

December 4, 2018

MITSUBISHI GAS CHEMICAL COMPANY, INC.

**Notice about the Methanol Joint Venture in Saudi Arabia of JSMC,
a MGC's Equity Method Affiliate**

Regarding the Saudi Methanol Company (AR-RAZI), whose joint venture agreement is expiring on November 29, 2018, Japan Saudi Arabia Methanol Co., Inc. (JSMC), an equity method affiliate of Mitsubishi Gas Chemical Company, Inc. (MGC), and Saudi Basic Industries Corp. (SABIC), have agreed that 1) the JSMC will sell 50% of its share in AR-RAZI (25% of all AR-RAZI shares) to SABIC for 150 million US dollars to make the share-holding ratio 25:75, and 2) the final decision whether to exercise JSMC's option to sell the remaining share, which leads not to continue the joint venture on AR-RAZI will be made by the end of March 2019. Handled quantity of methanol will be secured as in the past.

Since the foundation of AR-RAZI in 1980, JSMC and SABIC have worked together in a partnership to continue to develop the AR-RAZI business. JSMC has discussed with SABIC about the future of AR-RAZI and concluded a basic-overall new scheme of joint venture agreement, which extend the term of the JV by 20 years with the following conditions.

- 1) JSMC shall pay to SABIC US\$1.35 billion for the extension of the term of the joint venture.
- 2) JSMC and SABIC shall aim at commercialization of new methanol technology to enhance energy saving effect, and renewal of methanol plants by the new methanol technology.

JSMC is still studying the economic rationality for entering into new joint venture scheme and will make the final decision on or prior to March 2019 whether to implement the above agreement or to sell the remaining 25% shares in AR-RAZI to SABIC for 150 million US dollars. MGC will announce the decision as soon as it has been made.

The expected direct impact of the JSMC's sale of 50% of AR-RAZI shares owned by JSMC on consolidated MGC financial performance includes a loss of approximately 5.0 billion yen*. The change in JSMC's equity share on AR-RAZI will also likely affect equity method profit (loss) to MGC. However, since the transfer of the shares will be effective only after the approval of governmental authorities, the fiscal year on which the above mentioned financial impacts have effect is not yet determined.

*Due to the past exchange rate difference affect to the foreign currency translation adjustment and tax on JSMC for the share selling profit.

END

(For reference)

1. Overview of Japan Saudi Arabia Methanol Company, Inc. (JSMC)

(1) Company Name	Japan Saudi Arabia Methanol Company, Inc.
(2) Location	2-2-3 Uchisaiwai-cho, Chiyoda-ku, Tokyo
(3) Rep.Name/Title	Akira Ishiwada, Chairman & CEO
(4) Business Description	(a) Investments in and financing as well as business guidance for the company producing and distributing methanol in the Kingdom of Saudi Arabia (b) Import and distribution of methanol produced by the company stated in item (a) above
(5) Capital Stock	JPY 2,310 million
(6) Date of Foundation	November 12, 1979
(7) Fiscal Year End	December
(8) Stockholders' Equity*	Approx. JPY 70.7 billion (as of November 30, 2018)
(9) Total Assets*	Approx. JPY 76.4 billion (as of November 30, 2018)
(10) Shareholders	MGC: 47%, JICA and other 6 companies

2. Overview of Saudi Methanol Company (AR-RAZI)

(1) Company Name	SAUDI METHANOL COMPANY
(2) Location	Al-Jubail Industrial City, Kingdom of Saudi Arabia
(3) Rep.Name/Title	Ahmed T. Al-Shaikh, Chairman
(4) Business Description	Production and distribution of methanol
(5) Capital Stock	SAR 259 million
(6) Date of Foundation	February 9, 1980
(7) Fiscal Year End	December
(8) Stockholders' Equity*	Approx. SAR 2,250 million (USD 600 million) (as of November 30, 2018)
(9) Total Assets*	Approx. SAR 3,720 million (as of November 30, 2018)
(10) Shareholders	JSMC: 50%, SABIC: 50%

*The numbers of "Stockholders' Equity" and "Total Assets" are assumptions.

SAR 1 = approx. JPY 30.3 (as of Nov 30, 2018)

INQUIRIES

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