[NOTICE: This Notice of Convocation is a translation of a part of the Japanese language original for convenience purposes only, and in the event of any discrepancy, the Japanese language original shall prevail.]

(Securities Code: 3636)
December 1, 2016

To Our Shareholders

Mitsubishi Research Institute, Inc.
10-3, Nagatacho 2-Chome, Chiyoda-Ku, Tokyo
Kyota Omori
President and Representative Director

NOTICE OF CONVOCATION OF THE 47TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

Notice is hereby given that the 47th Annual General Meeting of Shareholders (the "Meeting") of Mitsubishi Research Institute, Inc. (the "Company") will be held as described below. You are cordially invited to attend the Meeting.

If you are unable to attend the Meeting in person, you may exercise your voting rights using one of the methods listed below. In such case, please review the attached Reference Materials for the General Meeting of Shareholders and exercise your voting rights by 5:15 p.m. on Friday, December 16, 2016, by mail (in writing) or via the Internet.

[Exercise of Voting Rights by Mail (in Writing)]

Please indicate your approval or disapproval of the matters for resolution on the enclosed Voting Right Exercise Form and send it by return mail, ensuring that the form reaches the Company no later than the above deadline.

[Exercise of Voting Rights via the Internet]

Please refer to "Instructions for the Exercise of Voting Rights via the Internet" on page 17 and exercise your voting rights by the above deadline.

PARTICULARS

1. **Date and Time of the Meeting:** Monday, December 19, 2016 at 10:00 a.m.

2. **Place of the Meeting:** 4th floor Conference Room at the Head Office of the Company
10-3, Nagatacho 2-Chome, Chiyoda-Ku, Tokyo

3. **Meeting Agenda:**

Matters for Reporting: The Business Report for the fiscal year ended September 30, 2016 (from October 1, 2015 to September 30, 2016), Consolidated and Non-Consolidated Financial Statements, and the Results of the Audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board

Matters for Resolution:

First Item of Business: Appropriation of Surplus
Second Item of Business: Election of Eight (8) Directors
Third Item of Business: Election of Two (2) Audit & Supervisory Board Members
Fourth Item of Business: Determination of the Amount and Contents of Compensation, etc. in Performance-based Stock Remuneration System for Directors, etc.

4. Exercise of Voting Rights

(1) If you exercise voting rights by proxy, please present a document evidencing authority of the proxy together with the Voting Rights Exercise Form to the receptionist at the Meeting. Please note that the proxy must be one shareholder with voting rights as stipulated in the Articles of Incorporation of the Company.

(2) Regarding the exercise of voting rights by mail (in writing), if there is no indication of your approval or disapproval of each item of business, we will deem that you have approved each item.

(3) Please note that if your voting rights were exercised both by mail (in writing) and via the Internet, the Internet vote shall take precedence.

(4) In instances where a shareholder exercises their voting rights more than once via the Internet, the very last vote cast shall take precedence. In instances where a shareholder exercises voting rights using both a personal computer and a mobile phone, the very last vote cast shall take precedence.

[Request to Shareholders]

Shareholders attending the Meeting in person are requested to present the enclosed Voting Rights Exercise Form to the receptionist at the Meeting.

[Announcements]

(1) Consolidated Statements of Changes in Net Assets and Notes to Consolidated Financial Statements, as well as Non-Consolidated Statements of Changes in Net Assets and Notes to Non-Consolidated Financial Statements, are posted on the Company's website (http://www.mri.co.jp/ir/event/meeting.html). They are therefore not included in the attachment, in accordance with laws, regulations and Article 16 of the Company's Articles of Incorporation. The Consolidated and Non-Consolidated Financial Statements attached to this Notice constitute part of the documents audited by the Audit & Supervisory Board Members and Accounting Auditor in preparing their respective Audit Reports.

(2) If any modification is required for the Reference Materials for the General Meeting of Shareholders, the Business Report and the Consolidated and Non-Consolidated Financial Statements, it will be posted on the Company's website (http://www.mri.co.jp/ir/event/meeting.html).

REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS

Items of Business and Reference Matters

First Item of Business: Appropriation of Surplus

Matters concerning the year-end dividends:

The Company aims to contribute to the advancement of customers and society and promote creation of value, through which to realize its sustainable growth and enhance its corporate value. In returning its profits to shareholders, the Company holds a policy of maintaining stable dividend payments while comprehensively taking into account the balance between business results and financial soundness to strive for the increase in dividend levels.

Based on the above policy, the Company plans to pay a year-end dividend of ¥35 per share for the fiscal year ended September 30, 2016. Consequently, the annual dividend for the fiscal year will be ¥65 per share, including an interim dividend of ¥30 per share.

(1) Kind of dividend property
Cash

(2) Matters concerning allocation and the total amount of dividend property for shareholders
Ordinary shares of the Company: ¥35 per share
¥574,835,380 in total

(3) Date on which dividends from surplus shall be effective
December 20, 2016

Second Item of Business: Election of Eight (8) Directors

The terms of office of all seven (7) Directors will expire at the close of this Meeting.
Therefore, you are hereby requested to newly elect eight (8) Directors, an increase by one (1) in the number of Directors to further strengthen the management structure.
The candidates are as follows.

No.	Name		Positions and Responsibilities at the Company
1	Kyota Omori	Reelected	President and Representative Director Officer in Charge of Internal Audit Office
2	Takashi Morisaki	Newly elected	Executive Vice President and Executive Officer
3	Shigeaki Yoshikawa	Newly elected	Executive Vice President and Executive Officer General Manager, Enterprise Management Unit
4	Takehiko Matsushita	Reelected	Director and Executive Officer General Manager, Corporate Administration Unit
5	Nobuo Kuroyanagi	Reelected Outside Director Independent Director	Outside Director
6	Mikio Sasaki	Reelected	Non-Executive Director
7	Kazuo Tsukuda	Reelected Outside Director Independent Director	Outside Director
8	Taga Sota	Reelected Outside Director Independent Director	Outside Director

No.	Name (Date of Birth)	Career Summary, Positions and Responsibilities at the Company and Important Concurrent Positions	Number of the Company's Shares Owned
1	Kyota Omori (March 14, 1948) Reelected	April 1972 Joined The Mitsubishi Bank, Limited June 2003 Managing Director of The Bank of Tokyo-Mitsubishi, Ltd. October 2007 Senior Managing Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd. June 2008 Deputy President of Mitsubishi UFJ Financial Group, Inc. September 2010 Director of Mitsubishi UFJ Financial Group, Inc. December 2010 President and Representative Director of the Company (incumbent) [Positions and Responsibilities at the Company] President and Representative Director Officer in Charge of Internal Audit Office [Important Concurrent Positions] Chairman of the Board of Mitsubishi Research Institute DCS Co., Ltd. Outside Director of NCS&A CO., LTD.	30,100
	[The Reasons for Nomination as Director] Mr. Kyota Omori is once again recommended as a candidate for Director in view of the appropriate performance of his current duties as President and Representative Director of the Company toward the Company's sustainable growth and enhancement of its corporate value in the medium- to long-term, based on his abundant business experience at the Company.		

<table>
<tr><th>No.</th><th>Name
(Date of Birth)</th><th>Career Summary, Positions and Responsibilities at the Company
and Important Concurrent Positions</th><th>Number of the Company's Shares Owned</th></tr>
<tr><td rowspan="2">2</td><td>Takashi Morisaki
(January 1, 1955)

Newly elected</td><td>April 1978 Joined The Mitsubishi Bank, Limited
June 2005 Executive Officer and General Manager, Investment Bank and Asset Management Planning Office of The Bank of Tokyo-Mitsubishi, Ltd.
October 2005 Executive Officer and General Manager, Investment Bank Planning Department of Mitsubishi UFJ Financial Group, Inc.
April 2008 Managing Officer of Mitsubishi UFJ Financial Group, Inc.
Managing Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
May 2010 Managing Executive Officer and Chief Executive Officer, Headquarters for Asia of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
May 2012 Senior Managing Executive Officer and Chief Executive, Global Markets Unit of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
June 2012 Senior Managing Director and Chief Executive, Global Markets Unit of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
July 2012 Managing Officer and Group Head, Integrated Global Markets Business Group of Mitsubishi UFJ Financial Group, Inc.
May 2014 Deputy President of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
June 2016 Corporate Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
September 2016 Senior Counselor of the Company
October 2016 Executive Vice President and Executive Officer of the Company (incumbent)
[Positions and Responsibilities at the Company]
Executive Vice President and Executive Officer</td><td>10,000</td></tr>
<tr><td colspan="3">[The Reasons for Nomination as Director]
Mr. Takashi Morisaki is newly recommended as a candidate for Director as he is expected to appropriately perform his duties toward the Company's sustainable growth and enhancement of the corporate value in the medium- to long-term by taking part in the decision-making process of the Company, based on his years of abundant business experience as an executive of a financial institution.</td></tr>
<tr><td rowspan="2">3</td><td>Shigeaki Yoshikawa
(June 23, 1953)

Newly elected</td><td>April 1977 Joined Mitsubishi Corporation
June 2004 General Manager, Singapore Branch of Mitsubishi Corporation
July 2006 General Manager, Global Strategy & Coordination Dept. of Mitsubishi Corporation
April 2008 Executive Officer and General Manager, Global Strategy & Coordination Dept. of Mitsubishi Corporation
April 2010 Executive Officer and Chief Regional Officer, Europe-CIS, Middle East & Africa of Mitsubishi Corporation
April 2013 Executive Vice President and Regional CEO, Middle East & Central Asia of Mitsubishi Corporation
April 2016 Corporate Advisor of Mitsubishi Corporation
September 2016 Senior Counselor of the Company
October 2016 Executive Vice President and Executive Officer of the Company
November 2016 Executive Vice President and Executive Officer
General Manager, Enterprise Management Unit of the Company (incumbent)
[Positions and Responsibilities at the Company]
Executive Vice President and Executive Officer, General Manager, Enterprise Management Unit</td><td>5,000</td></tr>
<tr><td colspan="3">[The Reasons for Nomination as Director]
Mr. Shigeaki Yoshikawa is newly recommended as a candidate for Director as he is expected to appropriately perform his duties toward the Company's sustainable growth and enhancement of the corporate value in the medium- to long-term by taking part in the decision-making process of the Company, based on his years of abundant business experience as an executive of a general trading company.</td></tr>
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No.	Name (Date of Birth)	Career Summary, Positions and Responsibilities at the Company and Important Concurrent Positions	Number of the Company's Shares Owned
4	Takehiko Matsushita (October 26, 1959) Reelected	April 1983 Joined FUJITSU LIMITED January 1989 Joined the Company October 2006 General Manager, Personnel Division of the Company March 2010 General Manager, Corporate Planning Division of the Company September 2011 General Manager, Corporate Planning Division (concurrently) General Manager, Shared Service Center Preparation Office of the Company December 2011 Director and Executive Officer, General Manager, Corporate Planning Division (concurrently) General Manager, Shared Service Center Preparation Office of the Company April 2012 Director and Executive Officer, General Manager, Corporate Planning Division (concurrently) General Manager, Group Business Division of the Company October 2012 Director and Executive Officer, General Manager, Corporate Planning Division of the Company October 2013 Director and Executive Officer, General Manager, Personnel Division of the Company October 2014 Director and Executive Officer, Assistant General Manager, Corporate Administration Unit (concurrently) General Manager, Personnel Division of the Company October 2015 Director and Executive Officer, Deputy General Manager, Corporate Administration Unit of the Company November 2016 Director and Executive Officer, General Manager, Corporate Administration Unit of the Company (incumbent) [Positions and Responsibilities at the Company] Director and Executive Officer, General Manager, Corporate Administration Unit	6,400
	[The Reasons for Nomination as Director] Mr. Takehiko Matsushita is once again recommended as a candidate for Director in view of the appropriate performance of his current duties as a Director and Executive Officer of the Company, toward the Company's sustainable growth and enhancement of the corporate value in the medium- to long-term, based on his abundant business experience at the Corporate Administration Unit of the Company.		

<table>
<tr><th>No.</th><th>Name
(Date of Birth)</th><th>Career Summary, Positions and Responsibilities at the Company
and Important Concurrent Positions</th><th>Number of the Company's Shares Owned</th></tr>
<tr><td rowspan="2">5</td><td>Nobuo Kuroyanagi
(December 18, 1941)

Reelected
Outside Director
Independent Director</td><td>April 1965 Joined The Mitsubishi Bank, Limited
June 2004 President & CEO of Mitsubishi Tokyo Financial Group, Inc., President of The Bank of Tokyo-Mitsubishi, Ltd.
October 2005 President & CEO of Mitsubishi UFJ Financial Group, Inc.
January 2006 President of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
April 2008 Chairman of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
December 2009 Director of the Company (incumbent)
April 2012 Senior Adviser of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
April 2014 Senior Corporate Adviser of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (incumbent)
[Positions and Responsibilities at the Company]
Outside Director
[Important Concurrent Positions]
Senior Corporate Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Outside Director (Audit and Supervisory Committee Member) of Mitsubishi Heavy Industries, Ltd.
Outside Director of Tokio Marine & Nichido Fire Insurance Co., Ltd.
Outside Corporate Auditor of Tokyo Kaikan Co., Ltd.</td><td>4,100</td></tr>
<tr><td colspan="3">[The Reasons for Nomination as Outside Director]
Mr. Nobuo Kuroyanagi is once again recommended as a candidate for Outside Director in view of the appropriate performance of his current duties as an Outside Director of the Company, including supervision of its business execution, based on his years of broad experience as an executive of financial institutions.</td></tr>
<tr><td rowspan="2">6</td><td>Mikio Sasaki
(October 8, 1937)

Reelected</td><td>April 1960 Joined Mitsubishi Corporation
April 1998 Member of the Board, President & CEO of Mitsubishi Corporation
April 2004 Chairman of the Board of Mitsubishi Corporation
June 2010 Member of the Board and Senior Corporate Advisor of Mitsubishi Corporation
December 2010 Director of the Company (incumbent)
June 2011 Senior Corporate Advisor of Mitsubishi Corporation
April 2016 Senior Corporate Advisor of Mitsubishi Corporation (incumbent)
[Positions and Responsibilities at the Company]
Non-Executive Director
[Important Concurrent Positions]
Senior Corporate Advisor of Mitsubishi Corporation
Outside Director of Tokio Marine Holdings, Inc.</td><td>5,300</td></tr>
<tr><td colspan="3">[The Reasons for Nomination as Director]
Mr. Mikio Sasaki is once again recommended as a candidate for Director in view of the appropriate performance of his current duties as a Director of the Company, including supervision of its business execution, based on his years of broad experience as an executive of a global company.</td></tr>
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<table>
<tr><th>No.</th><th>Name
(Date of Birth)</th><th>Career Summary, Positions and Responsibilities at the Company
and Important Concurrent Positions</th><th>Number of the Company's Shares Owned</th></tr>
<tr><td rowspan="2">7</td><td>Kazuo Tsukuda
(September 1, 1943)

Reelected
Outside Director
Independent Director</td><td>April 1968 Joined Mitsubishi Heavy Industries, Ltd.
June 2003 President and CEO (Member of the Board) of Mitsubishi Heavy Industries, Ltd.
April 2008 Chairman of the Board of Mitsubishi Heavy Industries, Ltd.
December 2010 Director of the Company (incumbent)
April 2013 Director (Member of the Board) and Senior Advisor of Mitsubishi Heavy Industries, Ltd.
June 2013 Senior Advisor of Mitsubishi Heavy Industries, Ltd. (incumbent)
[Positions and Responsibilities at the Company]
Outside Director
[Important Concurrent Positions]
Senior Corporate Advisor of Mitsubishi Heavy Industries, Ltd.
Outside Director of Keihan Holdings Co., Ltd.
Outside Director (Audit and Supervisory Committee Member) of Yamaguchi Financial Group, Inc.
Outside Director of FANUC CORPORATION</td><td>6,700</td></tr>
<tr><td colspan="3">[The Reasons for Nomination as Outside Director]
Mr. Kazuo Tsukuda is once again recommended as a candidate for Outside Director in view of the appropriate performance of his current duties as an Outside Director of the Company, including supervision of its business execution, based on his years of abundant experience as an executive in the manufacturing business.</td></tr>
<tr><td rowspan="2">8</td><td>Taga Sota
(July 27, 1941)

Reelected
Outside Director
Independent Director</td><td>April 1967 Registered as attorney at law and joined Sakaki Tadatsune Law Firm
April 1975 Established Sota Law Office (incumbent)
April 1991 Practicing-Attorney-Professor for Civil Advocacy of the Legal Training and Research Institute, Supreme Court of Japan
May 1998 Commercial Code Committee Member of Legislative Council of the Ministry of Justice
April 1999 Guest Lecturer at Chuo University
November 2000 Public Interests Member of Central Labour Relations Commission
June 2008 Chairperson of JAPAN WOMEN'S BAR ASSOCIATION
December 2012 Director of the Company (incumbent)
[Positions and Responsibilities at the Company]
Outside Director
[Important Concurrent Positions]
Representative of Sota Law Office</td><td>800</td></tr>
<tr><td colspan="3">[The Reasons for Nomination as Outside Director]
Although Ms. Taga Sota has not been directly involved in corporate management, she is once again recommended as a candidate for Outside Director in view of the appropriate performance of her current duties as an Outside Director of the Company, including supervision of its business execution, based on her broad knowledge and experience concerning corporate legal affairs and management operations gained through her years of activities as an attorney.</td></tr>
</table>

(Notes)

1. There are no special interests between any of the candidates for Director and the Company.
2. The three candidates for Director, Messrs. Nobuo Kuroyanagi, Kazuo Tsukuda and Ms. Taga Sota, are candidates for Outside Director. The Company has designated Messrs. Nobuo Kuroyanagi, Kazuo Tsukuda and Ms. Taga Sota as Independent Directors provided for by Tokyo Stock Exchange, Inc. and has notified the Exchange to that effect.
3. Terms of office as Outside Directors of the Company of the candidates for Outside Director at the close of this Meeting are seven (7) years for Mr. Nobuo Kuroyanagi, six (6) years for Mr. Kazuo Tsukuda and four (4) years for Ms. Taga Sota.
4. The Company has entered into liability limitation agreements with the four (4) Directors, namely Messrs. Nobuo Kuroyanagi, Mikio Sasaki, Kazuo Tsukuda and Ms. Taga Sota, whereby, in accordance with the provisions of Paragraph 1 of Article 427 of the Companies Act, their liability for damages stipulated in Paragraph 1 of Article 423 of the said Act is limited to the amount as prescribed by the relevant laws and regulations, insofar as they execute their duties bona fide without gross negligence. If the four (4) Directors, Messrs. Nobuo Kuroyanagi, Mikio Sasaki, Kazuo Tsukuda and Ms. Taga Sota, are elected, such agreements shall be continued.

Third Item of Business: Election of Two (2) Audit & Supervisory Board Members

The terms of office of Audit & Supervisory Board Members Akira Kozu and Toshihiko Matsumiya will expire at the close of this Meeting.

Therefore, you are hereby requested to newly elect two (2) Audit & Supervisory Board Members.

The Audit & Supervisory Board has given its consent for this proposal.

The candidates are as follows.

No.	Name		Positions at the Company
1	Koichi Nishioka	Newly elected	Executive Officer Assistant to Audit & Supervisory Board Member
2	Toshihiko Matsumiya	Reelected Outside Audit & Supervisory Board Member Independent Auditor	Outside Audit & Supervisory Board Member

No.	Name (Date of Birth)	Career Summary, Positions at the Company and Important Concurrent Positions	Number of the Company's Shares Owned
1	Koichi Nishioka (February 16, 1958) Newly elected	April 1985 Joined the Company April 2000 General Manager, Information Strategy Consulting Division of the Company October 2003 General Manager, Financial Solution Business Division of the Company October 2007 General Manager, Financial Solution Division of the Company December 2009 Executive Officer and General Manager, Financial Solution Division of the Company October 2010 Executive Officer and General Manager, Planning and Administration Office of Solution Unit of the Company October 2012 Executive Officer and General Manager, Planning and Administration Office of Consulting Unit of the Company October 2013 Executive Officer, General Manager, Information Systems Management Division (concurrently) General Manager, Project Management Center of the Company October 2015 Executive Officer, Deputy General Manager, Corporate Administration Unit (concurrently) General Manager, Risk and Quality Management Division of the Company October 2016 Executive Officer and Assistant to Audit & Supervisory Board Member of the Company (incumbent) [Positions at the Company] Executive Officer and Assistant to Audit & Supervisory Board Member	6,400
	[The Reasons for Nomination as Audit & Supervisory Board Member] Mr. Koichi Nishioka is newly recommended as a candidate for Audit & Supervisory Board Member as he is expected to appropriately perform his duties as an Audit & Supervisory Board Member of the Company, including audit on its business execution, based on his abundant business experience at Business Unit and Corporate Administration Unit of the Company.		

No.	Name (Date of Birth)	Career Summary, Positions at the Company and Important Concurrent Positions	Number of the Company's Shares Owned
2	Toshihiko Matsumiya (October 3, 1947) Reelected Outside Audit & Supervisory Board Member Independent Auditor	April 1971 Joined PIONEER CORPORATION July 1972 Joined Ryutsu-Giken, Co., Ltd. October 1979 Joined Deloitte Haskins & Sells (current Deloitte Touche Tohmatsu LLC) March 1983 Registered as Certified Public Accountant November 1987 Stationed at Toronto Office, Canada of Deloitte Haskins & Sells July 1991 Employee (Partner) of Tohmatsu & Co. (current Deloitte Touche Tohmatsu LLC) October 2011 Established Toshihiko Matsumiya Certified Public Accountancy Office (incumbent) December 2012 Audit & Supervisory Board Member of the Company (incumbent) [Positions at the Company] Outside Audit & Supervisory Board Member [Important Concurrent Positions] Representative of Toshihiko Matsumiya Certified Public Accountancy Office Outside Audit & Supervisory Board Member of DAIICHI JITSUGYO CO., LTD. Independent Director (Audit/Supervisory Committee Member) of Terumo Corporation	1,700
	[The Reasons for Nomination as Outside Audit & Supervisory Board Member] Although Mr. Toshihiko Matsumiya has not been directly involved in corporate management, he is once again recommended as a candidate for Outside Audit & Supervisory Board Member in view of the appropriate performance of his duties as an Outside Audit & Supervisory Board Member of the Company, including audit on its business execution, based on his abundant experience and expertise as a certified public accountant.		

(Notes)

1. There are no special interests between any of the candidates for Audit & Supervisory Board Member and the Company.
2. The candidate for Audit & Supervisory Board Member, Mr. Toshihiko Matsumiya, is a candidate for Outside Audit & Supervisory Board Member. The Company has designated him as an Independent Auditor provided for by Tokyo Stock Exchange, Inc. and has notified the Exchange to that effect.
3. The term of office as an Audit & Supervisory Board Member of the Company of the candidate for Outside Audit & Supervisory Board Member Mr. Toshihiko Matsumiya is four (4) years at the close of this Meeting.
4. The Company has entered into a liability limitation agreement with Mr. Toshihiko Matsumiya, whereby, in accordance with the provisions of Paragraph 1 of Article 427 of the Companies Act, his liability for damages stipulated in Paragraph 1 of Article 423 of the said Act is limited to the amount as prescribed by the relevant laws and regulations, insofar as he executes his duties bona fide without gross negligence. The agreement shall be continued subject to the election of Mr. Toshihiko Matsumiya. If Mr. Koichi Nishioka is elected, the Company intends to enter into an agreement to the same effect with him.

Fourth Item of Business: Determination of the Amount and Contents of Compensation, etc. in Performance-based Stock Remuneration System for Directors, etc.

The compensation for Directors of the Company (excluding Outside Directors and Non-Executive Directors, the same shall apply in this Item of Business) has consisted of "base compensation" and "variable compensation" (monetary compensation). As part of a review of the officers' remuneration system for Directors, Executive Officers and Research Fellows (excluding residents outside Japan, hereinafter, "Directors, etc.") of the Company, it is proposed that a performance-based stock remuneration system (hereinafter, the "System") be newly introduced, whereby the shares of the Company are delivered based on the degree of accomplishment of the business targets.

The purpose of introducing the System is to shed further light on the link between the compensation for Directors, etc. and the business performance of the Company's Group, and to motivate them to make contributions to improving the mid- to long-term business performance of the Compnay's Group and enhancing corporate value. Accordingly, we believe that the introduction of the System is reasonable.

This Item of Business proposes that a stock remuneration be provided to Directors, etc. based on the degree of accomplishment of business performance, etc. in each fiscal year, separately from the amount of maximum compensation (600 million yen per year) for Directors approved at the 38th Annual General Meeting of Shareholders held on December 14, 2007.

The number of Directors who are eligible for the System will be four (4), if the Second Item of Business: "Election of Eight (8) Directors" is approved as proposed. Additionally, as mentioned above, the System also covers Executive Officers and Research Fellows (at present, the number of Executive Officers and Research Fellows who do not concurrently serve as Directors and are eligible for the System is ten (10)), therefore, compensation based on the System is extended to Executive Officers and Research Fellows. This Item of Business seeks to propose the amount and contents of compensation for Directors, etc., in relation to overall compensation based on the System, taking into account the possibility that these Executive Officers and Research Fellows may newly assume the office of Directors during the target period of this Trust (as defined in (2) below).

In addition, if this Item of Business is approved as proposed, the remuneration system for Directors, etc. will transition to a performance-based remuneration system consisting of a base compensation and a variable compensation, with a portion of the variable compensation provided as stock remuneration.

The Amount and Contents of Compensation, etc. of the System

(1) The System Summary

The System is a stock remuneration system where the Trust acquires shares of the Company using the amount of compensation for Directors, etc. contributed by the Company as the principal, and delivers and pays (hereinafter, "Delivery, etc.") shares of the Company and cash equivalent of the conversion value of the said shares (hereinafter, "Company Shares, etc."). (Please see (2) and below for details.)

1) Persons eligible for the Delivery, etc. of the Company Shares, etc. under this Item of Business	・ Directors, etc. of the Company

2) Impact of the shares of the Company under this Item of Business on the total number of shares issued and outstanding	
The upper limit of the amount of money to be contributed by the Company (as described in (2) below)	・ A total of 450 million yen for the target period consisting of three fiscal years ・ However, a total of 600 million yen for the initial target period consisting of four fiscal years starting from the current fiscal year

The upper limit of the number of the Company Shares, etc. that Directors, etc. receive from the Delivery, etc., and method of acquiring the shares of the Company (as described in (2) and (3) below)	・ The upper limit of the Share Granting Points to be granted to Directors, etc. per fiscal year is 60,000 points. The upper limit of the total number of Company Shares, etc. that Directors, etc. receive from the Delivery, etc. is 180,000 shares during the target period consisting of three fiscal years (however, 240,000 shares during the initial target period consisting of four fiscal years) ・ The number of the shares of the Company corresponding to the upper limit of the Share Granting Points to be granted to Directors, etc. per fiscal year as mentioned above corresponds to approximately 0.4% of the total number of shares issued and outstanding (as of September 30, 2016, after deduction of treasury shares) ・ As the shares of the Company will be acquired from the stock market, shares will not be diluted

3) Contents of conditions for accomplishment of business performance (as described in (3) below)	・ Fluctuates according to the degree of accomplishment of profit attributable to owners of parent and rate of increase in market capitalization, etc. in each fiscal year ・ The number of shares will be determined within the range of 0% to 150%

4) Timing of Delivery, etc. of Company Shares, etc. to Directors, etc. (as described in (4) below)	・ As a general rule, after resignation

(2) The upper limit of the amount to be contributed by the Company

Including cases where a trust period is extended as set forth in the fourth paragraph of this (2), the Company, in principle, sets three (3) fiscal years corresponding to the period covered by the medium-term management plan as a target period of the System (the period set as a target of the System is hereinafter referred to as “Target Period”).

However, as the Company is currently progressing with the medium-term management plan that covers the three fiscal years from the fiscal year ended September 30, 2015 to the fiscal year ending September 30, 2017, in order to include the remaining period of the said medium-term management plan in the initial Target Period, the initial Target Period of the System that will be implemented from the current fiscal year is set as the four fiscal years from the fiscal year ending September 30, 2017 to the fiscal year ending Sep

tember 30, 2020 (hereinafter, “Initial Target Period”).

The Company will contribute money with an upper limit of 450 million yen as the total for every Target Period (600 million yen for the Initial Target Period) as compensation for Directors, etc. and establish a trust (hereinafter, “Trust”) with three year trust period (four year trust period for the Initial Target Period) wherein the Directors, etc. who meet the beneficiary requirements are the beneficiaries. Shares of the Company will be acquired from the stock market using the trust money in accordance with the instructions of the trust caretaker. The Company will grant the Share Granting Points (as defined in (3) below) to Directors, etc. every year during the trust period. The Delivery, etc. of the Company Shares, etc. corresponding to the cumulative value of the Share Granting Points (hereinafter, “Cumulative Share Granting Points”) will be carried out through the Trust after the resignation of Directors, etc. (if it is decided that Directors, etc. will be residents outside Japan due to overseas assignment, then after such decision; if Directors, etc. passed away, then after such passing. The same shall apply hereafter).

In addition, the Trust may be continued, by changing the trust agreement and entrusting additional money,

in lieu of establishing a new Trust, at the expiration of the trust period of the Trust. In such cases, the Company may further extend the trust period of the Trust by three (3) years, and set the three (3) fiscal years after the extension of the trust period as a new Target Period. The Company will then entrust additional money to the Trust per each extended trust period to the extent of the upper limit of 450 million yen as a total, and continue the grant of Share Granting Points to Directors, etc. during the Target Period pertaining to the extended trust period. However, in cases where such additional entrustment is made and there are remaining shares of the Company (excluding Company shares, etc. corresponding to the Share Granting Points granted to the Directors, etc., of which Delivery, etc. has not been completed) and money (hereinafter, the "Remaining Company Shares, etc.") in the trust assets as of the last day of the trust period before extension, the total amount of the Remaining Company Shares, etc. and the additional contribution of trust money shall be within the upper limit of 450 million yen.

Upon termination of the trust period, if there are any incumbent Directors, etc. who possibly satisfy the beneficiary requirements, Share Granting Points will no longer be granted to the said Directors, etc. thereafter. However, the trust period of the Trust may be extended for a certain period of time until the Delivery, etc. of the Company Shares, etc. to such Directors, etc. is completed.

(3) Calculation method and the maximum amount of the number of the shares of the Company (including the number of shares subject to conversion into cash) for Delivery, etc. to Directors, etc.

The number of the shares of the Company for Delivery, etc. to Directors, etc. (including the number of shares subject to conversion into cash) will be determined based on the Cumulative Share Granting Points as defined below. One Share Granting Point shall be equal to one share, and fractions less than one Share Granting Point will be rounded down. If the shares of the Company belonging to the Trust are increased or decreased due to a share split, an allotment of shares without contribution or a reverse share split, the Company will adjust the number of the shares of the Company (including the number of shares subject to conversion into cash) for Delivery, etc. per Share Granting Point according to the ratio of such increase or decrease.

For the Directors, etc., in every December during the trust period, points obtained by multiplying the base point to be calculated based on office rank by the performance-based coefficient that fluctuates according to the degree of accomplishment of business performance for the fiscal year ending September 30 of the same year (the fiscal year ending September 30, 2017 for the initial period. Hereinafter, "Target Fiscal Year.") will be granted as Share Granting Points. Calculation formulas for base point and Share Granting Point are as shown below.

Share Granting Point will fluctuate within the range of 0% to 150% of base point, according to the degree of accomplishment of business performance. Indicators to evaluate the degree of accomplishment of business performance are profit attributable to owners of parent and market capitalization, etc.

(Calculation formula for base point)

Base point = total of (amount of stock remuneration predetermined by office rank x the number of months in office during the Target Fiscal Year for each office rank / 12 months) / the average of closing prices of the shares of the Company for the month of February 2017 (*) on the Tokyo Stock Exchange, Inc. (fractions after the decimal point to be rounded down)

* In cases where the Trust is continued as defined in the fourth paragraph of (2) above, the month that includes the first day of the trust period extended

(Calculation formula for Share Granting Point)

Share Granting Point = base point x performance-based coefficient according to the degree of accomplishment of business performance for the Target Fiscal Year (fractions after the decimal point to be rounded down)

Additionally, to Directors, etc. who resigned, passed away or whose overseas assignment are decided in

the middle of a fiscal year during the Target Period, base point that is in accordance with the period of service up to resignation or overseas assignment during the fiscal year shall be granted as the Share Granting Points pertaining to such fiscal year, instead of applying the performance-based coefficient.

After resignation, passing or decision on overseas assignment of such Directors, etc., Cumulative Share Granting Points will be calculated, and Delivery, etc. of Company Shares, etc. corresponding to Cumulative Share Granting Points will be conducted.

The total number of Share Granting Points to be granted to Directors, etc. during the trust period of the Trust shall be up to 60,000 points per fiscal year. The total number of Share Granting Points to be granted to Directors, etc. during Target Period shall be up to 180,000 points (however, 240,000 points for Initial Target Period as it covers four fiscal years). This upper limit of the total number of Share Granting Points has been determined based on the upper limit of trust money mentioned in (2) above and in reference to past stock prices, etc.

(4) Timing and Method of Delivery, etc. of Company Shares, etc. to Directors, etc.

Directors, etc., who satisfy the beneficiary requirements shall be granted the Delivery, etc. of Company Shares, etc. corresponding to Cumulative Share Granting Points to be calculated based on (3) above, after the resignation, passing, or decision on overseas assignment of such Directors, etc.

In cases where Directors, etc., who satisfy the beneficiary requirements resign, such Directors, etc. shall receive the shares of the Company (shares less than one unit to be rounded down) corresponding to the 70% of such Share Granting Points, and the remaining will be converted within the Trust and the cash equivalent of the conversion value shall be paid. In cases where Directors, etc., who satisfy the beneficiary requirements have passed away, a heir of such Directors, etc. shall receive the cash equivalent of the conversion value of the shares of the Company converted within the Trust, corresponding to Cumulative Share Granting Points to be calculated based on (3) above after the passing. In cases where Directors, etc., who satisfy the beneficiary requirements are to leave Japan due to overseas assignment, it shall be handled in the same way as in the case of passing of Directors, etc., and such Directors, etc. shall receive the cash equivalent of the conversion value of the shares of the Company converted within the Trust, corresponding to Cumulative Share Granting Points to be calculated after the decision on the overseas assignment.

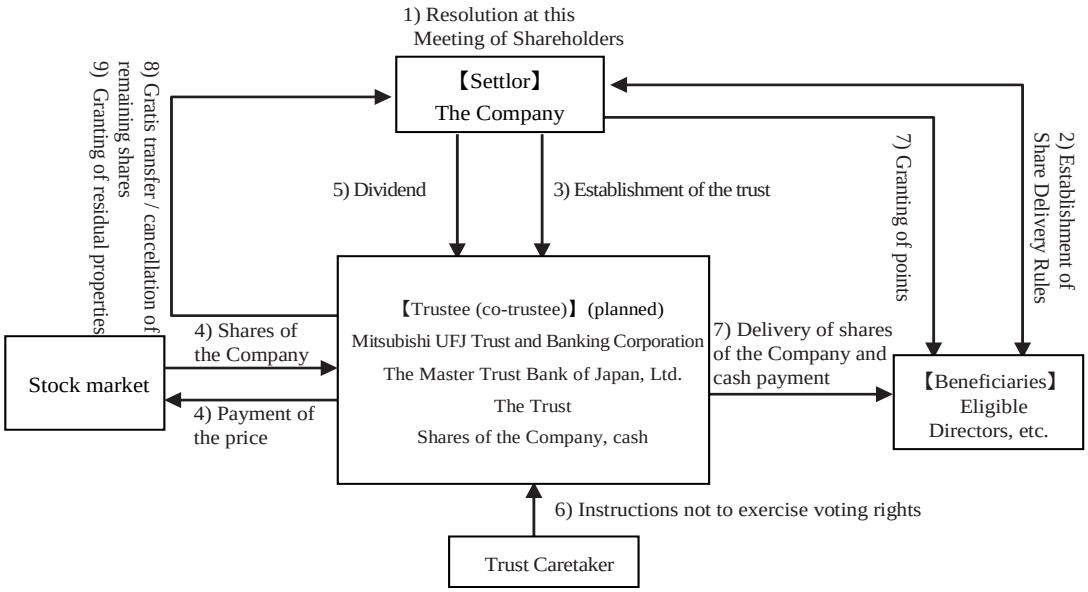
(5) The voting rights of the shares of the Company in the Trust

The voting rights of the shares of the Company in the Trust will not be exercised during the trust period, to maintain the neutrality of the Company management.

(6) Other contents of the System

Other contents regarding the System will be determined by the Board of Directors on each occasion such as establishment of the Trust, changing the trust agreement and entrusting additional money to the Trust.

(Reference): The System Summary (an excerpt from the press release "Notice of Introduction of Performance-based Stock Remuneration System" dated November 18, 2016)



1) The Company will adopt a resolution approving the introduction of the System at this Meeting.
2) The Company will establish the Share Delivery Rules concerning the contents of the System at the Board of Directors' meeting.
3) The Company will contribute money within the limit approved by the resolution at the Meeting of Shareholders referred to in 1) above, and establish a trust whose beneficiaries are the Directors, etc. who satisfy the beneficiary requirements (the "Trust").
4) The Trust will acquire shares of the Company from the stock market using the trust money contributed in 3) above in accordance with the instructions of the trust caretaker. The number of the shares to be acquired by the Trust shall be within the limit approved by the resolution at the Meeting of Shareholders referred to in 1) above.
5) Dividends on the shares of the Company in the Trust will be paid in the same manner as those on the other shares of the Company.
6) The voting rights of the shares of the Company in the Trust will not be exercised during the trust period.
7) Every year during the trust period, certain points will be granted to Directors, etc. according to office rank and the degree of accomplishment of business performance, etc. in each fiscal year. Directors, etc. who satisfy the certain beneficiary requirements will, in principle, after their resignation, receive delivery of the shares of the Company in the number corresponding to a certain percentage of the cumulative points and the provision of cash equivalent to the conversion value of the shares of the Company corresponding to the remaining points after they are converted within the trust in accordance with the provisions of the trust agreement.
8) In cases where there are remaining shares at the expiration of the trust period due to, for example, underachievement of business targets, the Company plans to either continue to use the Trust by changing the trust agreement and entrusting additional money or, to acquire the remaining shares through a gratis transfer from the Trust and cancel them by a resolution of the Board of Directors.
9) Any residual property remaining at the termination of the Trust after all required distributions to beneficiaries will be attributable to the Company within the limit of the trust expense reserve, which is calculated by deducting the funds to acquire shares from the trust money. Any residual property in excess of the trust expense reserve will be donated to an organization in which the Company and the Directors, etc. do not have any interest.

Procedures for the Exercise of Voting Rights via the Internet

Please refer to the following instructions on how to exercise your voting rights via the Internet.
You do not need to exercise your voting rights by mail (in writing) or via the Internet if you are attending the Meeting.

1. About the Voting Right Exercise Website
   (1) The exercise of voting rights via the Internet is only available by accessing the voting right exercise website designated by the Company (http://www.evote.jp/) through a personal computer, smartphone or mobile phone (i-mode, EZweb or Yahoo! Keitai)*. (The site is closed from 2:00 a.m. to 5:00 a.m. every day.)
   * "i-mode" is a trademark of NTT DOCOMO, Inc., "EZweb" is a trademark of KDDI Corporation and "Yahoo!" is a trademark and registered brand of Yahoo! Inc. of the United States.
   (2) Exercise of voting rights by personal computers or smartphones may not be available depending on the internet environment of the shareholder, such as firewalls, etc. for internet connection, setting of anti-virus software and proxy servers.
   (3) For the exercise of voting rights via mobile phone, please use either i-mode, EZweb or Yahoo! Keitai services. For security purposes, the site is not accessible from handsets incapable of SSL encrypted communication and mobile data transmission.
   (4) Although voting rights may be exercised via the Internet until 5:15 p.m. on Friday, December 16, 2016, please exercise your voting rights at your earliest convenience and contact the Help Desk for any inquiries.

2. How to Exercise Voting Rights via the Internet
   (1) At the voting right exercise website (http://www.evote.jp/), please use the Login ID and temporary password provided on the Voting Rights Exercise Form and follow the instructions provided on the screen to indicate your approval or disapproval.
   (2) In order to prevent illegal access (i.e. impersonation by a third party) as well as the falsification of voting results, shareholders will be asked to change their temporary password once they access the voting right exercise website.
   (3) The Company will provide shareholders with new Login IDs and temporary passwords with each convocation of General Meeting of Shareholders.

3. Multiple Exercises of Voting Rights
   (1) Please note that if your voting rights were exercised both by mail (in writing) and via the Internet, the Internet vote shall take precedence.
   (2) In instances where a shareholder exercises their voting rights more than once via the Internet, the very last vote cast shall take precedence. In instances where a shareholder exercises voting rights using both a personal computer and a mobile phone, the very last vote cast shall take precedence.

4. Costs for Accessing the Voting Right Exercise Website
   Costs for accessing the voting right exercise website (Internet connection fees, telephone fees, etc.) shall be borne by shareholders. When using a mobile phone, costs such as packet communication fees or other fees for using the mobile phone will be necessary and these shall also be borne by shareholders.

Inquiries on the Systems Mitsubishi UFJ Trust and Banking Corporation, Transfer Agent Department (Help Desk) Toll-free number (Japan only): 0120-173-027 (Office hours: From 9:00 a.m. to 9:00 p.m.)

Shareholders participating in the "Electronic Proxy Voting Platform" managed by ICJ, Inc. may place their votes through this platform.