

June 27, 2017

Mitsui Chemicals, Inc.

Issuance of New Shares as Restricted Stock Compensation

Mitsui Chemicals, Inc. (Tokyo: 4183; President & CEO: Tsutomu Tannowa; the “Company”) has announced that it resolved at a meeting of its Board of Directors held today, to issue new shares (hereinafter the “Issuance of New Shares”), as described below.

1. Overview of Issuance

(1) Payment date	July 25, 2017
(2) Class and number of shares to be issued	253,000 shares of common stock of the Company
(3) Paid-in amount	573 yen per share
(4) Total amount of issue	144,969,000 yen
(5) Method of offer or allotment	Allotment of specified restricted shares
(6) Method of contribution	In-kind contribution of monetary claims
(7) Allottees and number thereof; number of shares to be allotted	5 Directors, Members of Board (excluding Outside Directors) 93,000 shares 20 Executive Officers and Chief Senior Directors 160,000 shares
(8) Other	The Issuance of New Shares is conditioned on the taking effect of the Securities Registration Statement filed in accordance with the Financial Instruments and Exchange Act.

2. Purpose and Reasons for Issuance

At a meeting of the Board of Directors held on May 12, 2017, the Company has resolved to introduce a restricted stock compensation plan (hereinafter the “compensation plan”) as a new compensation plan for the Company’s Directors (excluding Outside Directors; hereinafter, the “eligible Directors”), and Executive Officers and Chief Senior Directors (hereinafter, “eligible Directors” and Executive Officers and Chief Senior Directors are collectively referred to as the “eligible Directors, etc.”). The compensation plan aims to provide them with incentives to help bring about sustainable improvement in the Company’s corporate value, while also further promoting the notion of their shared values with the Company’s shareholders. In addition, at the 20th Ordinary General Meeting of Shareholders held today, it was approved that, based on the compensation plan, the total amount of ¥120 million or less per year of monetary compensation claims for granting the restricted shares shall be given to the eligible Directors and the Restriction Period (defined later) regarding restricted shares shall be determined by the Board of Directors of the Company as set between 3 years and 5 years.

An overview of this new compensation plan is provided as below.

<Overview of the Compensation Plan>

The eligible Directors, etc. shall make contributions in-kind of all of monetary claims given by the Company under the compensation plan in accordance with the resolution by the Board of Directors of the Company, and in return receive shares of the Company’s common stock, upon issuance or disposition thereof. The total number of shares of

the Company's common stock for issuance or disposition thereof to the eligible Directors by the Company based on the compensation plan shall amount to no more than 600,000 shares annually (however, the total number shall be adjusted to a reasonable extent, in cases where, following today, there is a stock split of the Company's shares of common stock (including a gratis allotment of shares of the Company's common stock) or share consolidation thereof, or otherwise in cases where circumstances arise necessitating adjustment in the total number of shares of the Company's common stock to be issued or disposed of as restricted shares).

The amount to be paid in per share for the Company's common stock above shall be the amount determined by the Board of Directors to the extent that does not constitute an especially advantageous sum for the eligible Directors, etc. who receive such shares of common stock, based on the closing price of common stock of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution by the Board of Directors (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day).

In addition, with respect to the aforementioned issuance or disposition of shares of the Company's common stock, the Company and each of the eligible Directors, etc. shall conclude an agreement on allotment of restricted shares, the outline of which includes: i) the eligible Directors, etc. may neither transfer, create a security interest on, nor otherwise dispose of the allotted shares of common stock of the Company during a certain restriction period; and ii) the Company shall make gratis acquisition of the shares of common stock under certain circumstances.

In consideration of the purpose of the compensation plan, the scope of duties of each of the eligible Directors, etc. and other various circumstances, and with the aim of securing capable personnel as officers and employees and further increasing the motivation of each of the eligible Directors, etc., the Company will grant the total of 144,969,000 yen of monetary claims (hereinafter the "monetary claims") to the eligible Directors and issue 253,000 new shares of common stock to them by contributions in-kind of the monetary claims. Furthermore, as the compensation plan has been introduced as an incentive to increase medium- to long-term corporate value, and taking into consideration the period in which the management measures will contribute to performance, the Restriction Period (defined later) shall be five years.

For the Issuance of New Shares, under the compensation plan, the 25 eligible Directors, etc. who are planned allottees shall pay in all of the monetary claims in the form of property contributed in kind and receive shares of common stock of the Company that shall be issued by the Company.

3. Overview of the Allotment Agreement

An Overview of the agreement on allotment of restricted shares (hereinafter the "Allotment Agreement") that the Company and each of the eligible Directors, etc. shall conclude in the Issuance of New Shares is stated below.

(1) Restriction Period

The eligible Directors, etc. may neither transfer, create a security interest on, nor otherwise dispose of the shares of common stock of the Company allotted under the Allotment Agreement (hereinafter the "Allotted Shares") between July 25, 2017 and July 24, 2022 (hereinafter the "Restriction Period"). The restriction described in the preceding sentence will hereinafter be referred to as the "Restriction."

(2) Condition on Removal of Restriction

On the condition that the eligible Directors, etc. have continued to serve as Director, Executive, Corporate Auditor, Executive Officer, Chief Senior Director, Senior Director, Councillor, Advisor, Senior Advisor, employee, or an equivalent position of the Company or a company affiliated with the Company during the Restriction Period, the Company shall remove the Restriction for all of the Allotted Shares upon the expiration of the Restriction Period.

- (3) Treatment of vacations or retirements of the eligible Directors, etc., due to expiration of term, death, compulsory retirement age, or other fair reasons

i) Condition on removal of the Restriction

In cases where an eligible Director, etc. vacates or retires from the position of Director, Executive, Corporate Auditor, Executive Officer, Chief Senior Director, Senior Director, Councillor, Advisor, Senior Advisor, employee, or an equivalent position of the Company or a company affiliated with the Company due to expiration of term, compulsory retirement age, or other fair reasons (except for in case of death), the Company shall remove the Restriction upon the time immediately after the vacation or retirement (however, in case of the vacation or retirement due to death, upon the time determined separately by the Board of Directors (which shall fall in the Restriction Period) after the death of the eligible Directors, etc.) on the condition that either of the above positions was maintained throughout the Restriction Period until such vacation or retirement.

ii) Number of the Allotted Shares for which the Restriction is removed

The number of the Allotted Shares for which the Restriction is removed (Shares less than one unit shall be rounded off.) shall be obtained by multiplying the number of the Allotted Shares held at the time of vacation or retirement stated in i) above (including in the case of death) by the relevant eligible Directors, etc. by the number calculated by dividing the number of months from April of the year that includes the payment date (July 25, 2017) for the Allotted Shares to the month that includes the date of the relevant vacation or retirement by 12 (If the calculated number exceeds 1, the number shall be 1.).

- (4) Gratis acquisition by the Company

The Company shall automatically acquire all of the Allotted Shares for which the Restriction is not removed, at no cost.

In cases where an eligible Director, etc. vacates or retires from any of the position of Director, Executive, Corporate Auditor, Executive Officer, Chief Senior Director, Senior Director, Councillor, Advisor, Senior Advisor, employee, or an equivalent position of the Company or a company affiliated with the Company during the Restriction Period, the Company shall automatically acquire the Allotted Shares at no cost excluding the case where the vacation or retirement is caused by expiration of term, death, compulsory retirement age, or other fair reasons.

- (5) Management of shares

During the Restriction Period, the Allotted Shares shall be managed in a dedicated account opened by the eligible Directors, etc. at Nomura Securities Co., Ltd., in order to ensure that the eligible Directors, etc. neither transfer, create a security interest on, nor otherwise dispose of the shares during that period. In order to secure the effectiveness of the Restriction, etc. related to the Allotted Shares, the Company has entered into a contract with Nomura Securities Co., Ltd. with regard to the management of the Allotted Shares in a dedicated account at Nomura Securities Co., Ltd. established by each of the eligible Directors, etc. The eligible Directors, etc. have agreed on the details of management in the relevant dedicated accounts.

- (6) Treatment during organizational restructuring, etc.

In cases where, during the Restriction Period, a General Meeting of Shareholders of the Company (however, in cases where the organizational restructuring, etc., in question does not require approval from a General Meeting

of Shareholders of the Company, the Board of Directors of the Company) approves a merger agreement wherein the Company becomes the extinct company, or a share exchange agreement or a share transfer plan wherein the Company becomes a wholly-owned subsidiary, or other matters regarding organizational restructuring, etc., based on the resolution of the Board of Directors, the Restriction shall be removed for the number of Allotted Shares (Shares less than one unit shall be rounded off.) which is obtained by multiplying the number of the Allotted Shares held by the eligible Directors, etc. on the date of the approval in question by the number calculated by dividing the number of months from April of the year that includes the payment date (July 25, 2017) for the Allotted Shares to the month which includes the date of the relevant approval by 12 (If the calculated number exceeds 1, the number shall be 1.).

4. Basis of Calculation and Specific Details for the Payment Amount

The Issuance of New Shares for the eligible Directors, etc. is conducted by using monetary claims provided to the eligible Directors, etc. for the purpose of granting restricted shares under the compensation plan, as contributions in-kind. To eliminate any arbitrariness in the paid-in amount per share, the closing price for common shares of the Company on June 26, 2017 (the business day prior to the day of resolution of the Board of Directors) on the Tokyo Stock Exchange First Section of 573 yen is used as the paid-in amount per share. As this is the market share price immediately prior to the day of resolution of the Board of Directors, the Company believes it is rational. Furthermore, as this amount has a deviation of 1.24% (rounded up to the nearest hundredth percent, same in the deviation calculations below) from the simple average closing price of 566 yen (fractional yen dropped, same in the average closing prices below) for the most recent one-month period for the Company's common shares on the Tokyo Stock Exchange First Section (May 29, 2017 through June 26, 2017), a 2.69% deviation from the simple average closing price of 558 yen for the most recent three-month period (March 27, 2017 through June 26, 2017), and a 3.80% deviation from the simple average closing price of 552 yen for the most recent six-month period (December 27, 2016 through June 26, 2017), we do not believe this represents an especially advantageous amount.

(Reference) Restricted Stock (RS) Management Flow in the Restricted Stock System

