

Introduction of Restricted Stock Compensation Plan and Revision of Compensation Amount for Directors

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, as part of the revision of the compensation plan for officers, to introduce the restricted stock compensation plan (hereinafter the “compensation plan”) and revise the amount of compensation for the Directors. The relevant proposal (hereinafter the “proposal”) will be placed on the agenda for the 20th Ordinary General Meeting of Shareholders (hereinafter the “meeting”), which will be held on June 27, 2017, as described below.

1. Purpose of the Introduction of the Compensation Plan

At the 8th Ordinary General Meeting of Shareholders held on June 28, 2005, compensation for the Company’s Directors was approved at an amount not to exceed 60 million yen per month (however, this amount does not include the portion of employee’s salary for Directors who concurrently serve as employees).

Now, the Company intends to place a proposal on the agenda of its General Meeting of Shareholders for compensation of Directors pertaining to adoption of the new compensation plan. Accordingly, the compensation plan is geared to the Company’s Directors (excluding Outside Directors; hereinafter, the “eligible Directors”), and 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.

The compensation plan is to be implemented in accordance with Japan’s 2016 tax reform, in terms of tax measures being taken in relation to matters such as timing for imposition of income tax on executives, and deductibility of expenses relating to the provision of services for corporate executives and others, in cases where there has been issuance of shares that are subject to restrictions with respect to their transfer for a certain period of time, or other such conditions, in terms of use of such shares as consideration provided to corporate executives and others for providing services.

2. Overview of the Compensation Plan

The eligible Directors shall make contributions in-kind of all monetary claims paid as compensation in order for the Company to grant the restricted stock in accordance with the compensation plan, and in return the Directors shall receive shares of the Company’s common stock, upon issuance or disposition thereof.

The total amount of monetary compensation claims paid to the eligible Directors in accordance with the compensation plan shall not exceed 120 million yen annually (however, this amount does not include the portion of employee’s salary for Directors who concurrently serve as employees). Matters with respect to the specific timing of payments and distributions to each of the eligible Directors shall be approved by the Board of Directors, upon giving due respect to opinions made in the course of review by the Executive Compensation Advisory Committee whose membership includes Outside Directors.

Under the compensation plan, the total number of shares of common stock for new issuance or disposition by the Company to the eligible Directors shall amount to no more than 600,000 shares annually (however, the total number may be adjusted to a reasonable extent, in cases where, following the date on which the proposal have gained approval, 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 stock consolidation thereof, or otherwise in cases where circumstances arise necessitating adjustment in the total number of shares of the Company’s common stock upon their issuance or

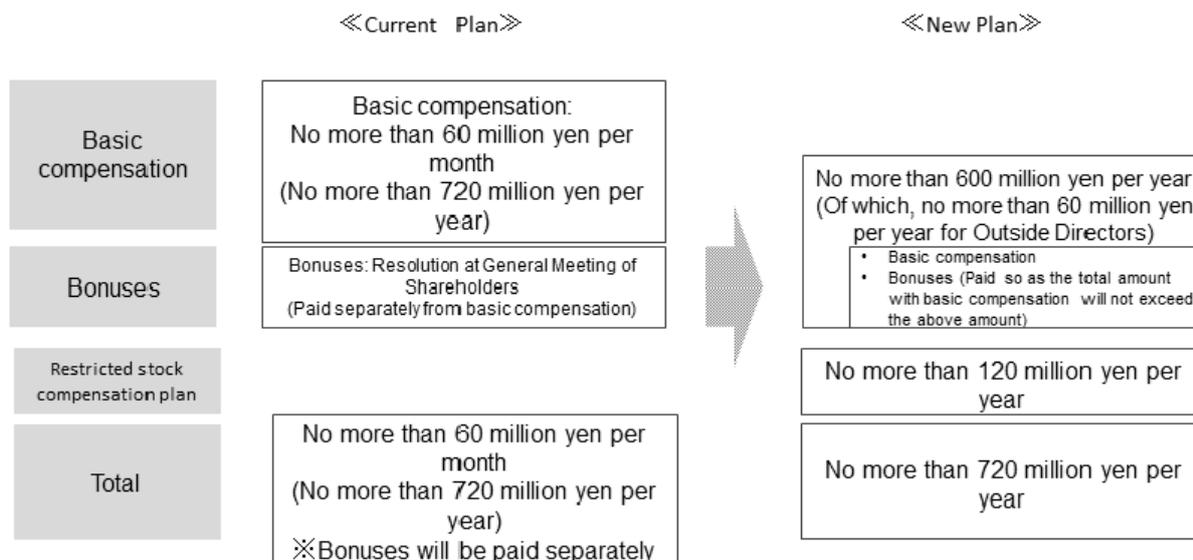
disposition as restricted stock). The amount to be paid per share shall be the amount determined by the Board of Directors to the extent that does not constitute an especially advantageous sum with respect to the eligible Directors who receive such shares of common stock, based on the closing price of 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 issuance or disposition of shares of the Company's common stock under the compensation plan, the Company and the eligible Directors shall conclude an agreement on allotment of restricted stock, which includes wording such that: (1) the eligible Directors may neither transfer, create a security interest on, nor otherwise dispose of the allotted shares of common stock during a certain restriction period, and (2) the Company may make gratis acquisition of the shares of common stock under certain circumstances. During the transfer restriction period, the shares of the Company's common stock allotted to the eligible Directors are to be managed in a dedicated account opened by the eligible Directors at Nomura Securities Co., Ltd., in order to ensure that the eligible Directors neither transfer, create a security interest on, nor otherwise dispose of the shares during that period.

3. Revision of Compensation Amount for Directors

In accordance with setting compensation of the eligible Directors under the compensation plan to an amount not to exceed 120 million yen annually, as aforementioned, the proposal call for revising the current amount of compensation to Directors to an amount not to exceed 600 million yen annually (of which, compensation for Outside Directors shall not exceed 60 million yen, taking into account of the duties of Outside Directors), from the previously approved amount of no more than 60 million yen monthly (equivalent to 720 million yen on an annual basis). As before, the amount of compensation for Directors shall not include the portion of employee's salary for Directors who concurrently serve as employees.

If approval for the proposal is granted at the meeting, the total of compensation for granting restricted stock combined with compensation of Directors following the revision will be equivalent to the current compensation amounting to no more than 720 million yen on an annual basis. Bonuses for Directors had previously been paid upon approval in a General Meeting of Shareholders with respect to a separately earmarked amount of no more than 60 million yen per month as Director compensation (no more than 720 million yen on an annual basis). However, subsequent to the revision the bonus amount will be included in the aforementioned amount of no more than 600 million yen annually.



4. Application of the Compensation Plan to Executive Officers and Chief Senior Directors

Under the compensation plan, in addition to the eligible Directors, the Company intends to also grant the same restricted stock as those for the eligible Directors to Executive Officers and Chief Senior Directors as well, upon approval of the Board of Directors in that regard.

Please note that this document has been translated from the original Japanese into English for the convenience of our stakeholders. The information was originally provided in Japanese. If there is any discrepancy, the Japanese language version is the official document and is available on our Japanese language website.