

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Stock Exchange Code: 9438
December 4, 2015

To Shareholders with Voting Rights:

Toshihiro Maeta
President and Chief Executive Officer
MTI Ltd.
3-20-2 Nishi-Shinjuku, Shinjuku-ku,
Tokyo, Japan

**NOTICE OF
THE 20TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 20th Annual General Meeting of Shareholders of MTI Ltd. (the "Company"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:30 p.m. on Tuesday, December 22, 2015, Japan time.

- 1. Date and Time:** December 23, 2015 (Wednesday, holiday) at 10:00 a.m. Japan time
- 2. Place:** Hall of Bellesalle Nishi-Shinjuku on the first floor of Sumitomo Fudosan Nishi-Shinjuku Building No. 3, located at 15-3, Nishi-Shinjuku 4-chome, Shinjuku-ku, Tokyo, Japan
- 3. Meeting Agenda:**
 - Matters to be reported:** The Business Report, Consolidated Financial Statements for the Company's 20th Fiscal Year (October 1, 2014 – September 30, 2015), results of audits by the Accounting Auditor and the Board of Statutory Auditors of the Consolidated Financial Statements and Non-consolidated Financial Statements for the Company's 20th Fiscal Year
 - Proposals to be resolved:**
 - Proposal 1:** Appropriation of surplus
 - Proposal 2:** Partial amendment to the articles of incorporation
 - Proposal 3:** Election of 8 directors
 - Proposal 4:** Election of 1 statutory auditor
 - Proposal 5:** Revision in the amount of remuneration for directors
 - Proposal 6:** Revisions in the amount of stock option remuneration for directors and its content

◎ Notes

(1) Exercise of voting rights by proxy

If you are unable to attend the meeting, you can delegate another shareholder as a proxy, who also owns voting rights of the Company, to attend the General Meeting of Shareholders. In such a case, please have your proxy submit a written power of attorney, as well as the Voting Rights Exercise Form at the reception desk.

(2) Documents provided on the Internet

Based on the provisions stipulated in relevant laws and regulations and Article 15 of the Company's articles of incorporation, the following materials are posted on the Company's website (<http://www.mti.co.jp/>) and are therefore not included in the Appendix to this convocation notice.

- 1) "Consolidated statement of changes in equity" and "Notes to the Consolidated Financial Statements" in the Consolidated Financial Statements
- 2) "Statement of changes in equity" and "Notes to the Non-consolidated Financial Statements" in the Non-consolidated Financial Statements

The Consolidated Financial Statements and Non-consolidated Financial Statements audited by Accounting Auditor and the Board of Statutory Auditors are each item on the Appendix to this Convocation Notice of the General Meeting of Shareholders, Consolidated statement of changes in equity, Notes to the Consolidated Financial Statements, Statement of changes in equity, and Notes to the Consolidated Financial Statements in the above 1) and 2).

(3) Method to announce the revisions in the Reference Documents for the General Meeting of Shareholders and Business Report, as well as in Non-consolidated Financial Statements and Consolidated Financial Statements

Should the Reference Documents for the General Meeting of Shareholders and Business Report, as well as Non-consolidated Financial Statements and Consolidated Financial Statements require revisions, the revised versions will be posted on the Company's website (<http://www.mti.co.jp/>).

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of surplus

The Company positions the increase of its market capitalization through the creation and enhancement of corporate value and continuous distribution of profits to shareholders as priority management issues.

With regard to dividends, since the consolidated performance during the current fiscal year greatly exceeded the previous forecast reaching a record-high, it is proposed as follows.

As a result, the annual dividend per share for the current fiscal year increased by 5.50 yen year on year to 14 yen.

Matters concerning the year-end dividend:

- (1) Matters concerning the allotment of dividend property to shareholders and total amount thereof:
8 yen per share of the Company's common stock, in a total amount of 455,726,976 yen

- (2) The effective date of the dividend of surplus
December 24, 2015

(Note) Due to the 2-for-1 common stock split effective April 1, 2015, the interim dividend (12 yen per share) will correspond to 6 yen per share. As a result, the annual dividend per share will be 14 yen per share, added with the above mentioned year-end dividend of 8 yen. When the aforementioned stock split is taken into account, the annual dividend per share for the previous fiscal year corresponds to 8.50 yen.

Proposal 2: Partial amendment to the articles of incorporation

1. Reasons for the amendment

- (1) In order to conform to the future business development, business objects are to be added to Article 2 (Purpose) of the Company's current articles of incorporation.
- (2) The Act Partially Amending the Companies Act (Act No. 90 of 2014) came into effect on May 1, 2015, allowing companies to enter into a liability limitation agreement with directors other than executive directors, etc. and with statutory auditors other than external statutory auditors. In line with this change, Article 27 (Exemption of liability of directors) Paragraph 2 and Article 36 (Exemption of liability of statutory auditors) Paragraph 2 are to be partially amended. With regard to the amendment to Article 36, each statutory auditor has given prior consent thereto.

2. Content of the amendment

Content of the amendment is as follows:

(Only the provisions to be amended are shown below. Amended parts are underlined.)

Current	Proposed amendment
<p>(Purpose) Article 2. The purpose of the Company shall be to engage in the following businesses: 1. to 33. (Omitted) (Newly established) (Newly established) (Newly established) (Newly established) (Newly established) (Newly established) (Newly established) <u>34.</u> Other commercial services in general <u>35.</u> Any and all businesses incidental or relating to the preceding items</p>	<p>(Purpose) Article 2. The purpose of the Company shall be to engage in the following businesses: 1. to 33. (Unchanged) <u>34. Consulting service related to medical and health care</u> <u>35. Import and export, development, manufacturing and sales of products related to medical and health care</u> <u>36. Gathering, analysis and provision of information related to medical and health care</u> <u>37. Creation and provision of database</u> <u>38. Provision of genetic test and analysis service</u> <u>39. Sales of tools and equipment for genetic test and analysis</u> <u>40. Analysis service of genetic test results</u> <u>41.</u> Other commercial services in general <u>42.</u> Any and all businesses incidental or relating to the preceding items</p>
<p>(Exemption of liability of directors) Article 27. (Omitted) 2. In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with <u>external</u> directors for the purpose of limiting their liabilities for compensation of damages due to the failure to perform their duties to the sum of the amounts stipulated in each item of Article 425, Paragraph 1 of the said Act.</p>	<p>(Exemption of liability of directors) Article 27. (Unchanged) 2. In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with directors (<u>excluding executive directors, etc.</u>) for the purpose of limiting their liabilities for compensation of damages due to the failure to perform their duties to the sum of the amounts stipulated in each item of Article 425, Paragraph 1 of the said Act.</p>
<p>(Exemption of liability of statutory auditors) Article 36. (Omitted) 2. In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with <u>external</u> statutory auditors for the purpose of limiting their liabilities for compensation of damages due to the failure to perform their duties to the sum of the amounts stipulated in each item of Article 425, Paragraph 1 of the said Act.</p>	<p>(Exemption of liability of statutory auditors) Article 36. (Unchanged) 2. In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with statutory auditors for the purpose of limiting their liabilities for compensation of damages due to the failure to perform their duties to the sum of the amounts stipulated in each item of Article 425, Paragraph 1 of the said Act.</p>

Proposal 3: Election of 8 directors

All eight directors will resign at the conclusion of this Annual General Meeting of Shareholders due to the expiration of their terms of office. Accordingly, the election of eight directors is proposed.

The candidates for director are as follows:

No.	Name		
1	<u>Reelected</u>	Toshihiro Maeta	
2	<u>Reelected</u>	Hiroshi Izumi	
3	<u>Reelected</u>	Yoshihiro Shimizu	
4	<u>Reelected</u>	Katsunori Osawa	
5	<u>Reelected</u>	Hiroshi Matsumoto	
6	<u>Reelected</u>	Masaya Onagi	<u>External director</u> <u>Independent director</u>
7	<u>Newly elected</u>	Muzhi Zhou	<u>External director</u> <u>Independent director</u>
8	<u>Newly elected</u>	Hikaru Yamamoto	<u>External director</u> <u>Independent director</u>

No.	Name (Date of birth)	Past experience, significant concurrent positions, positions and responsibilities at the Company	Number of shares of the Company held
1	<u>Reelected</u> Toshihiro Maeta (January 19, 1965)	<p>April 1987 Joined Japan IBM, Ltd. December 1988 Joined HIKARI TSUSHIN, INC. August 1989 Director of HIKARI TSUSHIN, INC. July 1994 Managing Director of HIKARI TSUSHIN, INC. August 1996 Established the Company President and Chief Executive Officer (current position)</p> <p>(Reason for election as a candidate for director) Since founding the Company in 1996, Mr. Maeta has played a leading role in expanding its business as President and Chief Executive Officer. The Company reelected him as a candidate for director, based on the judgment that he is capable of making decisions on the important management matters of the Company, and his leadership over all the officers and employees, drawing on his knowledge and experience in overall management he has gained to date.</p>	11,856,400
2	<u>Reelected</u> Hiroshi Izumi (February 26, 1965)	<p>April 1987 Joined Japan IBM, Ltd. June 1997 Joined Microsoft Japan Co., Ltd. February 1999 Joined the Company November 1999 Operating Officer and General Manager of IT Business Department of the Company November 2002 Operating Officer and General Manager of Mobile Service Division of the Company December 2002 Director and General Manager of Mobile Service Division of the Company December 2004 Director, Senior Managing Operating Officer and General Manager of Mobile Service Division of the Company January 2007 Director, Operating Vice President and General Manager of Mobile Service Division of the Company December 2009 Executive Vice President and General Manager of Mobile Service Division of the Company February 2010 Executive Vice President of the Company June 2012 Executive Vice President and General Manager of Healthcare Business Division of the Company February 2014 Executive Vice President, General Manager of Mobile Service Division, and General Manager of Healthcare Business Division of the Company July 2014 Executive Vice President and General Manager of Life and Healthcare Business Division of the Company April 2015 Executive Vice President and General Manager of Digital Content Division of the Company (current positions, in charge of Solution Business Department)</p> <p>(Reason for election as a candidate for director) Mr. Izumi assumed the office of director of the Company in 2002 and of Executive Vice President from 2009. Drawing on his business experience at a major IT vendor, he has held key positions in IT development of the Company, in addition to service planning. The Company reelected him as a candidate for director, based on the judgment that he is capable of making decisions on the important management matters of the Company, due to his broad expertise in overall IT service from planning to development.</p>	226,000

No.	Name (Date of birth)	Past experience, significant concurrent positions, positions and responsibilities at the Company	Number of shares of the Company held
3	<div style="border: 1px solid black; display: inline-block; padding: 2px;">Reelected</div> Yoshihiro Shimizu (September 26, 1955)	<p>October 1983 Joined RIKEI CORPORATION</p> <p>December 1992 Seconded to Gnosis Pacific Co., Ltd.</p> <p>October 1994 Representative Director of Gnosis Pacific Co., Ltd.</p> <p>October 1997 Deputy General Manager of Sales Division, transcosmos inc.</p> <p>October 1999 Established i2ts, inc. Representative Director of i2ts, inc.</p> <p>December 1999 Director of the Company</p> <p>January 2004 Technical Adviser of nucleus Co., Ltd.</p> <p>September 2005 Director of nucleus Co., Ltd.</p> <p>December 2006 Senior Operating Officer and CTO of the Company</p> <p>December 2007 Director, Managing Operating Officer & CTO, and General Manager of IT Center of the Company</p> <p>December 2009 Director and CTO, and General Manager of Smart Business Department of the Company</p> <p>November 2011 Director and General Manager of mopita Business Department of the Company</p> <p>January 2013 Senior Managing Director and General Manager of music.jp Business Division of the Company</p> <p>April 2014 Senior Managing Director and General Manager of Digital Contents Division of the Company</p> <p>April 2015 Senior Managing Director and General Manager of Life and Healthcare Business Division of the Company</p> <p>June 2015 Senior Managing Director, General Manager of Lifestyle Business Division, and General Manager of Healthcare Business Division of the Company (current position)</p>	39,600
		<p>(Reason for election as a candidate for director)</p> <p>Mr. Shimizu assumed the office of director of the Company in 1999. He has broad expertise in IT service, including planning, development, and system operation, and has experience both in consumer business and customer business. The Company reelected him as a candidate for director, based on the judgment that he is capable of making decisions on the important management matters of the Company by drawing on his wealth of experience in the IT business.</p>	

No.	Name (Date of birth)	Past experience, significant concurrent positions, positions and responsibilities at the Company	Number of shares of the Company held
5	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reelected</div> Hiroshi Matsumoto (August 17, 1969)	<p>April 1992 Joined The Fuji Bank (current Mizuho Financial Group, Inc.) May 1999 Joined CAC Corporation October 2002 Joined USJ Co., Ltd. October 2004 Joined the Company February 2008 Operating Officer, General Manager of Corporate Planning Office and General Manager of Public Relations and IR Office of the Company January 2009 Operating Officer and General Manager of Corporate Planning Division of the Company January 2010 Senior Operating Officer and General Manager of Corporate Planning Division of the Company May 2010 Senior Operating Officer and General Manager of Corporate Support Division of the Company December 2010 Director and General Manager of Corporate Support Division of the Company February 2013 Director of the Company (current position, in charge of Pit Through Business Department, IR Office, and business alliance)</p> <p>(Reason for election as a candidate for director) Mr. Matsumoto assumed the office of director of the Company in 2010. After joining the Company, he has served as General Manager of Corporate Planning Office and General Manager of Corporate Support Division by drawing on his business experience at a bank. The Company reelected him as a candidate for director, based on the judgment that he is capable of making decisions on the important management matters of the Company by drawing on his expertise in the fields of finance and investor relations, in addition to his experience in overall administrative work.</p>	39,320
6	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reelected</div> Masaya Onagi (December 28, 1946) <div style="border: 1px solid black; padding: 2px; display: inline-block;">External director</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent director</div>	<p>April 1970 Joined Japan IBM, Ltd. March 1994 Director and General Manager of Second Sales Administrative Division, Financial System Business Department of Japan IBM, Ltd. April 1998 Managing Director and General Manager of Financial System Business Department of Japan IBM, Ltd. April 2000 Senior Managing Director in charge of Service Business of Japan IBM, Ltd. April 2002 Executive Vice President in charge of Sales Division of Japan IBM, Ltd. October 2004 Advisor of GMO Payment Gateway, Inc. February 2005 Executive Vice President of The Japan Research Institute, Limited June 2006 External Director of ASCII Solutions, Inc. External Director of Jais Co., Ltd. (current JAIS Limited) July 2006 President and CEO of Japan Research Institute Solutions, Limited (current JSOL Corporation) December 2007 External Director of GMO Payment Gateway, Inc. (current position) December 2008 External Director of the Company (current position) June 2011 Advisor of JSOL Corporation Advisor of The Japan Research Institute, Limited</p> <p>(Significant concurrent position) External Director of GMO Payment Gateway, Inc.</p> <p>(Reason for election as a candidate for director) The Company reelected him as a candidate for director, based on the judgment that he is capable of adequately performing his duties including decision-making on the Company's management policies and supervising the execution of operation, with his wealth of experience and achievement as a business administrator, and his independence in that he has no special interests with the Company.</p>	—

No.	Name (Date of birth)	Past experience, significant concurrent positions, positions and responsibilities at the Company	Number of shares of the Company held
7	<p>Newly elected</p> <p>Muzhi Zhou (July 2, 1963)</p> <p>External director</p> <p>Independent director</p>	<p>July 1985 Ministry of Machinery, People's Republic of China</p> <p>June 1995 Principal Researcher of International Development Center of Japan</p> <p>April 2002 Associate Professor, Faculty of Economics, Tokyo Keizai University</p> <p>January 2005 Guest Researcher of Policy Research Institute, Ministry of Finance</p> <p>April 2007 Professor, Faculty of Economics, Tokyo Keizai University (current position)</p> <p>April 2007 Visiting Professor of Massachusetts Institute of Technology</p> <p>May 2008 Guest Researcher of Harvard University</p> <p>April 2010 Visiting Professor of University of International Business and Economics (current position)</p> <p>April 2012 Specially-appointed Professor of The Chinese Academy of Sciences</p> <p>(Significant concurrent positions) Professor, Faculty of Economics, Tokyo Keizai University Visiting Professor of University of International Business and Economics</p> <p>(Reason for election as a candidate for director) Mr. Zhou is engaged in the research on economies of East Asia and China at universities, and has broad knowledge in economics. The Company elected him as a candidate for director, based on the judgment that he is capable of giving advice on the decision-making of the Company's management policies from various perspectives, and is also capable of supervising the execution of operation from an independent standpoint.</p>	—
8	<p>Newly elected</p> <p>Hikaru Yamamoto (October 2, 1973)</p> <p>External director</p> <p>Independent director</p>	<p>April 2004 Assistant at Graduate School of Economics, Faculty of Economics, The University of Tokyo</p> <p>April 2005 Lecturer, Faculty of Economics, Seikei University</p> <p>April 2008 Associate Professor, Faculty of Economics, Seikei University</p> <p>April 2014 Associate Professor, Graduate School of Business Administration, Keio University (current position)</p> <p>(Significant concurrent position) Associate Professor, Graduate School of Business Administration, Keio University</p> <p>(Reason for election as a candidate for director) Ms. Yamamoto is engaged in the research on consumer behavior at universities, and has broad knowledge in her specialized field, as well as a wealth of experience in networking with various corporations. The Company elected her as a candidate for director, based on the judgment that she is capable of giving advice on the decision-making of the Company's management policies from various perspectives, and is also capable of supervising the execution of operation from an independent standpoint.</p>	—

(Notes)

- There are no special interests between each candidate and the Company.
- Mr. Masaya Onagi, Mr. Muzhi Zhou and Ms. Hikaru Yamamoto (name on the family register: Hikaru Usami) are candidates for external director. The reasons for election as candidates for external director are described in the columns below the past experiences of each candidate for external director. In addition, concerning Ms. Hikaru Yamamoto, although she has never been involved in corporate management other than as external director or external auditor, the Company believes that she is capable of adequately executing her duties as external director as mentioned in the reason for election as a candidate for external director.
- The candidate Mr. Masaya Onagi assumed the office of external director of the Company in December 2008, and has been in office for seven years. The Company has filed a notice to the Tokyo Stock Exchange for appointing Mr. Onagi as an independent director. If Mr. Onagi's election is approved as originally proposed, he will continue to serve as an independent director. In addition, if Mr. Muzhi Zhou and Ms. Hikaru Yamamoto's elections are approved as originally proposed, the Company intends to newly appoint them as independent directors.
- In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Mr. Masaya Onagi to limit his liabilities for compensation of damages due to the failure to perform his duties, to the sum of the amounts stipulated in each item of Article 425, Paragraph 1 of the said Act. If Mr. Onagi's election is approved as originally proposed, the Company intends to continue the agreement with him. In addition, if Mr. Muzhi Zhou and Ms. Hikaru Yamamoto's elections are approved as originally proposed, the Company intends to enter into the same agreements with them.

Proposal 4: Election of 1 statutory auditor

Statutory auditor Ms. Kazuko Ohya will resign at the conclusion of this Annual General Meeting of Shareholders due to the expiration of the term of office. Accordingly, the election of one statutory auditor is proposed.

The Board of Statutory Auditors has previously given its approval to this proposal.

The candidate is as follows:

Name (Date of birth)	Past experience, significant concurrent positions and positions at the Company	Number of shares of the Company held
<p>Reelected</p> <p>Kazuko Ohya (September 5, 1950)</p> <p>External statutory auditor</p> <p>Independent statutory auditor</p>	<p>April 1973 Joined Shiseido Company, Limited</p> <p>June 2001 Corporate Officer of Shiseido Company, Limited</p> <p>April 2007 Full-time Advisor of Shiseido Company, Limited</p> <p>June 2007 Audit & Supervisory Board Member of Shiseido Company, Limited</p> <p>April 2011 President of Shiseido Social Welfare Foundation (current position)</p> <p>June 2011 Advisor of Shiseido Company, Limited</p> <p>December 2011 External Statutory Auditor of the Company (current position)</p> <p>May 2013 External Director of Aeon Fantasy Co., Ltd. (current position)</p> <p>July 2013 External Director of Asahi Mutual Life Insurance Corporation (current position)</p> <p>October 2015 General Auditor of The Japan Aerospace Exploration Agency (current position)</p> <p>(Significant concurrent positions)</p> <p>President of Shiseido Social Welfare Foundation</p> <p>External Director of Aeon Fantasy Co., Ltd.</p> <p>External Director of Asahi Mutual Life Insurance Corporation</p> <p>General Auditor of The Japan Aerospace Exploration Agency</p> <p>(Reason for election as a candidate for statutory auditor)</p> <p>She has a wealth of experience and broad insight as a director and statutory auditor at other companies. The Company has judged that she is adequate to serve as external statutory auditor to provide auditing on the execution of duties of the Company's directors with an independent perspective.</p>	<p>—</p>

(Notes)

1. There is no special interest between the candidate for statutory auditor and the Company.
2. The candidate for statutory auditor, Ms. Kazuko Ohya, is a candidate for external statutory auditor. Since assuming the office of external statutory auditor of the Company in December 2011, she has been in office for four years. The Company has filed the notice to the Tokyo Stock Exchange for appointing Ms. Ohya as an independent statutory auditor.
3. Subject to the approval of the candidate's election as originally proposed, the Company, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, intends to continue the agreement with her to limit her liabilities for compensation of damages due to the failure to perform her duties, to the sum of the amounts stipulated in each item of Article 425, Paragraph 1 of the said Act.

Proposal 5: Revision in the amount of remuneration for directors

It has been approved at the 14th Annual General Meeting of Shareholders held on December 23, 2009 that the amount of remuneration for directors of the Company shall be 400 million yen or less per year (of which, 20 million yen or less per year for external directors).

It is proposed that the amount of remuneration for directors be revised to 600 million yen or less per year (of which, 60 million yen or less per year for external directors), taking into account the following three points: 1) the Company size is expanding in line with the improvement of the business performance; 2) the revision will enhance flexibility in the performance-linked remuneration scheme; and 3) the number of external directors is to be increased.

As before, the amount of remuneration for directors will not include employee portion of the salary for those directors who also serve as employees. In addition, the current number of directors is eight (of which, one is external director). If Proposal 3 is approved and passed as originally proposed, the number of directors will be eight (of which, three are external directors).

Proposal 6: Revisions in the amount of stock option remuneration for directors and its content

It has been approved at the 13th Annual General Meeting of Shareholders held on December 20, 2008 and the 15th Annual General Meeting of Shareholders held on December 23, 2010 that the amount of stock option remuneration for directors (excluding external directors) of the Company shall be 40 million yen or less per year, separately from the remuneration amount for directors.

It is proposed that the amount of stock option remuneration for directors and its content be partially revised by taking into account the following two points: 1) the Company size is expanding in line with the improvement of the business performance; and 2) to link the increase of the Company's value with the interests of directors by increasing the weight of stock-related remuneration

- 1) The amount of stock option remuneration:
Before revision: 40 million yen or less per year After revision: 100 million yen or less per year
- 2) The number of shares to be issued upon exercise of stock acquisition rights:
Before revision: 400,000 shares After revision: 600,000 shares
- 3) The total number of stock acquisition rights to be issued:
Before revision: 1,000 After revision: 6,000

The amount of remuneration as stock options will be an amount obtained by multiplying the fair value per stock acquisition right calculated on the allotment date of stock acquisition rights by the total number of stock acquisition rights to be allotted.

The stock acquisition right in this Proposal will be allotted based on the number of directors of the Company and their respective positions. Since its fair value is calculated using the Black-Scholes model which is a general formula for calculating option values, the Company deems the calculated amounts to be appropriate.

If Proposal 5 "Revision in the amount of remuneration for directors" is approved and passed as originally proposed, the amount of remuneration for directors will be 600 million yen or less per year (of which, 60 million yen or less per year for external directors). The Company seeks approval for this Proposal separately from the said remuneration. In addition, if Proposal 3 "Election of 8 directors" is approved and passed as originally proposed, the number of directors of the Company excluding external directors will be five.

(Note) The Company conducted a 100-for-1 common stock split effective April 1, 2013, and a 2-for-1 common stock split effective April 1, 2014 and April 1, 2015. As a result of these stock splits, the number of shares to be issued upon exercise of stock acquisition rights has been adjusted as above.

The detail of the stock acquisition rights is as follows.

- (1) Persons to whom stock acquisition rights will be allotted:
Directors of the Company (excluding external directors)
- (2) The type and number of shares to be issued upon exercise of stock acquisition rights:
Common stock of 600,000 shares shall be the upper limit of the number of shares that can be allotted by exercising the stock acquisition right to be issued within one year after the date of the Annual General Meeting of Shareholders for each fiscal year.
If the Company conducts a share split or share consolidation, or in any other event where changing the number of shares is necessary, adjustments deemed necessary by the Company shall be made.
- (3) The total number of stock acquisition rights
The upper limit of the number of stock acquisition rights to be issued within one year after the date of the Annual General Meeting of Shareholders for each fiscal year shall be 6,000. (the number of shares to be issued upon exercise of one stock acquisition right: 100 shares)
In the event that adjustments are made in the number of shares as stipulated in above (2), the same adjustments are to be made to the number of shares to be issued upon exercise of one stock acquisition right.
- (4) The calculation method of the amount to be paid in for the exercise of stock acquisition rights
The amount to be paid in for the exercise of stock acquisition right shall be the fair value of the stock acquisition right calculated on the allotment date; provided, however, monetary payment for stock acquisition right shall not be required because such payment shall be offset by the remuneration right held by the directors of the Company to whom the stock acquisition rights will be allotted.
The fair value of the stock acquisition right is calculated by using the Black-Scholes model, based on the stock price of the Company on the allotment date, and the exercise price and other conditions.

- (5) The amount of property to be contributed upon exercise of stock acquisition rights
The amount of property to be contributed upon exercise of one stock acquisition right will be an amount obtained by multiplying the paid-in amount per share to be allotted upon exercise of stock acquisition rights (hereinafter, "Exercise Price") by the number of shares to be issued upon exercise of one stock acquisition right.
The Exercise Price shall be an amount obtained by multiplying the average closing price of the Company's common stock on the First Section of the Tokyo Stock Exchange on all trading days (except days on which no trading is reported) in the month preceding the month that includes the allotment date by 1.05 (any fraction of a yen rounded up to one yen). However, in the case that the amount resulting from the calculation above is lower than the closing price on the day prior to the allotment date (if no transactions are conducted on this date, it shall be the closing price of the immediately preceding date), such closing price shall be the exercise price.
If the Company conducts a share split or share consolidation, issues new shares below market values or disposes its treasury shares (excluding the case where a stock acquisition right (including those attached to bonds with stock acquisition rights) which can claim the issuance of common stock of the Company is exercised) after the allotment date, or any other event where changing the Exercise Price is appropriate, adjustments deemed necessary by the Company shall be made.
- (6) Exercise period of the stock acquisition rights
Exercise period of the stock acquisition rights shall be determined by the resolution of the Board of Directors within a period from the following day of the date on which the Company's Board of Directors resolved the terms and conditions of stock acquisition rights until the date six years subsequent to such resolution.
- (7) Conditions for exercise of stock acquisition rights
- 1) The holders of stock acquisition right are required to hold the positions of director, statutory auditor or employee of the Company, a subsidiary of the Company or other related companies of the Company at the time such rights are exercised; provided, however, that this shall not apply to the cases where a director, statutory auditor or an employee has retired upon expiration of his/her term of office, retired by reaching the mandatory retirement age, or the Board of Directors has deemed justifiable to exercise their rights after their resignation or retirement.
 - 2) Other conditions for exercise of stock acquisition rights shall be determined by a resolution of the Board of Directors.
- (8) Restrictions on the acquisition of stock acquisition rights by transfer
The acquisition of stock acquisition rights by transfer shall require approval of the Board of Directors.
- (9) Acquisition terms of the stock acquisition rights
- 1) When the holders of stock acquisition rights no longer hold any of the positions of director, statutory auditor or employee of the Company, a subsidiary of the Company or an affiliate of the Company, the Company may acquire the stock acquisition rights held by such holders of stock acquisition rights free of charge on a date separately determined by the Board of Directors.
 - 2) Other acquisition terms of the stock acquisition rights shall be determined by a resolution of the Board of Directors.
- (10) Other terms and conditions of stock acquisition rights
Other terms and conditions of stock acquisition rights shall be determined by a resolution of the Board of Directors meeting to be held separately.