This is an unofficial translation of the Japanese language original version, and is provided for reference purposes only, without any warranty as to its accuracy or as to the completeness of the information.
In the event of any discrepancy between this translation and the Japanese original, The Japanese language original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from this translation.

Securities Code 4182
June 6, 2018

Dear Shareholders with Voting Rights

Toshikiyo Kurai
President and Representative Director
Mitsubishi Gas Chemical Company, Inc.
Mitsubishi Building,
5-2 Marunouchi 2-chome, Chiyoda-ku,
Tokyo, Japan

Notice of the 91stOrdinary General Meeting of Shareholders

You are cordially invited to attend the 91st Ordinary General Meeting of Shareholders of Mitsubishi Gas Chemical Company, Inc. (hereinafter "MGC") to be held as described below.

In the event you are not able to attend the meeting, you may exercise your voting rights by 5:30 p.m. of June 25, 2018, as it is possible to exercise your voting rights by mail or via the Internet.

1. **Date and Time:** Tuesday, June 26, 2018 at 10:00 a.m.
2. **Place:** MGC Head Office (6th Floor, Mitsubishi Building)
   5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo
3. **Agenda for the Meeting:**

Matters to be reported:
(1) Report on the Business Report, Consolidated Financial Statements, and results of audits of the Consolidated Financial Statements by the independent Auditor and the Audit & Supervisory Board for the 91st Business Term (from April 1, 2017 to March 31, 2018)
(2) Report on the Non-Consolidated Financial Statements for the 91st Business Term (from April 1, 2017 to March 31, 2018)

Matters for Resolution:

Proposal No. 1: Election of Twelve Directors
Proposal No. 2: Election of One Audit & Supervisory Board Member
Proposal No. 3: Decision on Reserved Retirement Benefits for Directors
Proposal No. 4: Revision of Amount of Director Remuneration
Proposal No. 5: Amount and Content of remuneration for Granting Restricted Stock to Directors (Excluding Outside Directors)

4. Disclosure on the internet

● Among the documents that should be attached to this convocation notice, in accordance with laws and regulations and the provisions of Article 15 of the Articles of Incorporation of MGC, the following documents are posted on MGC's website and are not included in this convocation notice.

(i) Notes to Consolidated Financial Statements
(ii) Notes to Non-consolidated Financial Statements

Accordingly, the Consolidated Financial Statements and Non-Consolidated Financial Statements attached to this convocation notice are only part of the Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the independent Auditor and the Audit & Supervisory Board Members for the preparation of their audit reports.

●Please be advised that if minor amendments are required to matters contained in the Reference Documents for General Meeting of Shareholders, Business Report, Non-Consolidated Financial Statements, or the Consolidated Financial Statements, MGC will post revisions on its website.

MGC's website : https://www.mgc.co.jp/ir/stockinfo/meeting.html

◇It is requested that you bring the enclosed Voting Form to the reception desk when attending the Ordinary General Meeting of Shareholders. To conserve resources, please bring this booklet with you to the meeting.
◇We will not be handing out complimentary gifts at the site of the meeting. We appreciate your understanding.

Information on Exercising Voting Rights

●Attending the General Meeting of Shareholders
Please submit your Voting Form to the reception desk at the venue.
Date and Time of the General Meeting of Shareholders : June 26th 2018(Tue) 10:00a.m. (Japan Time)
Place : MGC Head Office (6th Floor, Mitsubishi Building)
5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo

●Postal Mail
Please indicate your approval or disapproval of agenda items on the Voting Form and return it by mail.
Voting forms must arrive no later than 5:30 p.m. on Monday, June 25 2018(Japan Time).

●Internet
Please access the voting website (https://evote.tr.mufg.jp/) and enter your approval or disapproval of the proposals. Exercise deadline: Until 5:30 p.m. on Monday, June 25, 2018(Japan Time).

■Multiple Exercise of Voting Rights
In the event voting rights are exercised multiple times via the mailing of the Voting Form and via Internet, votes submitted via Internet will be deemed valid.
In the event that voting rights are exercised multiple times via Internet, the last set of votes cast will be deemed valid.

＜To Institutional Investors＞
The "Electronic Proxy Voting Platform" operated by ICJ, Inc. is available for exercising voting rights for MGC's General Meeting of Shareholders.

(Translation)

Reference Documents for General Meeting of Shareholders

Proposal No. 1: Election of Twelve Directors

The term of office of all twelve current Directors will expire as of the close of this Ordinary General Meeting of Shareholders. Therefore, it is proposed that twelve Directors be elected.

The candidates are as follows:

Number	Name	Position	Responsibilities at Mitsubishi Gas Chemical	
1	Kazuo Sakai	Representative Director Chairman	—	Renomination
2	Toshikiyo Kurai	Representative Director President	—	Renomination
3	Kenji Inamasa	Representative Director Senior Managing Executive Officer	Administrative Management of Production Technology Division, Environment & Safety Division Business Strategy Division, General Manager of Business Strategy Division	Renomination
4	Yasuhiro Sato	Representative Director Senior Managing Executive Officer	Chairman of Internal Control Promotion Committee, Administrative Management of Compliance, Risk Management, Internal Audit Division, Corporate Planning Division, Administrative & Personnel Center and Corporate Communications Division	Renomination
5	Masahiro Johno	Director, Managing Executive Officer	President of Information & Advanced Materials Company	Renomination
6	Masashi Fujii	Director Managing Executive Officer	Administrative Management of LNG Project Team, President of Natural Gas Chemicals Company, Manager of Energy & Resources Division	Renomination
7	Susumu Yoshida	Director, Managing Executive Officer	President of Specialty Chemicals Company	Renomination
8	Masamichi Mizukami	Director, Managing Executive Officer	Deputy Chairman of Compliance Committee, Administrative Management of Research & Development Division, Advanced Business Development Division	Renomination
9	Masato Inari	Director, Managing Executive Officer	President of Aromatic Chemicals Company	Renomination
10	Nobuhisa Ariyoshi	Managing Executive Officer	Administrative Management of Finance & Accounting Center, Information Systems Division, Purchasing & Logistics Center	New Election
11	Kazuo Tanigawa	Director	—	Renomination Outside Director IndependentDirector
12	Tsugio Sato	Director	—	Renomination Outside Director IndependentDirector

(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
1	Renomination Kazuo Sakai (February 28, 1947) 	April 1971 Joined MGC. June 2000 General Manager, Administrative Division, Aromatic Chemicals Company June 2001 Director, and General Manager, Aromatic Chemicals Division II and Administrative Division, Aromatic Chemicals Company June 2003 Director, Managing Executive Officer, President of Aromatic Chemicals Company, and General Manager, Aromatic Chemicals Division II June 2005 Director, Managing Executive Officer, and Administrative Management of Finance & Accounting Center and Purchasing & Logistics Center June 2007 President and Representative Director June 2013 Chairman and Representative Director (to the present) ■ Reason for nomination as candidate Mr. Kazuo Sakai, following his service in important positions in the Administrative & Personnel, Purchasing & Logistics, Aromatic Chemicals and other departments, was appointed to be a Director in June 2001, and served from June 2007 to June 2013 as President and Representative Director, and has served from June 2013 as Chairman and Representative Director, and due to his abundant experience and knowledge of MGC's business and management control as a whole, he has once again been nominated as a candidate for Director.	41,241 Shares
2	Renomination Toshikiyo Kurai (January 9, 1952) 	April 1975 Joined MGC. June 2003 General Manager, Inorganic Chemicals Division, Specialty Chemicals Company June 2006 Executive Officer, and General Manager, Inorganic Chemicals Division, Specialty Chemicals Company June 2008 Executive Officer, and President of Specialty Chemicals Company June 2009 Director, Managing Executive Officer, and President of Specialty Chemicals Company June 2010 Director, Managing Executive Officer, President of Specialty Chemicals Company, and General Manager, Engineering Plastics Division October 2011 Director, Managing Executive Officer, and President of Specialty Chemicals Company June 2012 Representative Director, Senior Managing Executive Officer, Assistant to the President, and President of Specialty Chemicals Company June 2013 President and Representative Director (to the present) ■ Reason for nomination as candidate Mr. Toshikiyo Kurai, following his service in important positions mainly in Specialty Chemicals department and his presiding over the R&D, manufacture and whole business of the Inorganic Chemicals division and Engineering Plastics division, was appointed to be a Director in June 2009, and has served from June 2013 as President and Representative Director, and due to his abundant experience and knowledge of MGC's business and management control as a whole, he has once again been nominated as a candidate for Director.	37,532 Shares

(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
3	Renomination Kenji Inamasa (June 2, 1956) 	April 1984 Joined MGC. June 2009 General Manager, Planning & Development Division, Aromatic Chemicals Company June 2010 Executive Officer, and Plant Manager, Mizushima Plant, Aromatic Chemicals Company June 2014 Director, Managing Executive Officer, and Administrative Management of Production Technology Division and Environment & Safety Division April 2015 Director, Managing Executive Officer, Chairman of The Committee on Future R&D, and Administrative Management of Research & Development Division, Production Technology Division and Environment & Safety Division April 2016 Representative Director, Senior Managing Executive Officer, Administrative Management of Production Technology Division, Environment & Safety Division and Business Strategy Division, and General Manager of Business Strategy Division (to the present) ■ Reason for nomination as candidate Mr. Kenji Inamasa, following his engagement mainly in the R&D and technology development of Natural Gas Chemicals and Aromatic Chemicals, served in important positions in the above areas and Research & Technology Development, was appointed to be a Director in June 2014 and is Administrative Management of R&D, Production Technology, Environment & Safety departments, etc., and due to his abundant experience and knowledge of R&D and production technology as a whole, he has once again been nominated as a candidate for Director.	10,700 Shares

(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
4	Renomination Yasuhiro Sato (August 23, 1957) 	April 1980 Joined MGC. June 2009 General Manager, Accounting Department, Finance & Accounting Center June 2012 Executive Officer, and General Manager, Finance & Accounting Center April 2015 Managing Executive Officer, Administrative Management of Risk Management, Administrative Management of Administrative & Personnel Center and Purchasing & Logistics Center, and General Manager, Tokyo Techno Park June 2015 Director, Managing Executive Officer, Administrative Management of Risk Management, Administrative Management of Administrative & Personnel Center and Purchasing & Logistics Center, and General Manager, Tokyo Techno Park April 2016 Director, Managing Executive Officer, Deputy Chairman of Compliance Committee, Administrative Management of Risk Management, and Administrative Management of Administrative & Personnel Center and Purchasing & Logistics Center April 2017 Director, Managing Executive Officer, Chairman of Internal Control Promotion Committee, Administrative Management of Compliance, Risk Management, and Administrative Management of Internal Audit Division, Corporate Planning Division, Administrative & Personnel Center and Purchasing & Logistics Center April 2018 Representative Director, Senior Managing Executive Officer, Chairman of Internal Control Promotion Committee, Administrative Management of Compliance, Risk Management, and Administrative Management of Internal Audit Division, Corporate Planning Division, Administrative & Personnel Center and Corporate Communications Division (to the present) ■ Reason for nomination as candidate Mr. Yasuhiro Sato was appointed to be a Director in June 2015 and is Administrative Management of Internal Control, Compliance, Risk Management, etc. as well as Administrative & Personnel, Purchasing & Logistics, Internal Audit, and Corporate Planning departments, and due to his abundant experience and knowledge of MGC's business and overall administration of management, etc., he has once again been nominated as a candidate for Director.	12,594 Shares

(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
5	Renomination Masahiro Johno (July 22, 1956) 	April 1981 Joined MGC. October 2009 Deputy General Manager, Tokyo Techno Park, and General Manager, Tokyo Research Laboratory, Specialty Chemicals Company June 2011 Executive Officer, Deputy General Manager, Tokyo Techno Park, and General Manager, Tokyo Research Laboratory, Specialty Chemicals Company June 2013 Director, Managing Executive Officer, and President of Information & Advanced Materials Company October 2016 Director, Managing Executive Officer, President of Information & Advanced Materials Company, and General Manager, Oxygen Absorbers Division July 2017 Director, Managing Executive Officer, President of Information & Advanced Materials Company (to the present) ■ Reason for nomination as candidate Mr. Masahiro Johno, following his engagement in the R&D of Specialty Chemicals and Information & Advanced Materials departments, served in important positions in Specialty Chemicals department, was appointed to be a Director in June 2013 and is presiding over Information & Advanced Materials department, and due to his abundant experience and knowledge of R&D and business management, etc., he has once again been nominated as a candidate for Director.	12,100Shares

(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
6	Renomination Masashi Fujii (March 10, 1959) 	April 1981 Joined MGC. June 2010 General Manager, Organic Chemicals Division, Natural Gas Chemicals Company June 2012 Executive Officer, and General Manager, Organic Chemicals Division, Natural Gas Chemicals Company June 2014 Executive Officer, and General Manager, Methanol Division, Natural Gas Chemicals Company April 2015 Managing Executive Officer, Administrative Management of LNG Project Team, and President of Natural Gas Chemicals Company June 2015 Director, Managing Executive Officer, Administrative Management of LNG Project Team, and President of Natural Gas Chemicals Company. Outside Director, Co-op Chemical Co., Ltd (currently Katakura & Co-op Agri Corporation) (to the present) April2018 Director, Managing Executive Officer, Administrative Management of LNG Project Team, and President of Natural Gas Chemicals Company and Manager of Energy & Resources Division. (to the present) ■ Reason for nomination as candidate Mr. Masashi Fujii, was appointed to be a Director in June 2015 and is presiding over Natural Gas Chemicals department, and due to his abundant experience and knowledge of MGC's business and administration of management, etc., he has once again been nominated as a candidate for Director.	10,600 Shares
7	Renomination Susumu Yoshida (April 24, 1956) 	April 1981 Joined MGC. June 2010 General Manager, Administrative & Personnel Center June 2012 Executive Officer, and General Manager, Corporate Planning Division April 2016 Managing Executive Officer, Chairman of Internal Control Promotion Committee, Administrative Management of Compliance, and Administrative Management of Internal Audit Division and Corporate Planning Division June 2016 Director, Managing Executive Officer, Chairman of Internal Control Promotion Committee, Administrative Management of Compliance, and Administrative Management of Internal Audit Division and Corporate Planning Division April 2017 Director, Managing Executive Officer, President of Specialty Chemicals Company (to the present) ■ Reason for nomination as candidate Mr. Susumu Yoshida was appointed to be a Director in June 2016 and is Administrative Management of the Internal Audit, Corporate Planning, Internal Control, and is presiding over Specialty Chemicals department. Due to his abundant experience and knowledge of MGC's business and administration of management, etc., he has once again been nominated as a candidate for Director.	8,600 Shares

(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
8	Renomination Masamichi Mizukami (September 11, 1958) 	April 1983 Joined MGC. June 2012 Plant Manager, Yamakita Plant, Specialty Chemicals Company June 2013 Executive Officer, and Plant Manager, Yamakita Plant, Specialty Chemicals Company December 2013 Executive Officer, and Plant Manager, Kashima Plant, Specialty Chemicals Company April 2016 Managing Executive Officer, Chairman of The Committee on Future R&D, Administrative Management of Research & Development Division and Advanced Business Development Division, and General Manager, Advanced Business Development Division June 2016 Director, Managing Executive Officer, Chairman of The Committee on Future R&D, Administrative Management of Research & Development Division and Advanced Business Development Division, and General Manager, Advanced Business Development Division January 2017 Director, Managing Executive Officer, Administrative Management of Research & Development Division and Advanced Business Development Division, and General Manager, Advanced Business Development Division April 2017 Director, Managing Executive Officer, Deputy Chairman of Compliance Committee, Administrative Management of Research & Development Division and Advanced Business Development Division (to the present) ■ Reason for nomination as candidate Mr. Masamichi Mizukami, following his engagement mainly in the R&D of Specialty Chemicals department, served in important positions in Specialty Chemicals and Corporate Planning department, etc., was appointed to be a Director in June 2016, is Administrative Management of Research & Development, and Advanced Business Development Division, as well as Compliance, and due to his abundant experience and knowledge of R&D and administration of factory, etc., he has once again been nominated as a candidate for Director.	11,300 Shares

(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
9	Renomination Masato Inari (January 23, 1961) 	April 1985 Joined MGC. June 2011 Plant Manager, Niigata Plant, Natural Gas Chemicals Company June 2014 Executive Officer, Plant Manager, Niigata Plant, Natural Gas Chemicals Company April 2016 Executive Officer, President of Aromatic Chemicals Company June 2016 Director, JSP Corporation (to the present) April 2017 Managing Executive Officer, President of Aromatic Chemicals Company June 2017 Director, Managing Executive Officer, President of Aromatic Chemicals Company (to the present) ■ Reason for nomination as candidate Mr. Masato Inari, following his engagement mainly in the R&D of Aromatic Chemicals department, served in important positions in Natural Gas Chemicals and Aromatic Chemicals departments, presides over Aromatic Chemicals department, and was appointed to be a Director in June 2017. With his abundant experience and knowledge of MGC's R&D and business management, etc., he has once again been nominated as a candidate for Director.	5,403 Shares
10	New Election Nobuhisa Ariyoshi (November 26,1961) 	April 1984 Joined MGC. June 2012 General Manager, Administrative & Personnel Center April 2016 Executive Officer, General Manager, Electronic Materials Division, Information & Advanced Materials Company April 2018 Managing Executive Officer, Administrative Management of Finance & Accounting Center , Information Systems Division, and Purchasing & Logistics Center (to the present) ■ Reason for nomination as candidate Mr. Nobuhisa Ariyoshi, following his engagement mainly in Information & Advanced Materials and Specialty Chemicals departments, served in important positions in the Administrative & Personnel and Information & Advanced Materials department. With his abundant experience and knowledge of MGC's business and administration of management, etc., he is deemed to be able to sufficiently carry out his roles as Director in MGC's decision making and supervision of management executives and for this reason he has been nominated as a candidate for Director.	3,300 Shares

(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
11	Renomination Outside Director Independent Director Kazuo Tanigawa (September 8, 1949) 	April 1972 Joined Tokyo Shibaura Electric Co., Ltd. (currently Toshiba Corporation) June 2004 Executive Officer, and Corporate Vice President, Toshiba Corporation June 2007 Director, Executive Officer, and Corporate Senior Vice President, Toshiba Corporation June 2008 Director, Executive Officer, and Corporate Executive Vice President, Toshiba Corporation June 2011 Advisor, Toshiba Corporation Outside Audit and Supervisory Board Member, Toshiba Machine Co., Ltd. May 2012 Chairman, Board of Trustees, Business Research Institute Chairman, Japan Society for Human Resource Management (to the present) June 2015 Outside Director, MGC (to the present) ■ Reason for nomination as candidate Mr. Kazuo Tanigawa has many years of experience and insight as a manager at a company operating on a global scale, and provides appropriate supervision and advice to MGC's management. Since it is deemed that he would contribute to ensuring the validity and appropriateness of MGC's decision making in the future, he has once again been nominated as a candidate for Outside Director.	4,600 Shares

(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
12	Renomination Outside Director Independent Director Tsugio Sato (February 20,1951) 	April 1975 Assistant, Applied Chemistry, Faculty of Engineering, Tohoku University February 1989 Associate Professor, molecular chemical engineering, Faculty of Engineering, Tohoku University April 1994 Professor, Institute for Chemical Reaction Science, Tohoku University April 2001 Professor, Institute of Multidisciplinary Research for Advanced Materials, Tohoku University April 2010 Deputy Director, Institute of Multidisciplinary Research for Advanced Materials, Tohoku University April 2013 Director, Center for Exploration of New Inorganic Materials, Institute of Multidisciplinary Research for Advanced Materials, Tohoku University August 2013 Director, The Foundation for Japanese Chemical Research April 2016 Professor Emeritus, Tohoku University (to the present) June 2017 Outside Director, MGC (to the present) ■ Reason for nomination as candidate Mr. Tsugio Sato has highly advanced expertise in wide fields of study in chemicals such as inorganic materials chemistry, and provides appropriate supervision and advice to MGC's management. Since it is deemed that he would contribute to ensuring the validity and appropriateness of MGC's decision making in the future, he has once again been nominated as a candidate for Outside Director. Although he has not been directly involved in corporate management, other than as Outside Director of MGC, he has served in important positions at university research institutions, and it is deemed that he would continue to perform his duties as Outside Director appropriately.	0 shares

(Notes)

1. No conflict of interest exists between MGC and any of these candidates.
2. Of the candidates, Messrs. Kazuo Tanigawa and Tsugio Sato are nominated as Outside Directors.
3. Mr. Tanigawa will have been in office as Outside Director for three years as of the close of this Ordinary General Meeting of Shareholders. Mr. Tsugio Sato will have been in office as Outside Director for one year as of the close of this Ordinary General Meeting of Shareholders.
4. MGC has executed Limitation of Liability Agreements with Messrs. Kazuo Tanigawa and Tsugio Sato, currently MGC's Outside Directors, limiting their liabilities pursuant to Article 423 Paragraph 1 of the Companies Act to the maximum amount stipulated by the Companies Act. Aforementioned Limitation of Liability Agreements will be extended in the event their re-elections are approved.
5. MGC has registered Mr. Kazuo Tanigawa and Mr. Tsugio Sato as independent directors at Tokyo Stock Exchange, Inc. and will continue to register them as such in the event their re-elections are approved.

(Translation)

Proposal No. 2: Election of One Audit & Supervisory Board Member

Audit & Supervisory Board Member Mr. Takayuki Watanabe will resign from his position as of the close of this Ordinary General Meeting of Shareholders. Therefore, it is proposed that one Audit & Supervisory Board Member be elected. Mr. Kunio Kawa is intended to succeed to the position of Mr. Takayuki Watanabe, and the term of his office also dates from the date of his succession to his predecessor according to the Articles of Incorporation of MGC.
The Audit & Supervisory Board has already given consent to this proposal.

The candidate is as follows:

(Translation)

Name (Date of Birth)	Profile and position in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
New Election Kunio Kawa (July 16, 1955) 	November 1990 Joined MGC. June 2006 General Manager, Finance Department, Finance & Accounting Center June 2009 Executive Officer, and General Manager, Corporate Planning Division June 2012 Director, Managing Executive Officer, Administrative Management of Finance & Accounting Center and Corporate Communications Division, and Deputy Administrative Management of Corporate Planning Division June 2013 Director, Managing Executive Officer, Deputy Chairman of Compliance Committee, and Administrative Management of Finance & Accounting Center and Corporate Communications Division, and Deputy Administrative Management of Corporate Planning Division June 2014 Director, Managing Executive Officer, Deputy Chairman of Compliance Committee, Administrative Management of Corporate Planning Division and Corporate Communications Division April 2015 Director, Senior Managing Executive Officer, Deputy Chairman of Compliance Committee, and Administrative Management of Corporate Planning Division and Corporate Communications Division June 2015 Representative Director, Senior Managing Executive Officer, Deputy Chairman of Compliance Committee, and Administrative Management of Corporate Planning Division and Corporate Communications Division April 2016 Representative Director, Senior Managing Executive Officer, and Administrative Management of Finance & Accounting Center and Corporate Communications Division October2017 Representative Director, Senior Managing Executive Officer, and Administrative Management of Finance & Accounting Center, Information Systems Division and Corporate Communications Division April 2018 Director (to the present) ■ Reason for nomination as candidate Mr. Kunio Kawa was appointed to be a Director in June 2012 and was Administrative Management of Finance & Accounting, Corporate Planning, Corporate Communications, Internal Control and Compliance, etc., has a wealth of experience in MGC's business and corporate management, and a sufficient knowledge of finance and accounting. It is deemed that he would possess sufficient insight and knowledge essential for Audit & Supervisory Board Member to be responsible for ensuring the lawfulness and appropriateness of the execution of Directors' duties, therefore, he has been nominated as a candidate for Audit & Supervisory Board Member.	27,500 Shares

(Notes) No conflict of interests exists between MGC and the candidate.

Proposal No. 3: Decision on Reserved Retirement Benefits for Directors

With a view towards improving transparency in corporate officers' remuneration, MGC has introduced a reserved retirement benefit system for benefits to be paid upon retirement.
The reserved retirement benefit system is a form of Directors' remuneration in which, as part of remuneration for Directors (excluding Outside Directors) separate from monthly remuneration, that is determined for each Director's performance of his/her duties, every year an amount calculated for each terms of their offices is reserved through a resolution by the General Meeting of Shareholders, with the aggregate amount to be paid in full upon retirement.
Accordingly, it is proposed that the sum total of ¥97.64mil of reserved retirement benefits correlating to the execution of duties by the following 10 Directors (excluding Outside Directors Messrs. Kazuo Tanigawa and Tsugio Sato), Messrs. Kazuo Sakai, Toshikiyo Kurai, Kunio Kawa, Kenji Inamasa,, Masahiro Johno, Yasuhiro Sato, Masashi Fujii, Susumu Yoshida, Masamichi Mizukami and Masato Inari for the period of June 27, 2017 to June 26, 2018 be reserved for and paid to them upon their retirement according to their own portions, with the individual amounts of reserved retirement benefits to be defined by the Board of Directors within the limit of the aforementioned amount.

Proposal No. 4: Revision of Amount of Director Remuneration

Remuneration for MGC's Directors was approved to be within ¥36.00mil per month at the 79th Ordinary General Meeting of Shareholders held on June 29, 2006, and this has continued to the present day. Further, apart from monthly remuneration, MGC has adopted reserved retirement benefits system, which accumulate an amount calculated by term of office via a resolution at a general meeting of shareholders held annually and for which the total amount is paid upon retirement, as a portion of remuneration for execution of duties for each Director (excluding Outside Directors).
At this time, to share value with shareholders and further improve MGC's corporate value over the medium- to long-term, MGC proposes to revise its remuneration system for Directors (excluding Outside Directors) to an agile and flexible system with a higher correlation with business results. Accordingly, while revising the remuneration amounts for MGC's Directors from the current monthly stipulation to an annual stipulation, MGC proposes revising the annual amount to within ¥0.6bil per annum, including the amount for reserved retirement benefits for each term of office (of which, the amount for Outside Directors shall be within ¥50.00mil and they shall not be subject to reserved retirement benefits).
Remuneration amounts for each Director shall be determined by the Board of Directors, within the remuneration limit defined above.
Further, as before, remuneration amounts for Directors shall not include the employee portion for those concurrently serving as employees.
If Proposal No.1 is approved as originally proposed, the number of Directors will continue to be 12 (of which, two are Outside Directors).

Proposal No. 5: Amount and Content of remuneration for Granting Restricted Stock to Directors (Excluding Outside Directors)

As part of revisions to the Director remuneration system, MGC requests the approval of payment of a new remuneration for the granting of restricted stock in a framework separate from the remuneration in Proposal No. 4 "Revision of Amount of Director Remuneration" for Directors of MGC (excluding Outside Directors; hereinafter "Applicable Directors").
In addition to the Executive Shareholding Association, through the granting of restricted stock, the number of shares held by the Applicable Directors will increase further, which will in turn provide incentives for

Applicable Directors to create sustainable growth in MGC's corporate value.
Remuneration paid to grant restricted stock to Applicable Directors under this Proposal shall be monetary receivables (hereinafter "Monetary Remuneration Receivables"), and its total amount shall be within ¥0.1bil (excluding the employee portion of salaries for Directors concurrently serving as employees), which is an amount deemed to be appropriate based on the above objectives. Further, the specific timing of payment and allocation for each of the Applicable Directors shall be determined by the Board of Directors.
If Proposal No.1 is approved as originally proposed, the number of Directors will continue to be 12 (of which, two are Outside Directors).
Further, the current Executive Shareholding Association System will be maintained, the acquisition and the holding of MGC's shares will continue to be encouraged.

<Content of the System>
The Applicable Directors shall make in-kind contribution of all Monetary Remuneration Claims above and shall, in return, receive the issuance or disposal of the MGC's common shares. The total number of MGC's common shares to be issued or disposed of through the above shall be within 120,000 shares. (However, if MGC conducts a share split (including gratis allotment of MGC's common shares) or share consolidation with an effective date on or after this Proposal is approved, the total number of shares shall be reasonably adjusted on or after said effective date as required in proportion to the split ratio or consolidation ratio, etc.)
The amount to be paid in per share shall be the closing price of MGC's common shares on the Tokyo Stock Exchange on the business day immediately prior to the date of each resolution of the Board of Directors (if there were no transactions made on that day, the closing price on the most recent trading day before that day).
Further, when issuing or disposing of MGC's common shares through the above, a restricted stock allotment agreement (hereinafter the "Allotment Agreement") that includes the items below shall be concluded between MGC and the Applicable Directors (MGC's common shares allotted through the Allotment Agreement are hereinafter referred to as the "Shares").

(1) Transfer Restriction Period
In principle, Applicable Directors shall not transfer, create a lien on, or otherwise dispose of the Shares during a predefined period (30 years; hereinafter the "Transfer Restriction Period") (hereinafter the "Transfer Restriction").

(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) Treatment of Organizational Restructuring, etc.
Notwithstanding the provisions of (1) above, if matters regarding merger agreements under which MGC

becomes the extinct company, share transfer agreements under which MGC becomes a wholly owned subsidiary, share transfer plans or other organizational restructuring, etc., are approved at a General Meeting of Shareholders of MGC (however, if approval of a General Meeting of Shareholders of MGC is not required for said organizational restructuring, etc., the Board of Directors) during the Transfer Restriction Period, MGC shall remove, based on a resolution of the Board of Directors, the Transfer Restriction before the effective date of said organizational restructuring, etc., for the number of the Shares reasonably determined by taking into account the period from the beginning date of the Transfer Restriction Period to said approval date. Further, for the above case, MGC shall rightfully acquire without consideration the Shares for which Transfer Restrictions have not been removed immediately after the removal of the Transfer Restrictions.

(5) Other Matters

Other matters regarding the Allotment Agreement shall be defined by the Board of Directors of MGC.

(For Your Reference)

* After the conclusion of this Ordinary General Meeting of Shareholders, MGC also plans to issue or dispose of the above restricted stock to Executive Officers and Trustees of MGC via a resolution of the Board of Directors.

BUSINESS REPORT

(from April 1, 2017 to March 31, 2018)

1. Review of Results

(1) Overview of results for this period

During the fiscal year 2017 (April 1, 2017-March 31, 2018), the world economy showed a moderate growth trend overall, against a background of continued recovery in the U.S. and European markets and the continuation of a stable growth in China, although there were concerns over a rise in global geopolitical risks. The Japanese economy saw a moderate recovery, with the continued improvement in corporate earnings and employment.

The business environment surrounding the MGC Group was also solid overall, with a slightly weaker yen compared to the previous year and improving product market conditions.

In this business environment, under the group vision of "Creating values to share with society," the Group worked to strengthen its profitability by conducting business primarily in line with the following basic policies under its medium-term management plan "MGC Advance2017," the final year of which was fiscal 2017: "Strengthening the earning power of existing business with a focus on core business" "Restructuring underperforming businesses," and "Creating and developing new businesses."

Regarding operating results for fiscal 2017, there was a significant increase in revenue and earnings at the Group operating income level, with an increase in sales volume of engineering plastics, chemicals for semiconductors, m-xylene and specialty aromatic chemicals, in addition to that there was also a large improvement in market conditions for methanol, purified isophthalic acid, polycarbonate, methanol and its derivatives, alongside a weaker yen.

As for Group ordinary income, although foreign exchange gains and losses improved, there was a decrease in equity in earnings of affiliates for overseas companies related to the production of methanol. As a result, the margin of increase in profits was slightly lower than that of the improvement in operating income.

In addition, extraordinary income and loss deteriorated compared to the previous fiscal year, due to loss on valuation of available-for-sale securities associated with the Canadian shale gas/LNG project.

In fiscal 2017, the MGC Group achieved ¥635.9 billion in consolidated net sales, an increase of ¥79.4 billion (14.3%) from the previous year. Consolidated operating income was ¥62.7 billion, an increase of ¥18.9 billion (43.4%). As a result of recording equity in earnings of affiliates of ¥18.2 billion, a decrease of ¥2.8 billion (13.5%), consolidated ordinary income was ¥80.7 billion, an increase of ¥18.2 billion (29.3%). The Group achieved a profit attributable to owners of parent of ¥60.5 billion, an increase of ¥12.5 billion (26.1%), posting record-high net sales and profit at all levels.

(2) Results by business segment

Natural Gas Chemicals Segment

Main businesses	Methanol Methanol/Ammonia Based Chemicals formalin, ammonia, methylamine and its derivatives, methyl methacrylate, methacrylic acid ester, dimethyl ether, polyols, etc. Energy crude oil, geothermal power generation, etc. Life Science Related Products functional food materials

The methanol business recorded higher revenue due to a rise in market conditions.
For methanol and ammonia-based chemicals, despite a rise in the price of raw materials, improved market conditions for neopentyl glycol and MMA-related products led to higher revenue and earnings.
Crude oil and other energy sources improved slightly due to higher crude oil prices.
In fiscal 2017, the Natural Gas Chemicals Segment achieved consolidated net sales of ¥167.0 billion, an increase of ¥24.1 billion (16.9%) from the previous year and an operating income of ¥6.0 billion, an increase of ¥3.5 billion (140.8%). Additionally, due to ¥9.3 billion equity in earnings of affiliates, coming primarily from overseas methanol producing companies, the segment achieved ordinary income of ¥14.9 billion, an increase of ¥0.5 billion (4.0%).

Aromatic Chemicals Segment

Main Businesses	Commodity Aromatic Chemicals m-xylene, p-xylene, o-xylene, purified isophthalic acid, phthalic anhydride, plasticizers, etc. Specialty Aromatic Chemicals m-xylenediamine (MXDA), MX-Nylon, aromatic aldehydes, etc. Foamed Plastics foamed polystyrene, foamed polyolefin, etc.

Specialty aromatic chemical products recorded higher revenue and earnings primarily owing to an increase in the sales volume of m-xylenediamine and aromatic aldehydes and a weaker yen.
Commodity aromatic chemical products posted significantly higher revenue and earnings due to the increase in sales volume associated with the restarting of operations of the one series m-xylene production facility that had been suspended, in addition to the significant improvement in market conditions of purified isophthalic acid, which is in increasing demand for PET bottles, especially in emerging countries.
The foamed plastics business achieved higher sales due to product price revision, accompanied by an increase in sales volume and a rise in the price of raw materials, but profit suffered a slight drop due primarily to the rise in raw fuel prices.
In fiscal 2017, the Aromatic Chemicals Segment achieved consolidated net sales of ¥212.0 billion, an increase of ¥20.1 billion (10.5%), an operating income of ¥26.2 billion, an increase of ¥7.9 billion (43.3%), and an ordinary income of ¥25.1 billion, an increase of ¥7.5 billion (43.2%).

Specialty Chemicals Segment

Main Businesses	Inorganic Chemicals hydrogen peroxide, super-pure hydrogen peroxide, persulfates, hybrid chemicals, chemical polishing agent, etc. Plastic Lens Monomer Engineering Plastics polycarbonate resin, polyacetal resin, polyphenylene ether resin, polycarbonate sheets and films, etc.

Inorganic chemicals recorded higher revenue and earnings due to higher sales volume of chemicals for semiconductors in line with a market expansion for semiconductors.
The engineering plastics business posted significantly higher revenue and earnings. Major positive factors include substantially improved performance in the polycarbonate market amid continued strong demand primarily in China, in addition to higher sales volume in special polycarbonates and polycarbonate sheets and films.
In fiscal 2017, the Specialty Chemicals Segment posted consolidated net sales of ¥203.5 billion, an increase of ¥32.6 billion (19.1%) from the previous year and an operating income of ¥30.2 billion, an increase of ¥8.6 billion (39.7%). Due to ¥7.9 billion equity in earnings of affiliates, ordinary income was ¥38.6 billion, an increase of ¥11.8 billion (44.1%).

Information & Advanced Materials Segment

Main Businesses	Electronics Materials printed circuit board materials (epoxy resin-based copper-clad laminates, BT resin-based copper-clad laminates), LE sheet for drilling holes in printed circuit boards. Oxygen Absorbers Ageless®, PharmaKeep®, etc.

Electronics materials posted higher revenue and earnings due to reasons including strong sales volume of BT materials for semiconductor packages, primarily for memory applications.
Oxygen absorbers such as Ageless® posted higher sales volume centered on exports, and lower earnings compared with the previous year due to fixed costs rose from production commencement at a new plant.
In fiscal 2017, the Information & Advanced Materials Segment achieved consolidated net sales of ¥52.7 billion, an increase of ¥2.5 billion (5.1%) and an operating income of ¥5.0 billion, an increase of ¥0.1 billion (3.6%). Due to ¥0.8 billion in equity in earnings of affiliates, ordinary income was ¥6.3 billion, an increase of ¥0.2 billion (3.6%)

Other Business Segments

The other business segment achieved consolidated net sales of ¥0.5 billion, a decrease of ¥0.0 billion (4.9%). Operating income was ¥0.2 billion, a decrease of ¥0.0 billion (3.6%), and ordinary income was ¥0.2 billion, a decrease of ¥0.0 billion (20.4%).

(Translation)

Sales by Business Segment

Segment	FY2016 (April 2016 - March 2017)		FY2017 (April 2017 - March 2018)		Year-on-Year Increase/ Decrease (%)
	Sales Amount (millions of yen)	Percentage Total (%)	Sales Amount (millions of yen)	Percentage Total (%)	
Natural Gas Chemicals Segment	142,901	25.7	167,035	26.3	16.9
Aromatic Chemicals Segment	191,933	34.5	212,050	33.3	10.5
Specialty Chemicals Segment	170,894	30.7	203,561	32.0	19.1
Information & Advanced Materials Segment	50,197	9.0	52,735	8.3	5.1
Other Business Segments	553	0.1	526	0.1	(4.9)
Total	556,480	100.0	635,909	100.0	14.3

Note: The figures shown in parentheses represent loss or minus.

(3) Capital Expenditures

Capital expenditures for the current fiscal year were made largely in relation to reinforcing the production capabilities for existing products and maintaining /renovating equipment and facilities. Major expenditures incurred are as follows:

1) Major facilities completed during the current fiscal year

No applicable items.

2) Construction initiated or continuing through the current fiscal year

MGC PURE CHEMICALS AMERICA, Inc.

・Factory for Super-pure hydrogen peroxide, Oregon, U.S.A.
（Specialty Chemicals Segment）

・Factory for Super-pure hydrogen peroxide, Texas, U.S.A.
（Specialty Chemicals Segment）

(4) Funding

The funds for equipment and facilities as well as for working capital for the current fiscal year were provided by MGC's own resources and borrowings from financial institutions.

(5) Operations Results and Financial Position

1) MGC Group (consolidated basis) (Millions of yen)

Classification	FY2014 April 2014 – March 2015	FY2015 April 2015 – March 2016	FY2016 April 2016 – March 2017	FY2017 April 2017 – March 2018
Sales	529,570	593,502	556,480	635,909
Ordinary income	42,000	45,432	62,430	80,711
Profit attributable to owners of parent(Mitsubishi GasChemical)	43,346	34,134	48,013	60,531
Net income per Share (yen)	191.94	153.85	221.83	281.39
Total assets	790,784	739,582	738,188	792,489
Net assets	422,851	423,135	473,370	519,144

Note 1: In applying the equity method to the overseas associated company METANOL DE ORIENTE, METOR, S.A. (METOR), as of FY2015, METOR's financial statements created in compliance with IFRS are used

as a basis. Figures for FY2014 above contain values that reflect a retroactive application of this change.

Note 2: In applying the equity method to the associated company Japan Saudi Arabia Methanol Co., Inc. (Japan Saudi Arabia Methanol), investments in SAUDI METHANOL COMPANY, an overseas associated company of Japan Saudi Arabia Methanol, recognized through application of the equity method are included in the profit and loss of Japan Saudi Arabia Methanol. As of FY2017, SAUDI METHANOL COMPANY's financial statements created in compliance with IFRS are used as a basis. Additionally, in applying the equity method to the overseas associated company Tai Hong Circuit Industrial Co., Ltd., as of FY2017, financial statements created in compliance with IFRS are used as a basis. Figures for FY2016 above contain values that reflect a retroactive application of this change.

Note 3: With an effective date of October 1, 2016, MGC conducted a reverse stock split for MGC's ordinary shares on a 2:1 basis. As a result, net income per share in the above table is calculated assuming that the reverse stock split had been conducted at the beginning of FY2014.

2) MGC (Non-consolidated basis) (Millions of yen)

Classification	FY2014 April 2014 – March 2015	FY2015 April 2015 – March 2016	FY2016 April 2016 – March 2017	FY2017 April 2017 – March 2018
Sales	385,213	311,118	299,234	364,433
Ordinary income	46,655	33,908	31,409	54,149
Net income	42,857	30,868	27,996	41,386
Net income per Share (yen)	189.77	139.13	129.35	192.39
Total assets	435,857	413,583	426,324	460,169
Net assets	222,621	229,025	251,521	275,255

Note 1: With an effective date of October 1, 2016, MGC conducted a reverse stock split for MGC's ordinary shares on a 2:1 basis. As a result, net income per share in the above table is calculated assuming that the reverse stock split had been conducted at the beginning of FY2014.

(6) Key Challenges for the Mitsubishi Gas Chemical Group

Fiscal 2017 marks the final fiscal year of the "MGC Advance2017" medium-term management plan. Within the goals that had been set for the final fiscal year indices, although the target for consolidated net sales has not been attained, operating income, ordinary income and ROE have been achieved one year ahead of schedule with further expansion of earnings seen in the final fiscal year, and record-high profits were posted for two consecutive years.

The main reasons for the above results were due to MGC's efforts in the previous medium-term management plan to "restructure underperforming businesses", which has led to structural improvement, and since there was a great progress in the "Strengthening the earning power of existing business with a focus on core business" supported by the tailwinds of the external economic environment.

The new medium-term management plan "MGC Advance2020: A Brighter Future from Bigger Dreams!" started in fiscal 2018. Under the MGC Group Vison of "Creating values to share with society," the Group has launched the new basic strategies of "Enhancing the corporate value of the MGC Group" and "Deepening the trust of MGC Group stakeholders." In order to realize these strategies, the Group will promote the following five measures.

◆MGC Group Vision

"Creating values to share with society"

◆New medium-term management plan

"MGC Advance2020: A brighter Future from Bigger Dreams!"

●Fundamental Objectives

Enhancing the corporate value of the MGC Group

Deepening the trust of MGC Group stakeholders

■Strategies

- Strengthening the earning power of existing businesses with a focus on core businesses
- Creating and developing new businesses
- Implementing investment strategies to form an optimal business portfolio
- Promoting unified MGC Group management
- Improving total enterprise quality to support sustainable growth

The Group's core businesses range from resource energy, chemical products and materials such as methanol, hydrogen peroxide, polycarbonate and m-xylenediamine, MX-Nylon to specialty products such as sheets & films, foamed plastics, electronics chemicals, BT materials and oxygen absorber "Ageless®", providing value to society. By continuing to concentrate management resources on these core businesses into the future, the Group will strengthen further its profitability.

In addition, the Group will focus on the development and creating new businesses. In particular, the Group plans to invest proactively in the areas of "medical and food", "information and communications" and "mobility," while keeping in mind the megatrends in society.

Also, based on fact that certain goals have been met with regard to "Restructuring underperforming businesses," the Group has launched a new initiative in the new medium-term management plan, namely, "Implementing investment strategies to form an optimal business portfolio." In order to withstand changes in the external environment, such as changing international conditions, uncertain energy market conditions, and unpredictable exchange trends, the Group will plan and implement active investment strategies including M&A, so that the Group can build an optimal business

portfolio in which each of commodity, specialty and new products support the MGC Group in a well-balanced manner.
In relation to "Promoting unified MGC Group management," the Group will further promote the "Improving group-wide operational efficiency" upheld in the previous medium-term management plan, and continue to work on the integration of the three MGC Group trading companies as well as the unification and integration of accounting systems across the Group.
Furthermore, in addition to further improving group-wide safety awareness and culture and further strengthening internal control and compliance structures, by improving the "quality" of management resources such as human resources, technologies, information, funds, brands, and patents held by the Group, the Group will realize sustainable growth.

● Financial targets (to be achieved in the final fiscal year of MGC Advance2020)

(JPY in billions)

Consolidated parameter	Target Fiscal2020
Sales	750
Operating Income	65
Ordinary Income	90
ROE	12% or higher

＜Assumptions＞

Exchange rate : 110 (JPY/USD)
Crude oil (Dubai) : 60 (USD/bbl)

* Plans and descriptions concerning the future such as target values provided in "Key Challenges for the Mitsubishi Gas Chemical Group" are based on information available to the Group as of the date of preparation of this document and certain assumptions which the Group deems reasonable, and therefore include uncertainties. Actual results may differ significantly from these projections due to various factors.

(7) Major Places of Business of Mitsubishi Gas Chemical (As of March 31, 2018)

1) MGC

	Name	Location
Head Office:	5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan	
Branch Offices:	Osaka Branch	Osaka Prefecture
Research Institutes:	Tokyo Techno Park	Tokyo
	Niigata Research Laboratory	Niigata Prefecture
	Hiratsuka Research Laboratory	Kanagawa Prefecture
Plants:	Niigata Plant	Niigata Prefecture
	Mizushima Plant	Okayama Prefecture
	Yokkaichi Plant	Mie Prefecture
	Yamakita Plant	Kanagawa Prefecture
	Kashima Plant	Ibaraki Prefecture

2) Subsidiaries

Company Name	Head Office	Business and Production Site
Kinoe Terminal Co., Ltd.	Tokyo	Hiroshima Prefecture, etc.
Tokyo Shokai, Ltd.	Tokyo	Osaka Prefecture, etc.
Japan Finechem Co., Inc.	Tokyo	Kagawa Prefecture, etc.
Ryoko Chemical Co., Ltd.	Tokyo	Osaka Prefecture, etc.
MGC Electrotechno Co., Ltd.	Tokyo	Fukushima Prefecture
MGC Pure Chemicals America, Inc.	U.S.A.	---
MGC Filsheet Co., Ltd.	Saitama Prefecture	Osaka Prefecture,etc.
Thai Polyacetal Co., Ltd.	Thailand	Thailand
Mitsubishi Gas Chemical America, Inc.	U.S.A.	---
Ryoyo Trading Co., Ltd.	Tokyo	Osaka Prefecture, etc.
Mitsubishi Gas Chemical Singapore Pte. Ltd.	Singapore	---
Samyoung Pure Chemicals Co., Ltd.	Korea	Korea
Mitsubishi Gas Chemical Engineering-Plastics (Shanghai) Co., Ltd.	China	---
MGC Pure Chemicals Taiwan, Inc.	Taiwan	---
MGC Pure Chemicals Singapore Pte. Ltd.	Singapore	---
JSP Corporation	Tokyo	Tochigi Prefecture, etc.
Eiwa Chemical Industry Co., Ltd.	Kyoto	Aichi Prefecture, etc.
Marine Transport and Terminal Co., Ltd.	Niigata	---
Yonezawa Dia Electronics Co., Inc.	Yamagata	---
MGC Advanced Polymers Inc.	U.S.A.	---

(8) Number of Employees (As of March 31, 2018)

1) MGC Group (Consolidated)

Segment	Number of Employees	Change from End of FY2017
Natural Gas Chemicals Segment	947	(101)
Aromatic Chemicals Segment	3,807	102
Specialty Chemicals Segment	2,158	(35)
Information & Advanced Materials Segment	812	(11)
Other Segments	23	1
Corporate (Shared)	262	19
Total	8,009	(25)

Notes: 1. Only employees working within the Group are included in the headcount (excludes individuals on assignment from the Group to companies outside of the Group and includes individuals on assignment from outside of the Group to companies within the Group).
2. The employees in the Corporate (Shared) segment are individuals who belong to administrative departments that cannot be classified into specific business segments.

2) MGC (Non-Consolidated)

Number of Employees	Change from End of FY2016	Average Age	Average Duration in Employment
2,290	(33)	40 years old and 1 month	17 years and 5 month

Note: Only employees working within MGC are included in the headcount (excludes individuals on assignment from MGC to other companies and includes individuals on assignment from other companies to MGC).

(9) Major Subsidiaries and Affiliates (As of March 31, 2018)

Company	Issued Share Capital (millions of yen)	Ratio of Voting Rights (%)	Principal Business
Kinoe Terminal Co., Ltd.	493	100.0	Storage services for methanol
Tokyo Shokai, Ltd.	200	99.9 (3.2)	Sale of compound resins and electronic materials
Japan Finechem Co., Inc.	274	94.9 (10.1)	Manufacture and sale of organic synthetic chemicals, including polymeric initiators and raw materials for agrichemicals, and electronics parts
Ryoko Chemical Co., Ltd.	100	100.0 (2.5)	Sale of industrial chemicals
MGC Electrotechno Co., Ltd.	500	100.0	Manufacture and sale of printed circuit board materials
MGC Pure Chemicals America, Inc.	(thousands of USD) 5,000	100.0 (20.0)	Manufacture and sale of super pure hydrogen peroxide and other products
MGC Filsheet Co., Ltd.	50	100.0 (45.4)	Manufacture and sale of polycarbonate sheets/films
Thai Polyacetal Co., Ltd.	(millions of THB) 840	70.0	Manufacture and sale of polyacetal resins
Mitsubishi Gas Chemical America, Inc.	(thousands of USD) 1,084	100.0	Sale of chemicals and other products
Ryoyo Trading Co., Ltd.	90	81.7 (58.5)	Sale of chemicals and insurance agency business
Mitsubishi Gas Chemical Singapore Pte. Ltd.	(thousands of USD) 1,161	100.0	Sale of chemicals and other products
Samyoung Pure Chemicals Co., Ltd.	(millions of KRW) 3,500	51.0	Manufacture and sale of super pure hydrogen peroxide and other products
Mitsubishi Gas Chemical Engineering-Plastics (Shanghai) Co., Ltd.	(millions of RMB) 1,504	91.0	Manufacture and sale of polycarbonate resins
MGC Pure Chemicals Taiwan, Inc.	(millions of NTD) 80	85.0	Manufacture and sale of super pure hydrogen peroxide and other products
MGC Pure Chemicals Singapore Pte. Ltd.	(thousands of USD) 7,106	100.0 (10.0)	Manufacture and sale of super pure hydrogen peroxide and other products
JSP Corporation	10,128	54.0 (0.2)	Manufacture and sale of foamed polystyrene and foamed polyolefin
Eiwa Chemical Industry Co., Ltd.	420	90.9	Manufacture and sale of blowing agents, blowing agent activators, and resin processing products
Marine Transport and Terminal Co., Ltd.	400	100.0 (40.0)	Handles shipping cargo of methanol and other chemical products, lorry shipping, pipeline conveyance, and storage
Yonezawa Dia Electronics Co., Inc.	90	100.0 (100.0)	Manufacturing of Mass lamination board and LE sheet, entry sheet for PWB drilling
MGC Advanced Polymers Inc.	(thousands of USD) 6,000	80.0 (20.0)	Manufacture and sale of MX-Nylon
Mitsubishi Engineering-Plastics Corporation	3,000	50.0	Sale and manufacture of engineering plastics
Japan U-Pica Co., Ltd.	1,100	46.1 (8.1)	Manufacture and sale of unsaturated polyester resins, coating resins, and methacrylic acid esters
Japan Saudi Arabia Methanol Co., Inc.	2,310	47.4	Import and sale of methanol, and investment in and finance for foreign companies

(Translation)

Company	Issued Share Capital (millions of yen)	Ratio of Voting Rights (%)	Principal Business
Korea Engineering Plastics Co., Ltd.	(millions of KRW) 12,600	40.0	Manufacture and sale of engineering plastics, mainly polyacetal resins
Brunei Methanol Company Sdn.Bhd.	(thousands of USD) 189,400	50.0	Manufacture and sale of methanol
Tai Hong Circuit Industrial Co., Ltd.	(millions of NTD) 1,104	50.0	Manufacture and sale of printed circuit boards (single-sided boards, double-sided boards, and double layer boards)
Ryoden Kasei Co.,Ltd	300	45.0	Manufacture and sale of electric/electronic related materials and their applied products.
Granopt Co., Ltd.	150	49.0	Manufacture and sale of magneto-optics crystal
Kokuka Sangyo Co.,Ltd	100	50.0	Shipping of chemical products

Note: The figures in parentheses represent the percentage of voting rights indirectly held by MGC's subsidiaries, included in totals.

(10) Major Lenders (As of March 31, 2018) (Millions of yen)

Lender	Balance of Borrowings
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	15,712
The Norinchukin Bank	12,514
Mitsubishi UFJ Trust and Banking Corporation	8,521
Japan Bank for International Cooperation	7,117
Meiji Yasuda Life Insurance Company	6,669
Nippon Life Insurance Company	6,461
Mizuho Bank, Ltd.	5,979
Development Bank of Japan Inc.	4,365
Sumitomo Mitsui Banking Corporation	3,976
The Bank of Yokohama, Ltd.	3,270

Notes: 1. The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its trade name to MUFG Bank, Ltd. on April 1, 2018.

Notes: 2. Due to the organizational restructuring at Mitsubishi UFJ Financial Group, Inc., borrowings from Mitsubishi UFJ Trust and Banking Corporation were changed to borrowings from MUFG Bank, Ltd. on April 16, 2018.

(Translation)

2. Information Concerning Stock (As of March 31, 2018)

(1) Authorized Shares 492,428,000 (No change from end of FY2016)

(2) Issued and Outstanding Shares 231,739,199 (Decrease by 10,000,000 from end of FY2016)

Note : Due to the retirement of treasury stock on November 15, 2017, issued and outstanding shares has decreased by 10,000,000 shares compared to March 31, 2017

(3) Number of Shareholders 20,088 (Increase by 245 from end of FY2016)

(4) Principal Shareholders (ten largest shareholders)

Name of shareholder	Investment to MGC	
	Number of Shares Held (thousand Shares)	Percentage to Total Shares Outstanding (%)
Japan Trustee Services Bank, Ltd. (Trust account)	10,155	4.8
The Master Trust Bank of Japan, Ltd. (Trust account)	9,119	4.3
Meiji Yasuda Life Insurance Company	8,797	4.1
Nippon Life Insurance Company	8,795	4.1
The Norinchukin Bank	5,026	2.4
Asahi Glass Co.,Ltd	4,835	2.3
Chase Manhattan GTS Clients Account Escrow	4,048	1.9
Government Of Norway	3,896	1.8
Japan Trustee Services Bank, Ltd. (Trust account 9)	3,836	1.8
Mitsubishi UFJ Trust and Banking Corporation	3,506	1.6

Notes: 1. MGC holds 18,135 thousand shares of treasury stock, which is not included in the above list of principal shareholders.
2. Percentage to Total Shares Outstanding is calculated excluding treasury stock.

3. Stock Acquisition Rights (As of March 31, 2018)

(1) Matters on stock acquisition rights, etc. granted in remuneration for the performance of corporate officers' duties among which corporate officers hold

No applicable item.

(2) Matters on stock acquisition rights, etc. granted to employees and others during FY2017 in remuneration for the performance of their duties

No applicable item.

(3) Other important matters on stock acquisition rights, etc.

No applicable item.

(Translation)

4. Information Concerning Corporate Officers (As of March 31, 2018)

(1) Directors and Audit & Supervisory Board Members

Position	Name	Responsibilities at MGC and Important current positions at other companies, etc.
Representative Director Chairman	Kazuo Sakai	
Representative Director President	Toshikiyo Kurai	
Representative Director Senior Managing Executive Officer	Kunio Kawa	Administrative Management of Finance & Accounting Center, Information Systems Division and Corporate Communications Division
Representative Director Senior Managing Executive Officer	Kenji Inamasa	Administrative Management of Production Technology Division, Environment & Safety Division and Business Strategy Division General Manager of Business Strategy Division
Director Managing Executive Officer	Masahiro Johno	President of Information & Advanced Materials Company
Director Managing Executive Officer	Yasuhiro Sato	Chairman of Internal Control Promotion Committee, Administrative Management of Compliance, Risk Management, Internal Audit Division, Corporate Planning Division, Administrative & Personnel Center and Purchasing & Logistics Center
Director Managing Executive Officer	Masashi Fujii	Administrative Management of LNG Project Team and President of Natural Gas Chemicals Company Outside Director of Katakura & Co-op Agri Corporation
Director Managing Executive Officer	Susumu Yoshida	President of Specialty Chemicals Company
Director Managing Executive Officer	Masamichi Mizukami	Deputy Chairman of Compliance Committee, Administrative Management of Research & Development Division, Advanced Business Development Division
Director Managing Executive Officer	Masato Inari	President of Aromatic Chemicals Company Director of JSP Corporation
Director	Kazuo Tanigawa	
Director	Tsugio Sato	
Audit & Supervisory Board Member (Fulltime)	Takashi Kimura	
Audit & Supervisory Board Member (Fulltime)	Takayuki Watanabe	

(Translation)

Position	Name	Responsibilities at MGC and Important current positions at other companies, etc.
Audit & Supervisory Board Member (Fulltime)	Katsuhiko Sugita	
Audit & Supervisory Board Member	Yasuomi Matsuyama	Chairman of Nissay Information Technology Co.,Ltd External Audit & Supervisory Board Member of Keisei Electric Railway Co., Ltd.

Notes: 1. MGC has adopted the executive officer system.
2. Of the Directors, Messrs. Masato Inari and Tsugio Sato newly assumed their offices as of June 27, 2017.
3. Of the Directors, Messrs. Kazuo Tanigawa and Tsugio Sato are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act.
4. Of the Audit & Supervisory Board Members, Messrs. Takashi Kimura and Yasuomi Matsuyama are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 of the Companies Act.
5. Audit & Supervisory Board Member, Mr. Takashi Kimura, has been involved with financial institutions for a number of years, and has experience in corporate management as a manager, and possesses a considerable degree of knowledge regarding finance and accounting.
6. Audit & Supervisory Board Member, Mr. Katsuhiko Sugita, has been involved in the Finance Department of MGC for a number of years, and has experience in management through his role in administrative management of the Finance & Accounting Division, and possesses a considerable degree of knowledge regarding finance and accounting.
7. MGC has registered Directors, Messrs. Kazuo Tanigawa and Tsugio Sato, and Audit & Supervisory Board Members, Messrs. Takashi Kimura and Yasuomi Matsuyama, as independent directors/auditors at Tokyo Stock Exchange, Inc.
8. There is no material business relation between MGC and the other companies, etc. in which Audit & Supervisory Board Member, Mr. Yasuomi Matsuyama, serves concurrently.
9. Corporate Officers who have retired during the current fiscal year are as follows:
Director Mr. Katsushige Hayashi (Retired upon expiry of the term of office on June 27 2017)
Director Mr. Yoshimasa Nihei (Retired upon expiry of the term of office on June 27 2017)
10. Effective from April 1, 2018 Responsibility at MGC and important current positions at other companies, etc. changed as follows.

Position	Name	Responsibility at MGC and Important current positions at other companies, etc.
Director	Kunio Kawa	―
Representative Director SeniorManaging ExecutiveOfficer	Yasuhiro Sato	Chairman of Internal Control Promotion Committee, Administrative Management of Compliance, Risk Management, Internal Audit Division, Corporate Planning Division, Administrative & Personnel Center and Corporate Communications Division
Director Managing ExecutiveOfficer	Masashi Fujii	Administrative Management of LNG Project Team, and President of Natural Gas Chemicals Company and Manager of Energy & resources Division Outside Director of Katakura & Co-op Agri Corporation

(2) Directors' and Audit &Supervisory Board members' Remuneration

Classification	Number	Amount of Remuneration, etc. (millions of yen)
Directors	14	516
Audit & Supervisory Board Members	4	87
Total (Outside Corporate Officers [included above])	18 (5)	603 (54)

Note: The amount of remuneration and other benefits to Directors during the fiscal year under review includes ¥97 million provision for reserved retirement benefits. Such provision includes no amount for Outside

Directors, who are outside the scope of the reserved retirement benefits system.

(3) Policies and Methods for Deciding Remuneration and Other Benefits of Corporate Officers

1) Directors' Remuneration

Remuneration to Directors (excluding Outside Directors) consists of monthly remuneration which is the total of a basic remuneration decided in accordance with each Director's position and duties and performance-based remuneration reconsidered every fiscal year and reserved retirement benefit. Reserved retirement benefit consists of a reserved sum that reflects each Director's performance based on internal rules to be paid in full upon retirement.

In addition to these forms of remuneration, a bonus amount that is considered appropriate may be paid upon resolution of a General Meeting of Shareholders.

Additionally, to incentivize Directors to share shareholder values and further motivate them to increase medium- to long-term corporate value, guidelines have been created that establish a minimum number of MGC shares to be held and a set amount of Director remuneration to be used to contribute to Director share ownership through the acquisition of MGC's shares.

Furthermore remuneration proposal is supposed to be discussed in the Remuneration and Nominating Committee consisting of the Chairman, the President, and Outside Directors prior to proposal at the Board of Directors.

2) Audit & Supervisory Board Members' Remuneration

Audit & Supervisory Board Members' remuneration consists only of a basic remuneration and is decided among the Audit & Supervisory Board Members within the amount stipulated by the General Meeting of Shareholders.

(4) Information Concerning Outside Corporate Officers

1) Relations between MGC and Other Companies in which Officers Concurrently Hold Important Positions

The relations between MGC and other companies in which the outside corporate officers concurrently hold important positions are as described in (1).

(Translation)

2) Major Activities of Outside Corporate Officers

Outside Director	Attendance at Board of Directors Meeting	Major Activities
Kazuo Tanigawa	12 of 12 meetings	Drawing on his many years of experience and insight as a manager at a company operating on a global scale, Mr. Tanigawa adequately demonstrated management supervision functions by making comments as necessary at Board of Directors meetings and other important meetings from an external perspective to ensure appropriate and proper decision-making of MGC.
Tsugio Sato	9 of 9 meetings	Drawing on his highly advanced expertise in a wide field of study in chemicals such as inorganic materials chemistry and on his extensive experience holding prominent positions in various organizations, including universities and academic societies, Mr. Sato adequately demonstrated management supervision functions by making comments as necessary at Board of Directors meetings and other important meetings subsequent to assuming office as Director from an external perspective to ensure appropriate and proper decision-making of MGC.

Outside Audit & Supervisory Board Member	Attendance at Board of Directors Meeting	Attendance at Audit and Supervisory Board Meeting	Major Activities
Takashi Kimura	12 of 12 meetings	14 of 14 meetings	Drawing on his experience with financial institutions and as a business manager, Mr. Kimura asked questions and offered advice at Board of Directors meetings and other important meetings to ensure the appropriate execution of business. Further, in compliance with audit policies stipulated by the Audit & Supervisory Board, Mr. Kimura audited each division and office and carried out inspection of subsidiaries, etc., while adequately demonstrating audit functions as a Full-time Audit & Supervisory Board Member
Yasuomi Matsuyama	12 of 12 meetings	14 of 14 meetings	Drawing on his experience with financial institutions and as a business manager, Mr. Matsuyama made comments from an external perspective to ensure appropriate decision making by the Board of Directors. Further, in compliance with audit policies stipulated by the Audit & Supervisory Board, Mr. Matsuyama discussed and exchanged views on important matters related to auditing, adequately demonstrating audit functions.

3) General Intent of Limitation of Liability Agreement

MGC has entered into a Limitation of Liability Agreement with each Outside Corporate Officers to limit their liabilities pursuant to Article 423 Paragraph 1 of the Companies Act to the amount stipulated in Article 427 Paragraph 1 of said Act.

5. Information Concerning Independent Auditor

(1) Name of Independent Auditor

BDO Toyo & Co.

(2) Independent Auditors' Fees in FY2017

1) Fee for the audit performed as stipulated in Article 2 Paragraph 1 of the Certified Public Accountants Law	¥64 million
2) Aggregate amount of cash and other monetary payments made by MGC and MGC's subsidiaries	¥69 million

Notes: 1. The fee for audit pursuant to the Companies Act and that for audit pursuant to the Financial Instruments and Exchange Act are not differentiated in the Audit Agreement between MGC and Independent Auditor. As such, the amount in 1) includes the amount of the fee and other payments for the audit due pursuant to the Financial Instruments and Exchange Act.

2. Of MGC's main subsidiaries, the financial statements of JSP Corporation and foreign subsidiaries are audited (as stipulated in the Companies Act or Financial Instruments and Exchange Act, including equivalent foreign laws and ordinances) by certified public accountants or accounting firms (including those with equivalent foreign certifications) other than MGC's Independent Auditor.

3. MGC's subsidiary entrusts agreed-upon procedural operations as duties other than duties prescribed in Article 2, Paragraph 1 of the Certified Public Accountants Act, and pay consideration to Independent Auditors.

4. The Audit & Supervisory Board agreed to the amount listed above in 1) after confirming the content of the Independent Auditor's audit plan, quality management systems, the state of execution of audit, estimates of audit remuneration, etc.

(3) Policy for Dismissal and Non-reappointment of independent Auditors

In the case that any of the items in Article 340, Paragraph 1 of the Companies Act apply to an Independent Auditor, that Independent Auditor's dismissal will be considered, and in the case that their dismissal is judged to be appropriate, the Audit & Supervisory Board will dismiss the Independent Auditor upon the consent of all Audit & Supervisory Board Members.

Also, in the case that the Audit & Supervisory Board recognizes that it has become difficult for the Independent Auditor to appropriately execute duties, or if otherwise judged necessary, the Audit & Supervisory Board will submit an agenda item regarding the dismissal or nonrenewal of the Independent Auditor to the General Meeting of Shareholders.

(Translation)

6. Resolution on Establishing Systems to Ensure Appropriate Business Operations

In following with the regulations of Article 362, Paragraph 4, Item 6 of the Companies Act, Paragraph 5 of the same Article, and Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act, MGC resolved in the Board of Directors meeting with respect to systems to ensure appropriate business operations (Internal Control System). Additionally, the status of the maintenance and operation of internal controls is being reported to the Board of Directors on a yearly basis, and in addition to verifying and resolving upon the appropriateness of this resolution, the Board of Directors also deliberates and resolves upon a basic policy and plans regarding the following year's maintenance and operation of internal controls. The content of internal control resolutions and operational status during FY2017 are as follows.

(1) Content of Resolution on Systems to Ensure Appropriate Business Operations

① Systems for Ensuring Duties of Directors and Employees Are Executed in Compliance with Laws, Regulations, and Articles of Incorporation

1) MGC shall view compliance as broadly encompassing conformity with laws, regulations, Articles of Incorporation, and internal rules, as well as the conduct of fair, transparent, and free business based on an awareness of corporate responsibility to society, and shall establish MGC Corporate Behavior Guidelines, Compliance Rules, and MGC Code of Conduct.

2) Administrative Management of Compliance shall be appointed and a Compliance Advisory Committee chaired by said Officer shall be established as an organization directly under the President. The Compliance Committee shall examine and implement measures to enhance MGC's compliance systems, as well as provide instructions and supervision regarding compliance.

3) In order to detect internal compliance violations and take corrective measures promptly, Compliance Consultation Desk shall be established as a means of receiving internal reports from officers, employees, their families, contractors, business partners, and the like.

4) In order to eliminate anti-social forces, in addition to clarifying its firm stance against such forces in MGC Corporate Behavior Guidelines and MGC Code of Conduct, MGC shall promote its policies in each relevant department.

5) An Internal Audit Division shall be established to conduct internal audits pursuant to the Internal Audit Rules in addition to auditing by Audit & Supervisory Board Members and by Independent Auditors.

6) In order to ensure that MGC and its Group companies construct, maintain and operate internal controls appropriately MGC shall establish an Internal Control Promotion Committee headed by the director responsible for the Internal Audit Division.

7) MGC shall issue MGC Compliance Handbook and distribute to officers and employees to ensure their understanding of the compliance system, as well as cultivate awareness of compliance through education and training.

(Translation)

② Systems for Ensuring Efficient Execution of Duties by Directors

1) MGC shall separate the decision-making, supervision, and business execution functions of the management and implement the Executive Officer system for expeditious decision-making and business execution. At the same time, the company system shall be adopted in the operating divisions to achieve efficient business management by clarifying accountability for performance.

2) In order to make decisions on matters that have material effect on MGC based on multifaceted considerations, a Management Council shall be established to deliberate on management policies and an Operations Council shall be established to deliberate on specific execution plans.

3) Organization Regulations, Segregation of Duties Rules, and Rules Defining Extent of Authority shall be established to clarify the duties and authorities of Directors to ensure efficient and appropriate execution of duties.

4) Performance shall be monitored based on numerical targets clarified through the Group's medium-term management plan, annual budget, and the like.

③ System for Archiving and Managing Information on Execution of Duties by Directors

Information pertaining to the execution of duties by Directors shall be archived and managed in accordance with the Document Control Procedures and other internal rules.

④ Rules and Other Systems for Managing Risk of Loss

1) MGC shall establish Risk Management Rules in order to understand and appropriately manage business risks.

2) A Risk Management Committee shall be chaired by the Administrative Management of Risk Management and shall be established as an organization directly under the President to identify the status of risk management and provide supervision and instructions on prioritizing risks and devising reduction measures.

3) Being a chemical manufacturer, MGC shall engage in responsible care (RC) activities as a voluntary undertaking to ensure environmental protection and safety through the life cycle of chemicals from production to disposal.

⑤ System for Ensuring Appropriate Execution of Business by MGC Group

While valuing the autonomous management of all Group companies and clarifying the managerial accountability of its Board of Directors, MGC has established the following systems that include the maintenance of various regulations to ensure the appropriate execution of business within the MGC Group.

Also regarding the appropriate execution of business within the MGC Group, companies within the Group are controlled through methods including the assignment of officers and the exercise of voting rights as required of the nature of the business, degree of importance, etc.

- In addition to establishing departments responsible for items relating to Group management as well as divisions that supervise individual Group companies, regulations such as Rules on Subsidiaries and Affiliates are maintained and a reporting system is created in order to receive regular and emergency reports from each of the Group companies.

- Regarding Internal Audit Rules, Group companies are also subject to internal audits. Also,

regarding Basic Risk Management Rules, risk management conducted by Group companies are also subject to these rules, and instruction and education is carried out so that Group companies will maintain and improve appropriate risk management systems.

- MGC establishes MGC Corporate Behavior Guidelines and MGC Code of Conduct as basic policies for the entire Group and seeks from each Group company the maintenance of compliance structures that meet them. Also, MGC's Compliance Consultation Desk is also available to the officers and employees of each Group companies, as well as their families, contractors, business partners, etc.

- Through medium-term management plan, annual budget, etc. of Group companies, MGC clarifies each company's performance goals and conducts performance management based on these goals. Regarding important business activities performed by Group companies, MGC's supervisory division ensures appropriate decision-making through management discussions, etc.

⑥ Systems for Ensuring Effective Auditing of Audit & Supervisory Board Members

1) Matters Related to Employees Assisting with Audit & Supervisory Board Members' Duties
Employees shall be assigned to assist Audit & Supervisory Board Members with their duties pursuant to consultations with Audit & Supervisory Board Members.

2) Matters Related to Independence from Directors of Employees Assisting with Audit & Supervisory Board Members' Duties
Employees assigned to assist with the duties of Audit & Supervisory Board Members shall engage full time in said assignment and shall not be subject to orders and instructions from Directors. The prior consent of the Audit & Supervisory Board is required for their transfer, appraisal, and disciplinary punishment.

3) Matters related to the ensuring of the effectiveness of orders given to employees who assist Audit & Supervisory Board Members in their duties
It is made clear that employees who assist Audit & Supervisory Board Members in their duties are to obey instructions given to them by Audit & Supervisory Board Members, and employees who possess the aptitude for such duties are nominated.

4) Matters Related to Reports from Directors and Employees to Audit & Supervisory Board Members
   i) In the event Directors or employees find violations of laws and regulations or facts and the like that may cause significant damage to MGC, they must report said violations, facts, and the like to the Audit & Supervisory Board Members in accordance with laws, regulations, Compliance Rules, and other internal rules.
   ii) Directors and employees must report regularly, and promptly in the case of important matters, on the execution status of business operations including internal control of MGC and supervised Group companies, risk management and implementation of compliance to the Audit & Supervisory Board Members, as well as promptly conduct investigations and provide reports in the event Audit & Supervisory Board Members request investigations and reports concerning these status.
   iii) Directors, Audit & Supervisory Board Members, and employees of Group companies will, based on laws and regulations, quickly conduct surveys and deliver reports in the case that a report is demanded from Audit & Supervisory Board Members.
   iv) The Compliance Committee must promptly report to Audit & Supervisory Board Members the

content of consultations and reports involving MGC or Group companies received through Compliance Consultation Desk.

5) Matters related to the treatment of individuals who make reports, etc. to Audit & Supervisory Board Members

Individuals responsible for aforementioned reports and surveys as well as those who work together with them, etc. shall not be subject to work reassignment, discrimination, or other unfavorable treatment as a result of that action, and knowledge of this prohibition will be made well-known.

6) Matters related costs, etc., resulting from the execution of Audit & Supervisory Board Members' duties

i) In order to defray costs that occur as the result of the execution of Audit & Supervisory Board Members' duties, an appropriate budget shall be established each fiscal year based on projected activities.

ii) If a request for prepayment or settling of accounts regarding costs necessary for the execution of Audit & Supervisory Board Members' duties is received, MGC shall promptly comply.

iii) Even in cases where costs incurred as the result of the execution of Audit & Supervisory Board Members' duties exceed the amount budgeted for each fiscal year, Audit & Supervisory Board Members and the related Directors shall meet and as a rule make considerations to respond to the necessity of those costs.

7) Other Systems for Ensuring Effective Auditing of Audit & Supervisory Board Members

i) Representative Directors shall arrange for regular exchange of views with Audit & Supervisory Board Members. Further, the Internal Audit Division and the Independent Auditor shall communicate and deliberate with Audit & Supervisory Board Members to ensure the effectiveness of Audit & Supervisory Board Members' operations.

ii) Audit & Supervisory Board Members may attend Board of Directors Meetings and other important meetings in order to understand the decision making status regarding important matters and the execution status of business operations, in addition to reviewing important documents and requesting explanations of Directors and employees on the execution of business operations.

iii) In the case that the Audit & Supervisory Board requests the use of independent external specialists, MGC shall bear those costs, excepting cases where their use is deemed not necessary to the execution of Audit & Supervisory Board Members' duties.

(2) Summary of Operational Status of Systems to Ensure Appropriate Business Operations

① Systems for Ensuring Duties of Directors and Employees Are Executed in Compliance with Laws, Regulations, and Articles of Incorporation

1) MGC seeks to conduct CSR activities and achieve thorough compliance, by emphasizing publication of the MGC Corporate Behavior Guidelines Directives for Corporate Actions etc. by delivering it through the President's message. Furthermore, the Compliance Advisory Committee met four times during the fiscal year under review, deliberated specific items, and undertook measures to enhance the compliance system. The Compliance Consultation Desk, in addition to the internal desk, has had an external desk established as well, in order to lower the hurdle in making reports.

2) The Internal Control Promotion Committee met three times during the fiscal year under review, and deliberated the readiness and operational status of internal controls. Furthermore, after being

approved by the Board of Directors, information concerning basic policies and plans relating to internal controls deliberated by the Committee is spread to MGC officers, employees, and all Group Companies.

3) Internal audits are performed based on audit plan, and measures are undertaken to maintain the proper performance of duties. Items designated by internal audits are responded to within timeframes established by the audited division.

4) To eliminate anti-social forces, in addition to the creation of a response manual and spreading information internally, when entering into contracts with outside parties, MGC seeks a pledge that the party is not an anti-social force, and contracts can be nullified, etc. if it is later determined that the party is an anti-social force.

② Systems for Ensuring Efficient Execution of Duties by Directors.

1) MGC is working to reinforce the management execution system and strengthen its governance through clearly defining the functions and responsibilities of management, by placing an Executive Officer system that makes prompt decision-making possible, and allows the Board of Directors to concentrate on making decisions on the most important business matters and conduct supervision over business execution.
Regarding matters that have material effect on MGC, decisions are made via considerations through multifaceted deliberations at a Management Council that deliberates on management policies and at an Operations Council that deliberates on specific execution plans, and the advice of attorneys and other professionals is received as needed.

2) Based on the medium-term management plan and annual budget, performance is regularly monitored.

3) Duties and authorities of Directors, officers and employees are reviewed on a yearly basis to work toward ensuring efficient and appropriate execution of duties.

③ System for Archiving and Managing Information on Execution of Duties by Directors

Information pertaining to the execution of duties by Directors is archived and managed in accordance with the Document Control Procedures and other internal rules through the creation of management registers and their archival for an established length of time.

④ Rules and Other Systems for Managing Risk of Loss

1) Standards, By-Laws, and an Operational Manual, etc. have been established under the Risk Management Rules as systems to manage risk during ordinary periods and emergencies. Additionally, the Risk Management Committee met three times during the fiscal year under review, providing supervision and instructions on the status of risk management.

2) In addition to voluntary responsible care (RC) activities, in accordance with policies established at environmental safety meetings attended by all Directors, MGC strives to protect the environment and maintain safety, and continuously repeats the PDCA cycle for the protection of the environment and maintenance of safety, including confirming the progress of activities with internal audits.

⑤ System for Ensuring Appropriate Execution of Business by MGC Group

1) Based on regulations such as Rules on Subsidiaries and Affiliates, Group companies are managed through supervisory divisions, and regular reports on management status, etc. are received from Group companies. Additionally, a reporting system has been created for times of emergency. While a medium-term management plan and annual budget that include Group companies are formulated and performance management is being conducted, MGC aims to ensure appropriate decision-making through the assignment of officers, etc.

2) To ensure the appropriate execution of business within MGC Group companies and enhance risk management, the Internal Audit Division systematically conducts internal audits at major Group companies, and through a supervisory division the Risk Management Committee strives to maintain and enhance each Group company's risk management system. Additionally, MGC states that the Compliance Consultation Desk is available for use by all individuals involved in the Company Group's business activities.

⑥ Systems for Ensuring Effective Auditing of Audit & Supervisory Board Members

1) Aside from attending meetings of the Board of Directors, Executive Officers, and other important committees, Audit & Supervisory Board Members exchange opinions with Representative Directors and the Board of Directors, receives reports from each department, and periodically conducts onsite audits of key subsidiaries. Furthermore, Audit & Supervisory Board Members strive to enhance the effectiveness of audits, including by exchanging opinions with the head of the Internal Control Promotion Division and Independent Auditor.
2) Through various committees related to internal control, risk management and compliance, reports are provided to Audit & Supervisory Board Members, on the status of business execution, etc. Also, consultations and reports discussed with Compliance Consultation Desk are quickly reported, and it has come to be well understood that unfavorable treatment of individuals who make reports is prohibited.
3) Staff dedicated to audit functions based on instructions from Audit & Supervisory Board Members are placed, and all costs required for business activity audits are defrayed.

7. Policy on Appropriation of Retained Earnings, etc.

The MGC Group places the improvement of corporate value as a challenge on the management of the greatest importance. Based on the view that the improvement of corporate value will lead to the benefits of all stakeholders including shareholders, the MGC Group takes into consideration investment and lending plans, financial health, and future business trends in order to realize future business growth, and works to achieve a balanced allotment of retained earnings and returns to shareholders. Retained earnings are allotted to be used as investment and lending funds for business expansion and growth and to strengthen the corporate structure. Regarding dividends, the decision to continue steady dividends is made taking into account trends in business results, while working to improve capital efficiency and enhance returns to shareholders through implementing flexible purchase of treasury stock in consideration of the levels of retained earnings and shareholder return.

The year-end dividend payout for FY2017 was ¥35, an increase of ¥13 per share. Since the interim dividend payout was ¥24, the annual dividend for FY2017 is ¥59 per share, an increase of ¥21 from the previous year of ¥38 (when taking into consideration the reverse stock split for ordinary shares on a 2:1 basis conducted on October 1, 2016), which resulted in 21.0% of dividend payout ratio on a consolidated basis.

Regarding dividends for the next fiscal year, the interim dividend is planned to be ¥35 per share, while the year-end dividend is planned to be ¥35 per share.

(Translation)

Consolidated Balance Sheet

(As of March 31, 2018)

(Millions of yen)

Account item	Amount	Account item	Amount
(Assets)		(Liabilities)	
Total current assets	391,009	Total current liabilities	207,078
Cash and deposits	101,090	Notes and accounts payable-trade	88,720
Notes and accounts receivable-trade	165,606	Short-term loans payable	71,155
Short-term investment securities	121	Accrued expenses	16,591
Merchandise and finished goods	57,958	Lease obligations	100
Work in process	11,044	Income taxes payable	4,133
Raw materials and supplies	34,750	Deferred tax liabilities	242
Deferred tax assets	6,759	Provision for bonuses	5,422
Other	14,847	Provision for environmental measures	10
Allowance for doubtful accounts	(1,170)	Provision for loss on business withdrawal	66
Total noncurrent assets	401,480	Provision for loss on liquidation of subsidiaries and associates	144
Property, plant and equipment	220,717	Asset retirement obligations	1,522
Buildings and structures, net	80,823	Other	18,968
Machinery, equipment and vehicles, net	81,359	Total noncurrent liabilities	66,266
Land	38,458	Corporate bonds	10,000
Lease assets, net	469	Long-term loans payable	25,328
Construction in progress	12,347	Lease obligations	378
Other	7,260	Deferred tax liabilities	16,640
Total Intangible assets	8,411	Provision for directors' retirement benefits	339
Goodwill	3,911	Provision for loss on guarantees	1,088
Lease assets	14	Provision for environment measures	217
Software	2,141	Provision for business structure improvement	1,048
Other	2,343	Provision for loss on business withdrawal	58
Total investments and other assets	172,350	Provision for loss on liquidation of subsidiaries and associates	577
Investments in securities	161,391	Other provision	220
Long-term loans receivable	2,632	Net defined benefit liability	4,592
Deferred tax assets	2,137	Asset retirement obligations	2,420
Net defined benefit asset	1,221	Other	3,355
Other	5,522	Total liabilities	273,345
Allowance for doubtful accounts	(555)	(Net assets)	
		Total shareholders' equity	455,616
		Capital stock	41,970
		Capital surplus	34,578
		Retained earnings	399,033
		Treasury stock	(19,966)
		Total accumulated other comprehensive income	11,747
		Valuation difference on available-for-sale securities	17,261
		Deferred gains or losses on hedges	(0)
		Revaluation reserve for land	222
		Foreign currency translation adjustments	(7,614)
		Remeasurements of defined benefit plans	1,878
		Non-controlling interests	51,780
		Total net assets	519,144
Total assets	792,489	Total liabilities and net assets	792,489

(Translation)

Consolidated Statement of Income

(From April 1, 2017 to March 31, 2018)

(Millions of yen)

Account item	Amount	
Net sales		635,909
Cost of sales		481,326
Gross profit		154,583
Selling, general and administrative expenses		91,841
Operating income		62,741
Non-operating income		
Interest and dividend income	2,581	
Equity in earnings of affiliates	18,277	
Other	3,546	24,405
Non-operating expenses		
Interest expenses	1,069	
Other	5,365	6,435
Ordinary income		80,711
Extraordinary income		
Gain on sales of investment securities	1,926	
Gain on sales of non-current assets	548	
Compensation income	407	2,882
Extraordinary loss		
Loss on valuation of investment securities	8,297	
Provision for loss on guarantees	1,088	
Loss on disposal of non-current assets	274	
Loss on business withdrawal	236	
Loss on liquidation of subsidiaries and associates	162	
Amortization of goodwill	102	
Impairment loss	11	10,172
Income before income taxes and minority interests		73,421
Income taxes-current	9,330	
Income taxes-deferred	(1,842)	7,487
Net income		65,933
Profit attributable to non-controlling interests		5,402
Profit attributable to owners of parent		60,531

(Translation)

Consolidated Statement of Changes in Net Assets

(From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation and translation adjustments	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total of accumulated other comprehensive income		
Balance as of April 1, 2017	41,970	35,602	360,833	(21,829)	416,576	18,101	(0)	222	(6,271)	(538)	11,514	48,658	476,749
Cumulative effects of changes in accounting policies of foreign subsidiaries			(3,587)		(3,587)				22	186	208		(3,378)
Restated Balance as of April 1, 2017	41,970	35,602	357,245	(21,829)	412,989	18,101	(0)	222	(6,249)	(351)	11,722	48,658	473,370
Changes of items during period													
Dividends of surplus			(9,927)		(9,927)								(9,927)
Profit attributable to owners of parent			60,531		60,531								60,531
Purchase of treasury stock				(7,010)	(7,010)								(7,010)
Disposal of treasury stock		0		0	0								0
Retirement of treasury stock		(8,873)		8,873	-								-
Transfer to capital surplus from retained earnings		8,816	(8,816)		-								-
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(966)			(966)								(966)
Net changes of items other than shareholders' equity						(839)	(0)	-	(1,365)	2,229	24	3,122	3,146
Total changes of items during the period	-	(1,024)	41,787	1,863	42,626	(839)	(0)	-	(1,365)	2,229	24	3,122	45,773
Balance as of March 31, 2018	41,970	34,578	399,033	(19,966)	455,616	17,261	(0)	222	(7,614)	1,878	11,747	51,780	519,144

In accordance with laws and regulations and Article 15 of the Articles of Incorporation, the Notes to Consolidated Financial Statements are posted on MGC's website (https://www.mgc.co.jp/ir/stockinfo/meeting.html) and are not included in this business report.

(Translation)

Non-consolidated Balance Sheet

(As of March 31, 2018)

(Millions of yen)

Account item	Amount	Account item	Amount
(Assets)		(Liabilities)	
Total current assets	238,786	Total current liabilities	144,503
Cash and deposits	54,539	Electronically recorded obligations-operating	287
Notes receivable-trade	669	Accounts payable-trade	48,703
Accounts receivable-trade	104,875	Short-term loans payable	63,088
Merchandise and finished goods	29,600	Lease obligations	81
Work in process	7,231	Accrued payable-other	8,325
Raw materials and supplies	16,940	Income taxes payable	1,317
Prepaid expenses	1,162	Accrued expenses	13,557
Deferred tax assets	4,299	Deposits received	525
Short-term loans receivable	9,864	Provision for bonuses	2,815
Accounts receivable-other	5,374	Provision for environmental measures	10
Other	4,869	Provision for loss on business withdrawal	66
Allowance for doubtful accounts	(640)	Asset retirement obligations	1,522
Total noncurrent assets	221,382	Other	4,203
Total property, plant and equipment	102,552	Total noncurrent liabilities	40,409
Buildings, net	26,075	Corporate bonds	10,000
Structures, net	12,745	Long-term loans payable	10,010
Machinery and equipment, net	38,598	Lease obligations	354
Vehicles, net	47	Provision for retirement benefits	3,779
Tools and appliances, net	3,987	Provision for directors' retirement benefits	126
Land	17,487	Provision for loss on guarantees	1,088
Lease assets, net	433	Provision for environment measures	217
Construction in progress	3,177	Provision for loss on liquidation of subsidiaries and associates	257
Total intangible assets	1,361	Provision for business structure improvement	1,027
Patent right	4	Provision for loss on business withdrawal	58
Software	1,293	Asset retirement obligations	2,160
Other	63	Deferred tax liabilities	9,634
Total investments and other assets	117,468	Other	1,695
Investments in securities	48,171	Total liabilities	184,913
Stocks and investments in capital of subsidiaries and affiliates	63,810	(Net assets)	
Long-term loans receivable	4,368	Total shareholders' equity	258,898
Long-term prepaid expenses	551	Capital stock	41,970
Other	2,575	Total capital surpluses	35,668
Allowance for doubtful accounts	(2,009)	Legal capital surplus	35,668
		Other capital surplus	
		Total earned surpluses	201,225
		Legal retained earnings	6,999
		Other retained earnings	194,226
		Reserve for mine prospecting	2,341
		Reserve for advanced depreciation of noncurrent assets	2,434
		General reserve	76,500
		Retained earnings brought forward	112,950
		Treasury stock	(19,966)
		Total valuation and translation adjustments	16,357
		Valuation difference on available-for-sale securities	16,357
		Total net assets	275,255
Total assets	460,169	Total liabilities and net assets	460,169

(Translation)

Non-consolidated Statement of Income

(From April 1, 2017 to March 31, 2018)

(Millions of yen)

Account item	Amount	
Net sales		364,433
Cost of finished goods sold		292,391
Gross profit		72,042
Selling, general and administrative expenses		40,754
Operating profit		31,287
Non-operating income		
Interest and dividend income	26,268	
Other	2,711	28,979
Non-operating expenses		
Interest expenses	425	
Other	5,692	6,118
Ordinary income		54,149
Extraordinary income		
Gain on sales of investment securities	1,926	
Compensation income	407	
Reversal of allowance for doubtful accounts	230	
Gain on sales of shares of subsidiaries and associates	107	2,671
Extraordinary loss		
Loss on valuation of shares of subsidiaries and associates	9,239	
Loss on liquidation of subsidiaries and associates	1,149	
Provision for loss on guarantees	1,088	
Loss on valuation of investment securities	356	
Loss on business withdrawal	236	
Provision for loss on liquidation of subsidiaries and associates	164	
Loss on disposal of non-current assets	154	12,389
Income before income taxes		44,431
Income taxes-current	3,284	
Income taxes-deferred	(240)	3,044
Net income		41,386

(Translation)

Non-Consolidated Statement of Changes in Net Assets
(April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity												Valuation and translation adjustments	Total net assets
	Capital stock	Capital surplus			Retained earnings						Treasury stock	Total Shareholders' equity	Valuation difference on available-for-sale securities	
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings				
						Reserve for mine prospecting	Reserve for advanced depreciation of noncurrent assets	General reserve	Retained earnings brought forward					
Balance as of April 1, 2017	41,970	35,668	57	35,726	6,999	2,530	2,551	76,500	90,001	178,582	(21,829)	234,448	17,072	251,521
Changes of items during period														
Dividends of surplus									(9,927)	(9,927)		(9,927)		(9,927)
Net income									41,386	41,386		41,386		41,386
Transfer to capital surplus from retained earnings			8,816	8,816					(8,816)	(8,816)				-
Reversal of reserve for advanced depreciation of non-current assets							(116)		116	-		-		-
Provision of reserve for mine prospecting						451			(451)	-		-		-
Reversal of reserve for mine prospecting						(640)			640	-		-		-
Purchase of treasury stock											(7,010)	(7,010)		(7,010)
Disposal of treasury stock			0	0							0	0		0
Retirement of treasury shares			(8,873)	(8,873)							8,873			-
Net changes of items other than shareholders' equity													(715)	(715)
Total changes of items during the period	-	-	(57)	(57)	-	(189)	(116)	-	22,949	22,643	1,863	24,449	(715)	23,734
Balance as of March 31, 2018	41,970	35,668	-	35,668	6,999	2,341	2,434	76,500	112,950	201,225	(19,966)	258,898	16,357	275,255

In accordance with laws and regulations and Article 15 of the Articles of Incorporation, the Notes to Non-consolidated Financial Statements are posted on MGC's website (https://www.mgc.co.jp/ir/stockinfo/meeting.html) and are not included in this business report.

Independent Auditors' Audit Report on Consolidated Financial Statements (Certified Copy)

INDEPENDENT AUDITORS' REPORT

May 17, 2018

To: The Board of Directors
Mitsubishi Gas Chemical Company, Inc.

BDO Toyo & Co.

Shinichi Nakashio, CPA
Designated Partner,
Engagement Partner

Kiichi Yonebayashi, CPA
Designated Partner,
Engagement Partner

Hiroaki Izawa, CPA
Designated Partner,
Engagement Partner

We have audited the consolidated financial statements of namely, the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to consolidated financial statements of Mitsubishi Gas Chemical Co., Inc. (the Company) from April 1, 2017 to March 31, 2018, in accordance with paragraph 4, Article 444 of the Companies Act.

Management's Responsibility for the Financial Statements, etc.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected and applied depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and consolidated subsidiaries and the results of its operations for the period covered thereby in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

As stated in Additional Information, in applying the equity method to the associated company Japan Saudi Arabia Methanol Co., Inc. (Japan Saudi Arabia Methanol), investments in SAUDI METHANOL COMPANY, an overseas associated company of Japan Saudi Arabia Methanol, recognized through application of the equity method are included in the profit and loss of Japan Saudi Arabia Methanol. As of FY2017, SAUDI METHANOL COMPANY's financial statements created in compliance with IFRS are used as a basis. Additionally, in applying the equity method to the overseas associated company Tai Hong Circuit Industrial Co., Ltd., as of FY2017, financial statements created in compliance with IFRS are used as a basis.

This matter doesn't affect our audit opinion.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

(Translation)

Independent Auditors' Audit Report (Certified Copy)

INDEPENDENT AUDITORS' REPORT

May 17, 2018

To: The Board of Directors
Mitsubishi Gas Chemical Company, Inc.

BDO Toyo & Co.

Shinichi Nakashio, CPA
Designated Partner,
Engagement Partner

Kiichi Yonebayashi, CPA
Designated Partner,
Engagement Partner

Hiroaki Izawa, CPA
Designated Partner,
Engagement Partner

We have audited the financial statements of namely, the balance sheet, the statement of income, the statement of changes in net assets, the notes to financial statements and the supporting schedules of Mitsubishi Gas Chemical Co., Inc. (the Company) for the 91st business year from April 1, 2017 to March 31, 2018, in accordance with item 1, paragraph 2, Article 436 of the Companies Act.

Management's Responsibility for the Financial Statements, etc.

Management is responsible for the preparation and fair presentation of the financial statements and the related supporting schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the related supporting schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements and the related supporting schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supporting schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supporting schedules. The procedures selected and applied depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements and the related supporting schedules, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the related supporting schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supporting schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the related supporting schedules referred to above present fairly, in all material respects, the financial position and results of operations of Mitsubishi Gas Chemical Company, Inc. applicable to the 91st fiscal year ended March 31, 2018, in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

(Translation)

Audit & Supervisory Board's Audit Report (Certified Copy)

AUDIT REPORT

We, the Audit & Supervisory Board, deliberated and prepared this audit report as follows on the execution of duties by MGC Directors during the 91st business term from April 1, 2017 to March 31, 2018, based on the audit report prepared by each Audit & Supervisory Board Member:

1. Method and Description of Audit by Audit & Supervisory Board Members and Audit by Audit & Supervisory Board
   (1) We determined the audit policy, audit duty assignments and the like, received reports from each Audit & Supervisory Board Member on individual audit status and results, received reports from the Directors and Independent Auditor on the status of the execution of their duties, and requested explanation as necessary.
   (2) Each Audit & Supervisory Board Member conducted the audit by following method as well as we made efforts to collect information and enhance the auditing environment by communicating with the Directors, Internal Audit Division, other employees, and others in accordance with the Audit & Supervisory Board Members' Audit Standards, audit policy, audit duties, and the like as determined by the Audit & Supervisory Board.
      i) We attended the Board of Directors' Meetings and other important meetings, received reports from Directors, employees and others on the status of execution of their duties, requested explanation as necessary, examined important decision-rendering documents and other documents, and investigated the state of activities and assets at the head office and principal business offices. With respect to subsidiaries, we communicated and exchanged information with the division controlling each subsidiary in MGC, the directors and Audit & Supervisory Board Members of subsidiaries, requested business reports therefrom as necessary, and visited major subsidiaries to investigate the state of activities and assets.
      ii) With respect to the contents of resolutions of the Board of Directors regarding the development of systems necessary to ensure that the execution of duties by directors complies with laws and regulations and the articles of incorporation, and other systems prescribed by Article 100, paragraph 1 and 3 of Ordinance for Enforcement of the Companies Act as systems necessary to ensure the properness of operations of group of enterprises consisting of stock company and its subsidiaries, and the systems developed based on such resolutions (internal control systems), as stated in the business report, we periodically received reports from the Directors, employees and others, requested explanations as necessary and made opinions, regarding establishment and management of such systems.
      iii) We monitored and verified that the Independent Auditor maintained its independence and performed its auditing duties adequately, as well as received reports from the Independent Auditor on the performance status of its duties and requested explanations as necessary. We received a notice from the Independent Auditors to the effect that structures for ensuring that duties are appropriately performed (matters stipulated in the items under Article 131 of the Regulations on Corporate Accounting) were being improved pursuant to Quality Management Standards for Auditing (October 28, 2005; Business Accounting Council) and requested explanations as necessary.

The business report and its supplementary schedules for this business term, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement on changes in net assets and notes to non-consolidated financial statements), their supplementary schedules, and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement on changes in net assets and notes to the consolidated financial statements) for this business term were examined based on the foregoing method.

2. Results of Audit
   (1) Audit Result of Business Report, etc.
      i) The business report and its supporting schedules are recognized as correctly presenting the state of MGC in accordance with the laws, regulations and the Articles of Incorporation.
      ii) No dishonest acts or material violations of laws, regulations or the Articles of Incorporation were recognized in connection with the performance by Directors of their duties.
      iii) We acknowledge that the Board of Directors' resolutions with respect to the internal control

(Translation)

systems are appropriate. We also acknowledge that in terms of the development and maintenance of said systems, continuous improvements are being made and therefore, did not find any matter to be mentioned regarding such internal control systems.

(2) Audit Result of Non-Consolidated Financial Statements and Their Supplementary Schedule
We are of the opinion that the method and results of the audit performed by the Independent Auditor, BDO Toyo & Co., are appropriate.

(3) Audit Result of Consolidated Financial Statements
We are of the opinion that the method and results of the audit performed by the Independent Auditor, BDO Toyo & Co., are appropriate.

May 24, 2018

Mitsubishi Gas Chemical Company, Inc. Audit & Supervisory Board

Audit & Supervisory Board Member(full-time)
(Outside Audit & Supervisory Board Member)
Takashi Kimura

Audit & Supervisory Board Member(full-time)
Takayuki Watanabe

Audit & Supervisory Board Member(full-time)
Katsuhiko Sugita

Outside Audit & Supervisory Board Member
Yasuomi Matsuyama

- END -