Indonesia
Sadahide Sawada	General Counsel (full-time)	Representative Director and President

In addition, the Company has informally resolved at its board of directors meeting held today to make the following changes in the other directors. These changes will be formally determined at the ordinary shareholders' meeting to be held on June 23, 2017 and its board of directors meeting to be held thereafter. For the details, please refer to the Summary of Financial Results ended in March 2017 of the Company.

a. New director candidate

Name	New title	Current title
Toru Fukazawa	Director (part-time)	-
Junichi Kato	Director	Senior Director

b. Resigning director

Name	New title	Current title
Kenzo Matsuno	Counsel (part-time)	Managing Director
Shogo Masuda	-	Director (part-time)