

June 26, 2018

MITSUBISHI GAS CHEMICAL COMPANY, INC.

**Notice regarding Disposal of Treasury Shares  
as Restricted Stock Compensation**

With the introduction of the restricted stock compensation system announced on May 25, 2018 (referred to as “this system” below), the Board of Directors of Mitsubishi Gas Chemical Co., Inc. (MGC) met today and made a resolution on the disposal of treasury shares (referred to as the “treasury share disposal” or simply “disposal” below) to provide restricted stock compensation as described below.

## 1. Outline of the Disposal

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| (1) Disposal date   | July 26, 2018   |
| (2) Class and number of shares to be disposed                     | 38,800 shares of common stock of the Company  |
| (3) Disposal price  | 2,468 yen per share   |
| (4) Total value of shares to be disposed                          | 95,758,400 yen  |
| (5) Method of offer or disposal                                   | Grant of restricted stocks  |
| (6) Method of contribution  | In-kind contribution of monetary compensation claim   |
| (7) Allottees and number thereof, number of shares to be disposed | Directors (excluding Outside Directors) 10 persons, 22,000 shares<br>Executive Officers 14 persons, 16,800 shares   |
| (8) Others  | The Company has submitted the Securities Notification Statement regarding the Disposal of Treasury Shares in accordance with the Financial Instruments and Exchange Act |

## 2. Purposes and Reasons of Disposal

MGC has resolved on the treasury share disposal to award MGC Directors (not including Outside Directors and referred to as “Eligible Directors” below), Executive Officers and Executive General Managers (referred to collectively as “Eligible Officers” below) incentives for making lasting improvements in the company’s corporate value and to further promote sharing value between the Eligible Officers and shareholders. At the 91th General Meeting of Shareholders, held today before the Board meeting, the shareholders have agreed to provide the Eligible Directors with compensation to award them restricted shares under this system.

## Overview of this system

MGC will grant the Eligible Officers monetary compensation receivables under this system and have the Eligible Officers pay in all these receivables as contributed assets in order to issue or dispose of MGC common shares. Under this system, MGC grants the Eligible Directors with annual monetary compensation receivables of up to 100 million yen in total. The specific timing of the provision and the allocation to each Eligible Officer will be determined by the Board of Directors.

The total number of common shares issued or disposed of by MGC for the Eligible Directors will be up to 120,000 annually. The amount paid per share to an Eligible Director 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.

In issuing and disposing of MGC common shares under this system, MGC will conclude a restricted stock allocation agreement with Eligible Officers (referred to as the "allocation agreement" below). The allocation agreement covers two main points: a. During a certain period, Eligible Officers shall not transfer, arrange security interests or otherwise dispose of any of the MGC common shares allocated to them. b. If and when certain events occur, MGC shall acquire such allocated common MGC shares free of charge.

Considering the purpose of this system, the company's financial performance, the scope of individual Eligible Officers' duties and other circumstances, MGC has recently decided to award the Eligible Officers monetary compensation receivables worth 95,758,400 yen and 38,800 MGC common shares in total.

With the treasury share disposal, the 24 Eligible Officers to whom MGC shares are to be allocated (referred to as the "recipients" below) will follow this system to pay in all monetary compensation receivables from the company as contributed assets, in order to subscribe to the common shares disposed of by the company (referred to as "allocated shares" below).

### 3. Overview of the allocation agreement

The following paragraphs describe the allocation agreement that will be concluded by MGC and each of the Eligible Officers.

#### (1) Transfer restriction period: July 26, 2018-July 25, 2048

The transfer of allocated shares shall be restricted for 30 years to attain the purpose of this system: awarding incentives for making lasting improvements in the company's corporate value and sharing value with shareholders.

#### (2) Conditions for Cancellation of Transfer Restriction

The Transfer Restriction shall be removed when the Transfer Restriction Period expires on the condition that the Applicable Director has continuously been in the position of Director, Executive Officer, or Trustee of MGC. However, if the Applicable Director retires, passes away, or is removed from the position of Director, Executive Officer, or Trustee of MGC for any reason deemed legitimate by the Board of Directors, the number of Shares subject to and

timing of removal of the Transfer Restriction shall be reasonably adjusted as necessary.

(3) Reasons for Gratis Acquisition

- 1) If an Applicable Director is removed from the position of Director, Executive Officer, or Trustee of MGC prior to the expiration of the Transfer Restriction Period for any reason other than retirement, passing away, or other reason deemed legitimate by the Board of Directors, MGC will acquire all the Shares without consideration.
- 2) Based on a resolution by the Board of Directors of MGC, other reasons for acquisition of the Shares without consideration shall be stipulated by the Allotment Agreement.

(4) Control of shares

To prevent Eligible Officers from transferring, arranging security interests or otherwise disposing of any of the allocated shares, the allocated shares will be controlled using dedicated accounts to be opened by Eligible Officers at Nomura Securities Co., Ltd. To guarantee the effectiveness of the transfer restriction and other conditions set on the allocated shares, MGC and each of the Eligible Officers have concluded an agreement with Nomura Securities Co., Ltd. regarding the control of the accounts created for the allocated shares owned by the Eligible Officers.

(5) Treatment of allocated shares upon reorganization of and other changes in MGC

Notwithstanding item (1) above, if, during the transfer restriction period, a merger agreement in which MGC becomes a non-surviving company, a share exchange agreement or a share transfer plan under which the company becomes a wholly-owned subsidiary of another company, or any other matters related to reorganization and/or other changes are resolved at a General Meeting of Shareholders (or by the Board of Directors, if the approval of the General Meeting of Shareholders is not required for said reorganization and/or changes in question), then the transfer restrictions on the number of allocated shares that are reasonably determined considering the period from the beginning of the transfer restriction period to the day of said approval shall be lifted before the effective date of said reorganization and/or changes. Immediately after the lifting of the transfer restrictions in any of the cases stated above, the company shall, as a matter of course, acquire all of the allocated shares for which the restrictions have not been lifted, at no extra cost.

4. Grounds of calculation of paid-in amounts

The monetary compensation receivables provided in the form of the fiscal 2018 restricted stock compensation will be used as contributed assets during the treasury share disposal to be performed for the recipients. To ensure fairness, the disposal value is determined as 2,468 yen or the closing price of the company's common shares on the First Section of the Tokyo Stock Exchange on June 25, 2018. MGC considers the rule reasonable and fair because it corresponds to the market value on the business day immediately before the day of the relevant resolution of the Board of Directors.

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## INQUIRIES

Corporate Communications Division, MITSUBISHI GAS CHEMICAL COMPANY, INC.  
TEL: +81-3-3283-5041 <https://www.mgc.co.jp/eng/>