

2020-02-07

Notice Concerning Additional Contributions to the Board Incentive Plan Trust

Our Company hereby gives notification of its intent to make an additional financial contribution to the Board Incentive Plan (hereinafter referred to as "BIP") Trust, a stock-based compensation system (hereinafter referred to as "This System") that has been in place since 2015 for Directors of Our Company (excluding Outside Directors and Directors who are Audit and Supervisory Committee members) and Directors and executive officers and Our Company's major group companies (hereinafter collectively referred to as "Directors, etc."). The details are as follows.

1. Outline of This System

BIP is a system under which points (hereinafter referred to as "stock issue points") are awarded to Directors, etc. in accordance with their positions and performance each year, and in principle after 3 years have passed since points were awarded (except in cases where Directors, etc. resign prior to the expiration of said period, when such delivery corresponds to the actual time period), BIP delivers shares of Our Company and the cash equivalent to the proceeds from the realization of shares of Our Company in accordance with the number of points awarded (hereinafter referred to as "Our Company stock, etc.").

Two BIP Trusts have been established, one for each of the following beneficiaries:

"BIP-I": Directors of Our Company (excluding Outside Directors and Directors who are Audit and Supervisory Committee members)

"BIP-II": Our Company's Corporate Officers, and Directors and executive officers of our major group companies

The Directors, etc. will, after a certain period of time has elapsed, receive Our Company shares, etc. in amounts commensurate with their business performance during the given term. In this way the Directors, etc. will share a sense of profit with shareholders from a medium- to long-term perspective, and will be incentivized to undertake management that is conscious of business performance and share prices from a medium- to long-term perspective.

2. Reasons for additional contribution

Remuneration for Directors, etc. consists of basic remuneration, and performance-based remuneration and stock compensation (This System). In order to drive forward the transition to global group management based on the 2018 Business Plan and improve our business performance, Our Company intends to increase the proportion of stock compensation as a medium- to long-term incentive, to raise the remuneration for Directors, etc. to a level that is market-competitive, to create a remuneration system that is more performance-linked, and to further promote sharing of profits with shareholders by encouraging Directors, etc. to own more Company shares. In tandem with expansion of stock compensation, Our Company now anticipates that at times of growth in business performance the number of Company shares retained in the BIP will not suffice to satisfy the number of shares commensurate with the stock issue points delivered to Directors, etc. For this reason Our Company has decided to make an additional contribution to the BIP to enable additional acquisition of Our Company's stocks.

3. Amount of additional contribution and number of Our Company's stocks to be additionally acquired

The amount of the additional contribution to the BIP and number of Our Company's stocks to be additionally acquired are as follows:

| | BIP-I | BIP-II |
|--|--|------------------|
| Additional contribution | 187 million yen* | 693 million yen* |
| Additional number of stocks to be acquired | 43,000 shares* | 159,800 shares* |
| Stock acquisition period | February 17, 2020 to February 28, 2020 | |
| Stock acquisition method | Acquisition through the stock market | |

* subject to change

Note 1: The aggregate sum of the money already contributed to BIP-I during the current trust period (from September 1, 2018 to August 31, 2021) plus the amount to be additionally contributed shall be within the upper limit (2.4 billion yen) approved at the 94th Annual General Meeting of Shareholders held on June 27, 2019. The amount to be additionally contributed for BIP-I and BIP- II is calculated in consideration of the remuneration of the current Directors, etc., and includes trust fees and expenses.

Note 2: The aggregate sum of Company shares already acquired by BIP-I during the current trust period plus the shares to be additionally acquired shall be within the upper limit (300,000 shares) approved at the General Meeting of Shareholders cited above. The number of additional shares to be acquired for the Trust to deliver to Directors, etc. for BIP-I and BIP- II during the current trust period is calculated making reference to the current share price level and the current makeup of Directors, etc.

Further details of This System are described in the following document: “Notice of the 94th Annual General Meeting of Shareholders dated June 7, 2019.

Reference: Summary of the BIP Trust Agreement

| | | BIP-I | BIP-II |
|---|---|---|---|
| ① | System target | MHI Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee members) | MHI executive officers, and Directors and executive officers of MHI's major group companies |
| ② | Trust type | Money trust (third-party beneficiary trust) | |
| ③ | Trust purpose | Incentive for Directors, etc. specified above to improve performance | |
| ④ | Consignor | MHI | |
| ⑤ | Trustee | Mitsubishi UFJ Trust and Banking Corporation (co-trustee: The Master Trust Bank of Japan, Ltd.) | |
| ⑥ | Beneficiaries | Directors, etc. specified above, who satisfy beneficiary conditions | |
| ⑦ | Trust manager | Third party having no stake in MHI | |
| ⑧ | Trust agreement date | August 27, 2015 (changed on May 10, 2018) | |
| ⑨ | Trust period | August 27, 2015 to August 31, 2021 (extended to August 31, 2021 by amendment of the Trust Agreement effected on May 10, 2018) | |
| ⑩ | Type of shares acquired | MHI ordinary shares | |
| ⑪ | Method for acquiring additional shares | Acquisition through the stock market | |
| ⑫ | Method for exercising voting rights on shares in the Trusts | Voting rights shall not be exercised, in order to prevent Directors, etc. of the beneficiaries of the BIP Trusts from affecting management neutrality | |