

May 25, 2018

MITSUBISHI GAS CHEMICAL COMPANY, INC.

Revision of Director Compensation and Introduction of a Restricted Stock Compensation System

At the Board of Directors meeting today, Mitsubishi Gas Chemical Co., Inc. (MGC) resolved to revise the Director compensation system and submit proposals to revise Director compensation amounts and introduce a new restricted stock compensation system at the 91st General Meeting of Shareholders (referred to as “the 91st Shareholders’ Meeting” below) scheduled for June 26, 2018.

1. Purpose for revising the Director compensation system

The overall purpose is to further promote sharing value between the Directors and shareholders and to improve the company’s corporate value in the medium to long term. The compensation system for Directors (not including Outside Directors and referred to as “Eligible Directors” below) will therefore become more agile and flexible, focusing on greater pay-for-performance. A further objective is to award Eligible Directors with incentives for making lasting improvements in the company’s corporate value. To this end, a restricted stock compensation system (referred to as “this system” below) will be introduced in addition to the share ownership plan to allow Eligible Directors to possess even more MGC shares than ever.

2. Revision of Director compensation

On June 29, 2006, the 79th Shareholders’ Meeting approved the company paying Directors monthly compensation of up to 36 million yen in total. The amount has remained unchanged since then. MGC offers reserved retirement benefits to be paid upon retirement. With a resolution at the annual Shareholders’ Meeting, the system reserves, separately from monthly compensation, an amount calculated for each term of office as part of the compensation for Directors (other than Outside Directors), which is determined for their performance, with the aggregate amount paid in full upon retirement.

The company will accordingly propose at the Shareholders’ Meeting that the current monthly compensation for Directors be replaced by annual compensation and that the annual amount including the reserved retirement benefit for each term of office be up to 600 million yen in total for all Directors. Outside Directors will then be offered annual compensation of up to 50 million yen from the total amount above and not be covered by the

reserved retirement benefits.

3. Introduction of this system

Separately from the compensation stated in “2. Revision of Director compensation ” above, at the 91st Shareholders’ Meeting, the company will ask shareholders to approve of providing Directors with annual compensation of up to 100 million yen (not including the employee salary for a Director serving concurrently as an employee), for the purpose of allocating restricted stock shares.

(1) Timing and allocation of provision

The specific timing of the provision and the allocation to each Eligible Director will be determined by the Board of Directors.

The total number of MGC common shares to be issued or disposed of under this system will be up to 120,000 shares annually. However, if there is a split (including a gratis allocation) or a reverse split of MGC common shares effective on or after the date approved at the 91st Shareholders’ Meeting, reasonable adjustments will be made to said total number depending on the (reverse) split ratio.

(2) Amount paid for restricted stock

The amount paid per share to an Eligible Director under this system will be the closing price of the company’s common shares on the Tokyo Stock Exchange on the business day before the day of the relevant resolution of the Board of Directors. If no trading is reported on the day, it will be the closing price on the immediately preceding day.

(3) Granting monetary compensation receivables and providing contributed assets

MGC grants Eligible Directors monetary compensation receivables to provide restricted stock and has the Eligible Directors pay in said monetary compensation receivables as contributed assets in order to issue or dispose of MGC common shares.

(4) Conclusion of restricted stock allocation agreements

In issuing and disposing of MGC common shares under this system, MGC will conclude a restricted stock allocation agreement with Eligible Directors. Here is an overview of the above-mentioned agreement:

- a. During a certain period, Eligible Directors shall not transfer, arrange security interests, or otherwise dispose of any of the shares allocated to them.
- b. MGC shall acquire free of charge the shares allocated if and when certain events occur.

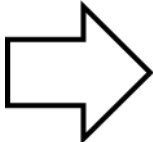
To prevent Eligible Directors from transferring, arranging security interests, or otherwise disposing of any of

the MGC common shares allocated to them, said shares will be controlled during the transfer restriction period, using dedicated accounts to be opened by Eligible Directors at Nomura Securities Co., Ltd.

Reference

After the closing of the 91st Shareholders' Meeting, MGC will also resolve at a Board of Directors meeting to issue or dispose of shares of the same restricted stock as described above for MGC Executive Officers and Executive general managers.

The Director compensation system after the 91st Shareholders' Meeting approves relevant proposals for revising Director compensation and introducing this system

	Current		New system
Basic compensation	36 million yen per month maximum (432 million yen maximum annually)		600 million yen maximum annually (50 million yen maximum for Outside Directors)
Reserved retirement benefit (Not covering Outside Directors)	Amount determined at the Shareholders' Meeting (97.64 million yen annually*)		
Restricted stock compensation (Not covering Outside Directors)	-		100 million yen maximum annually

*To be approved at the 91st Shareholders' Meeting

End

INQUIRIES

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