

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

Securities Code 7245

June 7, 2019

To shareholders with voting rights

3-1, Sakae 2-chome, Naka-ku, Nagoya  
13F Nagoya Hirokoji Building

**DAIDO METAL CO., LTD.**

Chairman and  
Chief Executive Officer **Seigo Hanji**

## Notice of Convocation of the 111th Annual Shareholders' Meeting

Dear shareholders,

You are cordially invited to the 111th Annual Shareholders' Meeting of Daido Metal Co., Ltd. (the "Company") to be held as set forth below. Your attendance at the meeting will be greatly appreciated.

**If you are unable to attend the meeting on the day, you may exercise your voting rights by post or via the Internet, etc. Please kindly review the Reference Materials for the Annual Shareholders' Meeting that follow this notice, and exercise your voting rights by no later than 5 p.m. on June 26, 2019 (Wednesday).**

Yours sincerely,

Note

1. **Date and time** 10 a.m. on June 27, 2019 (Thursday)
2. **Venue** 4-2, Marunouchi 2-chome, Naka-ku, Nagoya, Japan  
5<sup>th</sup> Floor Grand Hall of Nagoya Bankers Association
3. **Purpose**
  1. Reporting of business report, consolidated financial statements and results of the audit of consolidated financial statements by the Accounting Auditor and Audit & Supervisory Board for the 111th fiscal year (from April 1, 2018 to March 31, 2019)
  2. Reporting of non-consolidated financial statements for the 111th fiscal year (from April 1, 2018 to March 31, 2019)

### Matters for resolution

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|-------------------|--|
| Agenda Item No. 1 | Appropriation of Surplus   |
| Agenda Item No. 2 | Partial Amendments to the Articles of Incorporation  |
| Agenda Item No. 3 | Election of Eight Directors  |
| Agenda Item No. 4 | Election of Three Audit & Supervisory Board Members  |
| Agenda Item No. 5 | Election of One Substitute Member of Audit & Supervisory Board   |
| Agenda Item No. 6 | Payment of Bonus to Directors  |
| Agenda Item No. 7 | Determination of Amount and Other Details of Performance-linked Stock-based Remuneration for Directors |

#### **4. Guidance on exercising voting rights**

(1) Exercising voting rights by post

Please complete the enclosed Voting Card, indicating your approval or disapproval, and send the Card by return mail to be delivered to us by no later than 5 p.m. on June 26, 2019 (Wednesday).

(2) Exercising voting rights via the Internet, etc.

If you exercise your voting rights via the Internet, etc., please review the instructions under “Guidance for exercising your voting rights via the Internet, etc.” described on page 4. Please access the Website designated by the Company (<https://www.web54.net>) to exercise your voting rights following the instructions on the screen by no later than 5 p.m. on June 26, 2019 (Wednesday).

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- ⦿ **If you attend the meeting in person on the day, please kindly submit the enclosed Voting Card to the reception desk.**
  - ⦿ **If you intend to exercise your voting right by proxy, you can designate a single shareholder of the Company to vote on your behalf. In this case, please submit documentation to prove you have properly assigned your rights to your proxy to vote on your behalf.**
  - ⦿ **The reception desk is scheduled to open at 9 a.m. on the day.**
  - ⦿ **If there are any revisions to the business report, consolidated financial statements, non-consolidated financial statements and Reference Materials for the Annual Shareholders’ Meeting, they will be posted online on the Company’s website (<https://www.daidometal.com/>).**
  - ⦿ **Please be advised that the Cool Biz summer dress code applies to the meeting.**

## **Guidance for exercising your voting rights**

«If you intend to attend the Annual Shareholders' Meeting in person»

If you attend the meeting in person on the day, please kindly bring this Notice of Convocation and submit the enclosed Voting Card at the reception desk.

Date and time: 10 a.m. on June 27, 2019 (Thursday)

«If you do not intend to attend the Annual Shareholders' Meeting in person»

**In writing:**

Please fill the enclosed Voting Card, indicating your approval or disapproval, and send the Card by return mail.

Deadline for vote: 5 p.m. on June 26, 2019 (Wednesday)

**Via the Internet, etc.:**

Please review the instructions in “Guidance for exercising your voting rights via the Internet, etc.” on page 4 and enter your approval or disapproval following the instructions on screen.

Deadline for vote: 5 p.m. on June 26, 2019 (Wednesday)

- \* If voting rights are exercised in writing with the Voting Card and also exercised via the Internet, etc. (duplicate votes), the votes exercised via the Internet, etc. will be considered effective.
- \* If voting rights are exercised multiple times via the Internet, etc., the final vote cast will be considered effective.

«Please use “Smart Exercise” to exercise voting rights using a smartphone»

By scanning the “Login QR code for Voting Rights Exercise Website using smartphone” printed at the lower right of on the enclosed Voting Card, you can access the website without having to enter the Voting Rights Exercise Code or Password.

(\* QR Code is the registered trademark of DENSO WAVE INCORPORATED.)

- \* You may exercise your voting rights only once via “Smart Exercise.”

## **Guidance for exercising your voting rights via the Internet, etc.**

If you exercise your voting rights via the Internet, etc., please follow the instruction below and access the Website to exercise your voting rights. Please enter the “Voting Rights Exercise Code” and “Password” given on the Voting Card, and exercise your voting rights following the instructions on screen.

1. Accessing the Website to exercise your voting rights

URL of the Website: <https://www.web54.net/>  
Click “Next.”

2. Login

Please enter the “Voting Rights Exercise Code” given on the Voting Card and click “Login.”

3. Entering password

Please enter the “Password” given on the Voting Card and click “Next.”

Please then follow the instructions on the screen and indicate your approval or disapproval on the website.

### «Passwords»

- The password is a means to verify the identity of the person exercising voting rights as a shareholder.
- The Company will not be able to respond to inquiries about the password by telephone.
- If you enter an incorrect password more than a certain number of times, the operation will be locked. If you would like a new password to be issued, please follow the instructions on the screen.

### «Notes on using the system»

- Internet service provider connection fees and data transmission fees to use the Voting Rights Exercise Website  
- Data transmission fees to the provider are to be borne by shareholders.

<Help desk for Internet voting>  
Sumitomo Mitsui Trust Bank, Limited  
Stock Transfer Agency Web Support:  
Toll free (only within Japan) 0120-652-031  
(Business Hours: from 9 a.m. to 9 p.m., Japan time)

### «The electronic voting platform for institutional investors»

You can use the electronic voting platform for institutional investors operated by ICJ, Inc.

# Reference Materials for the Annual Shareholders' Meeting

## Agendas and Matters for Reference

### Agenda Item No. 1 Appropriation of Surplus

The Company proposes to make the following appropriation of surplus:

It is the Company's basic policy to pay appropriate return of profit to our shareholders based on the results of operations and payout ratio. It is also our policy to maintain a stable and sustainable level of dividends from surplus in overall consideration of the internal reserve for future business development, expansion of research and development, strengthening of business foundations and changes to the business environment.

In consideration of the basic policy above, including the consolidated performance of the Company for the full year, the Company proposes the year-end dividend of 15 yen per share.

As a result, the annual dividend, including the interim dividend paid of 15 yen per share, would be 30 yen per share.

#### Details of the year-end dividend

(1) Type of dividend property

Cash

(2) Allocation of dividend property to shareholders and the total amount

15 yen per ordinary share of the Company

Total amount: 712,798,935 yen

(3) Date when dividends from surplus become effective

June 28, 2019

## Agenda Item No. 2 Partial Amendments to the Articles of Incorporation

### 1. Purpose of Amendments to the Articles of Incorporation

(1) In an effort to better define business lines based on the current business of the Group, the Company proposes to add the business purposes of two subsidiaries of the Company, Iino Holding Ltd. and SUPER CUB FINANCIAL CORPORATION, in the current Article 2 (Purpose) of the Articles of Incorporation.

(2) There are currently six Directors. When Agenda Item No. 3 “Election of Eight Directors” is approved and adopted, there will be eight Directors, which is the maximum limit as stipulated by the current Article 19 of the Articles of Incorporation.

The Company sets “creating / fostering new business lines” and “enhancing management / operational control platform” as its principal action lines under the Midterm Business Plan. In order to enable appropriate responses to future business creation and business expansion and corporate governance structures enhanced by increased Outside Directors, etc., the Company proposes to revise the number of Directors as set forth in the current Article 19 (Number of Directors) of the Articles of Incorporation, from “eight (8) or less” to “ten (10) or less.”

### 2. Details of the Amendments

The details of the amendments are as follows:

(The underlined parts indicate the amendments.)

Current Articles of Incorporation	Proposed amendments
<p>(Purpose)</p> <p>Article 2 The Company aims to engage in the following undertakings:</p> <p>1. - 16. (Omitted) (Added) (Added)</p> <p><u>17.</u> Any and all business incidental to each business listed in the preceding items.</p>	<p>(Purpose)</p> <p>Article 2 The Company aims to engage in the following undertakings:</p> <p>1. - 16. (Unchanged) <u>17.</u> <u>Holding company</u> <u>18.</u> <u>Sales financing business</u> <u>19.</u> (Unchanged)</p>
<p>(Number of Directors)</p> <p>Article 19 The number of Directors of the Company shall be <u>eight (8)</u> or less.</p>	<p>(Number of Directors)</p> <p>Article 19 The number of Directors of the Company shall be <u>ten (10)</u> or less.</p>

### Agenda Item No. 3 Election of Eight Directors

The terms of office for all six Directors expire at the conclusion of this Shareholders' Meeting.

The Company recognizes that the business environment surrounding the Group will become more challenging, and that the environment will change more quickly than ever and on an unprecedented scale. Under such a highly uncertain business environment, the Company needs to increase the number of Directors in order to respond to the diversification of the Group's business lines and the expansion of the Group companies.

In this regard, the Company proposes the election of eight Directors by adding two Directors to the current six Directors. The candidates for Director are nominated in accordance with the policy and procedures as described in "Policies on and procedures for the appointment and dismissal of candidates for senior management positions and for the nomination of candidates for Director and Audit & Supervisory Board Member" on page 18 in this Notice of Convocation.

The candidates for Director are as follows:

Candidate No.	Name (Date of birth)	Career history, positions and duties at the Company, and important concurrent positions at other entities	Number of shares of the Company held by the candidate
(1)	Seigo Hanji (January 2, 1942)  Re-election  Attendance at Board of Directors meetings 16/16	<p>April 1965    Joined the Company</p> <p>June 1993    Director and Deputy General Manager of Business Division 3</p> <p>April 1994    Director and General Manager of Business Division 1</p> <p>June 1995    President</p> <p>June 2005    President &amp; Chief Executive Officer</p> <p>June 2007    Chairman &amp; Chief Executive Officer (current)</p> <p>May 2008    Executive &amp; Vice Chairman of Japan Auto Parts Industries Association and Chubu Branch Manager of the same Association</p> <p>June 2010    Outside Director of Nichirei Co., Ltd.</p> <p>May 2018    Executive of Japan Auto Parts Industries Association (current)</p> <p>[Important concurrent positions at other entities] Executive of Japan Auto Parts Industries Association</p>	143,637 shares
[Reason for nomination as candidate for Director] Mr. Seigo Hanji has been in charge of the Group's overall management and has led corporate value improvements over the years. He is a person of decision and action backed by his extensive business management experience and strong leadership. In the belief that he will continue to contribute to the Group's sustainable growth, the Company nominated him as a candidate for Director.			
(2)	Kotaro Kashiya (March 28, 1947)  Re-election  Attendance at Board of Directors meetings 16/16	<p>April 1971    Joined the Company</p> <p>June 2003    Director and Head of Polymer Bearings Division</p> <p>April 2005    Director and Head of Thinwall Bearings &amp; Turbo Charging Bearings Division</p> <p>July 2005    Director and Executive Officer, and Head of Thinwall Bearings &amp; Turbo Charging Bearings Division</p> <p>June 2007    Managing Director and Executive Officer, and Head of Thinwall Bearings &amp; Turbo Charging Bearings Division</p> <p>July 2007    Managing Director and Senior Executive Officer, and Head of Thinwall Bearings &amp; Turbo Charging Bearings Division</p> <p>June 2009    Managing Director and Senior Executive Officer, and General Manager of Strategy Development Division</p> <p>June 2010    Senior Managing Director and Senior Executive Officer, and General Manager of Strategy Development Division</p> <p>April 2011    President of Daido Plain Bearings Co., Ltd.</p> <p>April 2011    Senior Managing Director and Senior Executive Officer, General Manager of Global Strategy Division and Head of Technology Division</p> <p>June 2011    President of Daido Plain Bearings Co., Ltd.</p> <p>June 2011    President &amp; Chief Operating Officer</p> <p>June 2011    General Manager of Global Strategy Division and Head of Technology Division</p> <p>April 2012    President &amp; Chief Operating Officer (current)</p>	92,975 shares
[Reason for nomination as candidate for Director] Mr. Kotaro Kashiya has held several managerial positions in a broad range of fields at the Company, and has deep insight about the Company's overall business. In the belief that he will continue to strongly advance the Group's Midterm Business Plan and contribute to sustainable growth in corporate value through his swift and appropriate business decisions based on his extensive experience and knowledge, the Company nominated him as a candidate for Director.			

Candidate No.	Name (Date of birth)	Career history, positions and duties at the Company, and important concurrent positions at other entities		Number of shares of the Company held by the candidate
(3)	Toshiyuki Sasaki (December 7, 1950)  Re-election  Attendance at Board of Directors meetings 16/16	<p>April 1974</p> <p>April 1997</p> <p>March 2001</p> <p>June 2002</p> <p>October 2003</p> <p>April 2004</p> <p>April 2005</p> <p>June 2005</p> <p>July 2005</p> <p>June 2007</p> <p>July 2008</p> <p>June 2010</p> <p>June 2011</p> <p>April 2015</p> <p>July 2015</p> <p>July 2016</p> <p>October 2017</p> <p>April 2019</p>	<p>Joined Tokai Bank Ltd.</p> <p>Manager of Taipei Branch</p> <p>Manager of Americas, Manager of New York Branch, Manager of Cayman Branch and Manager of Chicago Office</p> <p>General Manager of Toyota Corporate Sales Division and Manager of Toyota Branch of UFJ Bank Limited</p> <p>Seconded to the Company</p> <p>Joined the Company</p> <p>General Manager of Overseas Planning Department, Corporate Planning Division</p> <p>General Manager of Corporate Planning Department, Corporate Planning Division</p> <p>Director and General Manager of Corporate Planning Department, Corporate Planning Division</p> <p>Director and Executive Officer, and General Manager of Corporate Planning Department, Corporate Planning Division</p> <p>Director and Executive Officer, and General Manager of Corporate Planning Division</p> <p>Director and Senior Executive Officer, and Head of Corporate Planning Division</p> <p>Managing Director and Senior Executive Officer, and Head of Corporate/Financial Planning Division</p> <p>Managing Director and Senior Executive Officer, Head of Corporate/Financial Planning Division, and Head of Human Resources Planning Division</p> <p>Managing Director and Senior Executive Officer, and Head of Corporate/Financial Planning Division</p> <p>President of DAIDO METAL SAGA CO., LTD. (part-time)</p> <p>Director and Managing Executive Officer, and Head of Corporate/Financial Planning Division</p> <p>President of DAIDO METAL SAGA CO., LTD. (part-time)</p> <p>Director and Senior Managing Executive Officer, and General Manager of BPR (Business Process Re-engineering) Department</p> <p>President of DAIDO METAL SAGA CO., LTD. (part-time)</p> <p>Director and Senior Managing Executive Officer, Head of BPR-ICT Division, and General Manager of BPR (Business Process Re-engineering) Department</p> <p>Director and Senior Managing Executive Officer, Head of BPR-ICT Division, General Manager of BPR (Business Process Re-engineering) Department, and Head of Inuyama Site (current)</p>	72,837 shares
[Reason for nomination as candidate for Director] Mr. Toshiyuki Sasaki has advanced insight into global business management, which was developed through his extensive international experience at financial institutions. He has made a great contribution to the global development of the Company's business operations as a Director of the Company since 2005. In the belief that he will continue to contribute to building foundations for sustainable growth of the Group by advancing business improvements and efficiency, the Company nominated him as a candidate for Director.				
(4)	Masaki Ikawa (December 12, 1950)  Re-election  Attendance at Board of Directors meetings 16/16	<p>April 1973</p> <p>July 2008</p> <p>October 2009</p> <p>April 2010</p> <p>April 2011</p> <p>July 2011</p> <p>April 2012</p> <p>June 2012</p> <p>July 2015</p> <p>July 2017</p>	<p>Joined the Company</p> <p>Executive Officer</p> <p>President of Daido Metal Bellefontaine LLC</p> <p>Executive Officer and General Manager of Corporate Planning Department, Corporate Planning Division</p> <p>Executive Officer and General Manager of Bimetal Division</p> <p>Executive Officer and General Manager of Quality Management &amp; Planning Department</p> <p>Senior Executive Officer, General Manager of Quality Management &amp; Planning Department and General Manager of Inuyama Site</p> <p>Senior Executive Officer, General Manager of Human Resources Planning Department and General Manager of Inuyama Site</p> <p>Director and Senior Executive Officer, Head of Human Resources Planning Division and Head of Inuyama Site</p> <p>Director and Managing Executive Officer, Head of Human Resources Planning Division</p> <p>Director and Senior Managing Executive Officer, Head of Human Resources Planning Division (current)</p>	37,714 shares
[Reason for nomination as candidate for Director] Mr. Masaki Ikawa has extensive business experience in the field of quality in addition to international experience. He has been responsible for the development and advancement of the human resources strategy at the Company since 2012 as a Director in charge of Human Resources. In the belief that he will continue to contribute to further improving corporate value through the advancement of a global human resources strategy, the Company nominated him as a candidate for Director.				



Candidate No.	Name (Date of birth)	Career history, positions and duties at the Company, and important concurrent positions at other entities	Number of shares of the Company held by the candidate
(5)	Motoyuki Miyo (September 8, 1955)  <u>New election</u>	<p>April 1979    Joined The Fuji Bank, Limited</p> <p>December 1988    Director of San Francisco Branch</p> <p>April 1995    Deputy General Manager of International Credit Department</p> <p>October 1998    Deputy General Manager of London Branch</p> <p>September 2000    Associate Director-General of International Department</p> <p>April 2002    Associate Director-General of Singapore Branch, Mizuho Corporate Bank, Ltd.</p> <p>March 2007    Associate Director-General of International Coordination Division, Mizuho Corporate Bank, Ltd.</p> <p>September 2008    Joined the Company</p> <p>October 2008    Executive Vice President of Daido Metal Russia LLC</p> <p>July 2011    Executive Officer</p> <p>                    Executive Vice President of Daido Metal Russia LLC</p> <p>July 2015    Senior Executive Officer</p> <p>                    Executive Vice President of Daido Metal Russia LLC</p> <p>July 2018    Managing Executive Officer</p> <p>                    Executive Vice President of Daido Metal Russia LLC</p> <p>April 2019    Managing Executive Officer, Head of Corporate/Financial Planning Division (current)</p>	3,534 shares
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Motoyuki Miyo has extensive international experience in financial institutions. He has made a great contribution to business expansion in Russia since he joined the Company. In the belief that having him as a member of managerial decision-makers, as a person with many years of managerial experience at overseas bases, will contribute to the Group's sustainable growth and medium to long-term improvement in corporate value, the Company nominated him as a candidate for Director.</p>			
(6)	Yoshiaki Sato (December 19, 1956)  <u>New election</u>	<p>April 1979    Joined the Company</p> <p>July 2005    Executive Officer and General Manager of Bimetal Division</p> <p>April 2009    Executive Officer and Head of Polymer Bearings Division</p> <p>April 2010    Executive Officer</p> <p>                    President of Daido Metal Czech s.r.o.</p> <p>April 2012    Executive Officer and Head of Technology Division</p> <p>July 2014    Senior Executive Officer and Head of Technology Division</p> <p>April 2017    Senior Executive Officer and Head of Thinwall Bearings &amp; Turbo Charging Bearings Division</p> <p>July 2018    Managing Executive Officer and Head of Thinwall Bearings &amp; Turbo Charging Bearings Division (current)</p>	32,028 shares
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Yoshiaki Sato has engaged in the fields of production and technologies at the Company over the years, and has broad insight into bearing production including material development and production technologies. In the belief that having him as a member of managerial decision-makers, as a person familiar with the Company's technologies, will contribute to the Group's sustainable growth and medium to long-term improvement in corporate value, the Company nominated him as a candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career history, positions and duties at the Company, and important concurrent positions at other entities		Number of shares of the Company held by the candidate
(7)	Toshikazu Takei (September 22, 1953)  <div style="border: 1px solid black; padding: 2px; display: inline-block; text-align: center;"> Re-election  Outside Director  Independent Officer </div> Attendance at Board of Directors meetings 16/16	April 1976 July 1989 November 1991 June 1994 April 1998 May 1999 February 2002 July 2003  July 2005 July 2006 June 2008 July 2008 October 2012 June 2015 April 2019	Joined Bank of Japan Director of Nagoya Branch Director of Secretary Office and Secretariat of the Policy Board Deputy General Manager for Europe Director of Diet Liaison Division, Secretariat of the Policy Board General Manager of Matsuyama Branch Director-General, Senior Secretary to the Governor, Secretariat of the Policy Board Advisor to the Governor for Parliamentary Affairs and Public Relations, Secretariat of the Policy Board General Manager of Nagoya Branch Chief Representative in Europe of the Bank of Japan (stationed in London) Left Bank of Japan Senior Executive Advisor of Accenture Japan Ltd. Managing Director of Japan Center for International Finance Outside Director of the Company (current) Chairman of The Central Council for Financial Services Information (current)	4,560 shares
[Reason for nomination as candidate for Outside Director] Mr. Toshikazu Takei was long engaged in business execution and served in managerial positions at the Bank of Japan. In addition, he is familiar with international businesses and has extensive experience and broad insight. In the belief that he will continue to oversee and supervise the management of the Company based on such experience and insight, the Company nominated him as a candidate for Outside Director. Although Mr. Toshikazu Takei has no experience of engaging in the management of a company, the Company judges that he will appropriately fulfill his duties as an Outside Director of the Company based on the above reasons. There is no business relationship between the Company and The Central Council for Financial Services Information, where he holds an important concurrent position.				
(8)	Kiyotaka Hoshinaga (November 15, 1950)  <div style="border: 1px solid black; padding: 2px; display: inline-block; text-align: center;"> Re-election  Outside Director  Independent Officer </div> Attendance at Board of Directors meetings 16/16	April 1975 August 1994  April 2000  February 2006 February 2009 April 2013 April 2014 June 2016 October 2018	Joined Department of Urology, Keio University School of Medicine Assistant Professor, Department of Urology, Fujita Health University School of Medicine  Professor, Department of Urology, Fujita Health University School of Medicine  Deputy Director, Fujita Health University Hospital Director, Fujita Health University Hospital Managing Director, Fujita Academy Incorporated Educational Institution President, Fujita Health University Outside Director of the Company (current) Chairman, Board of Directors of Fujita Academy Incorporated Educational Institution (current)	3,008 shares
[Reason for nomination as candidate for Outside Director] Mr. Kiyotaka Hoshinaga has served as a director of a hospital and a president of a university after serving as a professor of a university and has extensive knowledge and experience gained through involvement in management of a hospital and a university. In the belief that he will continue to oversee and supervise the management of the Company based on such knowledge and experience, the Company nominated him as a candidate for Outside Director. Although Mr. Kiyotaka Hoshinaga has no experience of engaging in the management of a company, the Company judges that he will appropriately fulfill his duties as an Outside Director of the Company based on the above reasons. There is no business relationship between the Company and Fujita Academy Incorporated Educational Institution, where he holds an important concurrent position.				

- (Notes)
- There is no special interest between any of candidates and the Company.
  - As for each candidate's position please refer to "4. Company Officers, (1) Directors and Audit & Supervisory Board Members" on pages 15 and 16.
  - Mr. Toshikazu Takei and Mr. Kiyotaka Hoshinaga are candidates for Outside Director.
  - Liability limitation agreement  
The Company has entered into a liability limitation agreement with Mr. Toshikazu Takei and Mr. Kiyotaka Hoshinaga. The Company will continue this agreement with them if they are reelected.  
The outline of the agreement is as follows:
    - When a non-executive Director is liable to compensate the Company for damages due to his/her negligence of duties, he/she assumes such liability up to the amount stipulated by laws and regulations (the minimum liability amount stipulated in Article 425, paragraph 1 of the Companies Act).
    - The above liability limitation is allowed only when the relevant non-executive Director acts in good faith and without gross negligence with respect to the liability as set forth in Article 423, paragraph 1 of the Companies Act.
  - Mr. Toshikazu Takei and Mr. Kiyotaka Hoshinaga have been registered as Independent Officers pursuant to the provisions of the Tokyo Stock Exchange and Nagoya Stock Exchange. If they are reelected, the Company will continue to register them as Independent Officers.
  - The term of office of Mr. Toshikazu Takei as an Outside Director will be four years at the conclusion of this Annual Shareholders' Meeting. The term of office of Mr. Kiyotaka Hoshinaga as an Outside Director will be three years at the conclusion of this Annual Shareholders' Meeting.

## Agenda Item No. 4 Election of Three Audit & Supervisory Board Members

The terms of office for all three Audit & Supervisory Board Members expire at the conclusion of this Shareholders' Meeting. The Company therefore proposes the election of three Audit & Supervisory Board Members.

The candidates for Audit & Supervisory Board Member are nominated in accordance with the policy and procedures as described in "Policies on and procedures for the appointment and dismissal of candidates for senior management positions and for the nomination of candidates for Director and Audit & Supervisory Board Member" on page 18 in this Notice of Convocation. The consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidates for Audit & Supervisory Board Member are as follows:

Candidate No.	Name (Date of birth)	Career history, positions at the Company, and important concurrent positions at other entities		Number of shares of the Company held by the candidate
(1)	<p><b>Masaaki Tamaya</b> (February 4, 1947)</p> <p><u>Re-election</u></p> <p>Attendance at Board of Directors meetings 16/16</p> <p>Attendance at Audit &amp; Supervisory Board meetings 15/15</p>	<p>April 1965</p> <p>April 1999</p> <p>April 2002</p> <p>July 2005</p> <p>July 2008</p> <p>April 2011</p> <p>June 2011</p>	<p>Joined the Company</p> <p>Vice-Head of Thinwall Bearings &amp; Turbo Charging Bearings Division</p> <p>General Manager of General Affairs Department</p> <p>Executive Officer and General Manager of General Affairs Department</p> <p>Senior Executive Officer and General Manager of General Affairs Department</p> <p>Senior Executive Officer assistant to President</p> <p>Full-time Audit &amp; Supervisory Board Member (current)</p>	24,116 shares
<p>[Reason for nomination as candidate for Audit &amp; Supervisory Board Member]</p> <p>Mr. Masaaki Tamaya has held several managerial positions at the administrative divisions of the Company and has extensive business experience and knowledge about sales and general affairs, which were developed over the years. In the belief that he will continue to conduct highly effective audits based on his extensive business experience and knowledge, the Company nominated him as a candidate for Audit &amp; Supervisory Board Member.</p>				
(2)	<p><b>Kuniko Tanabe</b> (April 1, 1945)</p> <p><u>Re-election</u></p> <p>Outside Audit &amp; Supervisory Board Member</p> <p>Attendance at Board of Directors meetings 16/16</p> <p>Attendance at Audit &amp; Supervisory Board meetings 15/15</p>	<p>April 1973</p> <p>February 1982</p> <p>June 2003</p> <p>June 2011</p> <p>June 2015</p>	<p>Registered as a lawyer (registered with Dai-Ichi Tokyo Bar Association)</p> <p>Joined Sakaki Tadatsune Law Office (to January 1982)</p> <p>Joined Tanabe &amp; Partners (current)</p> <p>Outside Audit &amp; Supervisory Board Member of the Company (current)</p> <p>Outside Auditor of Disco Corporation</p> <p>Outside Director of KDDI CORPORATION</p> <p>[Important concurrent positions at other entities]</p> <p>Partner, Lawyer of Tanabe &amp; Partners</p>	28,685 shares
<p>[Reason for nomination as candidate for Outside Audit &amp; Supervisory Board Member]</p> <p>Ms. Kuniko Tanabe has extensive experience and superior expertise, cultivated as the partner at law firms, in addition to her extensive experience as an outside officer. In addition, she is the only female candidate for Officer. In the belief that she will continue to audit the Company's management based on her extensive experience and superior expertise, and provide pertinent advice and proposals for initiatives regarding the promotion of diversity of the Company from a female perspective, the Company nominated her as a candidate for Outside Audit &amp; Supervisory Board Member.</p> <p>Although Ms. Kuniko Tanabe has no experience of engaging in the management of a company other than as an outside officer, the Company judges that she will appropriately fulfill her duties as an Outside Audit &amp; Supervisory Board Member of the Company based on the above reasons. The Company has concluded a legal advisory contract with Tanabe &amp; Partners, where she holds an important concurrent position. However, the transaction amount accounts for less than 1% and less than 10 million yen of the consolidated net sales of each party in the last three fiscal years.</p>				

Candidate No.	Name (Date of birth)	Career history, positions at the Company, and important concurrent positions at other entities	Number of shares of the Company held by the candidate
(3)	<p><b>Kazuo Matsuda</b> (November 11, 1948)</p> <p><b>Re-election</b></p> <p><b>Outside Audit &amp; Supervisory Board Member</b></p> <p><b>Independent Officer</b></p> <p>Attendance at Board of Directors meetings 16/16</p> <p>Attendance at Audit &amp; Supervisory Board meetings 15/15</p>	<p>April 1971 Joined The Fuji Bank, Limited</p> <p>October 1994 Director and General Manager of Capital Markets Division of Fuji Securities Co., Ltd.</p> <p>June 1995 Managing Director and General Manager of Capital Markets Division of Fuji Securities Co., Ltd.</p> <p>June 1996 Senior Managing Director of Fuji Securities Co., Ltd.</p> <p>May 1997 General Manager of Kabutocho Branch of The Fuji Bank, Limited</p> <p>April 2000 Senior Managing Executive Officer in charge of Capital Markets Division of Fuji Securities Co., Ltd.</p> <p>October 2000 Managing Executive Officer and General Manager of Capital Markets Group of Mizuho Securities Co., Ltd.</p> <p>December 2002 Administration Officer of Mizuho Securities Co., Ltd.</p> <p>May 2003 Administration Officer of NSK Ltd.</p> <p>June 2003 Seconded to NSK-Warner K.K.</p> <p>June 2003 Director of NSK-Warner K.K.</p> <p>June 2004 Vice President of NSK Ltd.</p> <p>Managing Director of NSK-Warner K.K.</p> <p>June 2006 Senior Vice President, Head of Business Planning Division HQ and Head of Compliance Division HQ of NSK Ltd.</p> <p>September 2007 President of NSK (China) Investment Co., Ltd.</p> <p>June 2008 Executive Vice President, Head of Corporate Strategy Division HQ, Head of Business Planning Division HQ and Head of Compliance Division HQ of NSK Ltd.</p> <p>June 2009 Representative Executive Officer and Executive Vice President, Head of Corporate Strategy Division HQ and Head of Business Planning Division HQ of NSK Ltd.</p> <p>June 2011 Special Advisor of NSK Ltd. Corporate Auditor of NSK-Warner K.K. Outside Audit &amp; Supervisory Board Member of the Company (current)</p> <p>June 2015 Outside Corporate Auditor of Sumitomo Bakelite Company Limited</p> <p>June 2016 Outside Director of Sumitomo Bakelite Company Limited (current)</p> <p>[Important concurrent positions at other entities] Outside Director of Sumitomo Bakelite Company Limited</p>	11,972 shares
<p>[Reason for nomination as candidate for Outside Audit &amp; Supervisory Board Member] Mr. Kazuo Matsuda has rich insights on governance of the overall management of a company as he is familiar with finance and international businesses through his experience at financial institutions for many years and has experiences and knowledge which he gained through serving as a director and an executive officer for other business entities. In the belief that he will continue to audit the Company's management based on his knowledge, experience and insight, the Company nominated him as a candidate for Outside Audit &amp; Supervisory Board Member. There is no business relationship between the Company and Sumitomo Bakelite Company Limited, where he holds an important concurrent position.</p>			

- (Notes)
- There is no special interest between any of candidates and the Company.
  - Ms. Kuniko Tanabe and Mr. Kazuo Matsuda are both candidates for Outside Audit & Supervisory Board Member.
  - Liability limitation agreement  
The Company has entered into a liability limitation agreement with Mr. Masaaki Tamaya, Ms. Kuniko Tanabe and Mr. Kazuo Matsuda. The Company will continue this agreement with them if they are reelected.  
The outline of the agreement is as follows:
    - When an Audit & Supervisory Board Member is liable to compensate the Company for damages due to his/her negligence of duties, he/she assumes such liability up to the amount stipulated by laws and regulations (the minimum liability amount stipulated in Article 425, paragraph 1 of the Companies Act).
    - The above liability limitation is allowed only when the relevant Audit & Supervisory Board Member acts in good faith and without gross negligence with respect to the liability as set forth in Article 423, paragraph 1 of the Companies Act.
  - Mr. Kazuo Matsuda has been registered as an Independent Officer pursuant to the provisions of the Tokyo Stock Exchange and Nagoya Stock Exchange. If he is reelected, the Company will continue to register him as an Independent Officer.  
Ms. Kuniko Tanabe does not fall under (1) to (7) of the Standards for Independence of Outside Officers of the Company (refer to the next page) but falls under (8) of said standards, which was originally set by the Company. Accordingly, the Company will not register her as an Independent Officer even when she is reelected.
  - The term of office of Ms. Kuniko Tanabe as an Outside Audit & Supervisory Board Member will be sixteen years at the conclusion of this Annual Shareholders' Meeting. The term of office of Mr. Kazuo Matsuda as an Outside Audit & Supervisory Board Member will be eight years at the conclusion of this Annual Shareholders' Meeting.

## [Standards for Independence of Outside Officers]

The Company has established independence standards of Outside Officers, based on those established by the Tokyo Stock Exchange, but much stricter standards. An outside director or an outside audit & supervisory board member who is deemed to have independence from the Company as required by these standards is registered as an independent outside director or as an independent outside audit & supervisory board member. For more details, please refer to [Standards for Independence of Outside Officers of DAIDO METAL CO., LTD.] reported below.

[Standards for Independence of Outside Officers of DAIDO METAL CO., LTD.]  
Established on October 28, 2015

An Outside Director or Outside Audit & Supervisory Board Member is deemed not to have independence from the Company if he/she falls under one of the categories below.

- (1) Person related to the Company  
A person who currently works or has previously worked for the DAIDO Group within the last ten years.
- (2) Person related to the major suppliers  
A person who currently is or has previously been an officer or employee of a major supplier to the Company (with which the annual aggregate amount of transactions is 1,000 million yen or more) or its group companies within the last three fiscal years.
- (3) Person related to the major business partners  
A person who currently is or has previously been an officer or employee of the Company's major business partner (with which the annual aggregate amount of transactions is 1,000 million yen or more) during any of the last three fiscal years.
- (4) Person related to the financial institutions
  - 1) A person who currently is or, in the last three fiscal years, has previously been an officer or employee of a financial institution with which the Company currently has transactions of deposits or borrowings of 1,000 million yen or more.
  - 2) A person who currently is or, in the last three fiscal years, has previously been an officer or employee of a company which is a managing underwriter of the Company.
- (5) Person related to the parties providing professional services  
A person who currently receives, or within the last three years, has received from the Company an annual compensation of 20 million yen or more as the Company's legal counsel (law office), the Company's accounting auditor, a certified tax accountant, patent attorney, judicial scrivener, or as a management, finance, technology or marketing consultant.
- (6) Person related to the parties receiving donations or grants from the Company  
A person who is a representative or operating officer of an organization (public interest incorporated foundation, public interest incorporated association, not-for-profit organization, etc.) to which the Company has made donations or provided grants exceeding a certain amount (1 million yen or 30% of the organization's annual average total expenses, whichever the larger) in the current fiscal year or in the last three fiscal years.
- (7) Relatives  
A relative of a person who currently works or has previously worked for the DAIDO Group within the last five years (the person's spouse, parent, child, sibling, grandparent, grandchild, or relatives living with the person). A relative of a person coming under aforementioned categories (2) to (5).
- (8) Reappointment and reappointed person.  
A person who has executed his/her duties without coming under any of the aforementioned categories (1) to (7) for a period exceeding ten years in case of reappointment of Outside Director or for a period exceeding twelve years with three consecutive terms in the case of reappointment of Audit & Supervisory Board Member.

## Agenda Item No. 5 Election of One Substitute Member of Audit & Supervisory Board

The Company proposes to elect one substitute member of Audit & Supervisory Board in advance, just in case the Company is unable to meet the number of Audit & Supervisory Board Members required by laws and regulations. The effect of this resolution is valid until the commencement of the next Annual Shareholders' Meeting.

The consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidate for substitute member of Audit & Supervisory Board is as follows:

Name (Date of birth)	Career history and important concurrent positions at other entities	Number of shares of the Company held by the candidate
<p>Nobuyuki Ishiwata (July 12, 1945)</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px 0;">Substitute Audit &amp; Supervisory Board Member</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px 0;">Outside Audit &amp; Supervisory Board Member</div>	<p>April 1971      Joined Tohmatsu Awoki &amp; Co. Audit Corporation (currently, Deloitte Touche Tohmatsu LLC)</p> <p>April 1975      Registered as a certified public accountant</p> <p>January 1976    Registered as a licensed tax accountant</p> <p>March 1978      Left Tohmatsu Awoki &amp; Co. Audit Corporation (currently, Deloitte Touche Tohmatsu LLC)</p> <p>April 1978      Opened CPA Nobuyuki Ishiwata accounting firm</p> <p>April 1988      Established Seishin &amp; Co. Audit Corporation (currently, SeishinShisei &amp; Co. Audit Corporation) and assumed the post of Representative Partner (current)</p> <p>August 1999    Outside auditor of Adecco Ltd. (current)</p> <p>July 2003      Established Seishin &amp; Co. Tax Corporation (currently, SeishinShisei &amp; Co. Tax Corporation) and assumed the post of Representative Partner (current)</p> <p>[Important concurrent positions at other entities]</p> <p>Representative Partner of SeishinShisei &amp; Co. Audit Corporation</p> <p>Representative Partner of SeishinShisei &amp; Co. Tax Corporation</p> <p>Outside auditor of Adecco Ltd.</p>	0 shares
<p>[Reason for nomination as candidate for substitute Outside Audit &amp; Supervisory Board Member]</p> <p>Mr. Nobuyuki Ishiwata has been in practice as a certified public accountant and a licensed tax accountant and has rich accounting and taxation knowledge gained from his experience as a certified public accountant and a licensed tax accountant. In the belief that he will audit the Company's management based on his rich accounting and taxation knowledge if he assumes the position of Audit &amp; Supervisory Board Member, the Company nominated him as a candidate for substitute Audit &amp; Supervisory Board Member.</p> <p>Although Mr. Nobuyuki Ishiwata has no experience of engaging in the management of a company other than as an outside officer, the Company judges that he will appropriately fulfill his duties as an Outside Audit &amp; Supervisory Board Member of the Company based on the above reasons. There are no business relationships between the Company and SeishinShisei &amp; Co. Audit Corporation, SeishinShisei &amp; Co. Tax Corporation, and Adecco Ltd., where he holds important concurrent positions.</p>		

- (Notes) 1. There is no special interest between the candidate and the Company.
2. Mr. Nobuyuki Ishiwata, the candidate for substitute Audit & Supervisory Board Member, is a candidate for Outside Audit & Supervisory Board Member.
3. Liability limitation agreement  
The Company will enter into a liability limitation agreement with Mr. Nobuyuki Ishiwata if he is elected as an Audit & Supervisory Board Member and he assumes office.  
The outline of the agreement is as follows:
- When an Audit & Supervisory Board Member is liable to compensate the Company for damages due to his/her negligence of duties, he/she assumes such liability up to the amount stipulated by laws and regulations (the minimum liability amount stipulated in Article 425, paragraph 1 of the Companies Act).
  - The above liability limitation is allowed only when the relevant Audit & Supervisory Board Member acts in good faith and without gross negligence with respect to the liability as set forth in Article 423, paragraph 1 of the Companies Act.

## Agenda Item No. 6 Payment of Bonus to Directors

The Company requests approval for the payment of bonuses amounting to 181.3 million yen in total to the four Directors (excluding two Outside Directors) in office as of March 31, 2019, based on the specified standard of the Company (refer to pages 16 and 17 of this notice) in due consideration of business performance and others during the fiscal year in a comprehensive manner.

It is also proposed that decisions as to the amounts of the bonus allotted to each Director be entrusted to the discretion of the Board of Directors.

## Agenda Item No. 7 Determination of Amount and Other Details of Performance-linked Stock-based Remuneration for Directors

### 1. Reasons for the proposal and reasonableness of the remuneration scheme

Remuneration for Directors of the Company currently consists of “monthly remuneration” and “bonus.” The Company requests approval to introduce a new performance-linked stock-based remuneration scheme using trusts (the “Scheme”) for Directors of the Company (excluding Outside Directors; the same applies hereafter in agenda item No. 7). The Company also proposes the details be entrusted to the discretion of the Board of Directors within the limits as mentioned in 2 below.

The Scheme is intended to provide incentives to Directors for the purpose of enhancing the Company’s performance and corporate value over the medium to long term, by further clarifying the linkage between remuneration for Directors and the Company’s performance and share value, by Directors sharing with shareholders not only the benefits of a rise in share prices but also the risks of a decline in share prices. The Company thus believes that the introduction of the Scheme is appropriate.

Specifically, the Company requests approval for granting a new performance-linked stock-based remuneration to Directors who are in office for five fiscal years from the fiscal year ending March 31, 2020 to the fiscal year ending March 31, 2024 (the “Period of the Scheme”), separately from the maximum amount of remuneration for Directors (up to 400 million yen per year; however, officers’ bonus and employees’ salary portion are not included), which was approved at the 98th Annual Shareholders’ Meeting held on June 29, 2006.

The current number of Directors eligible for the Scheme is four. If Agenda Item No. 3 “Election of Eight Directors” is approved and adopted as originally proposed, the Company will have six Directors eligible for the Scheme. If this agenda item is approved and adopted as originally proposed, the Company will introduce a similar performance-linked stock-based remuneration scheme for Executive Officers of the Company as well.

### 2. Amount and other details of remuneration under the Scheme

#### (1) Overview of structure of the Scheme

The Scheme is a performance-linked stock-based remuneration scheme, where the Company establishes a trust (the “Trust”) by contributing money, and after the Trust acquires the Company’s shares, and deliver the Company’s shares to Directors in accordance with the Share Grant Rule. The number of shares to be delivered to Directors is corresponding to the points granted to Directors in accordance with certain criteria such as position and level of achievement of performance targets.

Under the Scheme, the Company’s shares will be delivered to Directors who remain in office during the Period of the Scheme and the shares will be delivered when they retire from office, in principle.

1) Persons eligible for the Scheme:	Directors of the Company (excluding Outside Directors)
2) Period of the Scheme:	From the fiscal year ending March 31, 2020 to the fiscal year ending March 31, 2024
3) Maximum amount of contribution of money by the Company during the five years of the Period of the Scheme as defined in 2), as funds necessary to acquire the Company’s shares to be delivered to Directors:	A total of 400 million yen
4) Method of acquiring the Company’s shares:	Acquisition by subscribing to a disposal of treasury shares or purchase from the market (including after-hour trading)
5) Maximum total points granted to eligible persons as defined in 1):	70,000 points per fiscal year
6) Criteria for granting points:	Points are granted in accordance with certain criteria such as position and level of achievement of business targets
7) Timing of delivering the Company’s shares to eligible persons as defined in 1):	At the time of their retirement from office, in principle

**(2) Maximum amount of contribution of money by the Company**

The initial trust period of the Trust is set as approximately five years. During the Period of the Scheme, the Company makes a contribution of money up to a total of 400 million yen, as funds to acquire the Company's shares necessary to deliver the Company's shares to Directors under the Scheme, and establishes the Trust with Directors who satisfy certain requirements as beneficiaries. Although the contributed money is treated as remuneration for Directors who are in office during the Period of the Scheme, the Trust acquires the Company's shares by subscribing to a disposal of treasury shares or purchase from the market (including after-hour trading), with the money as a source of funds.

Note: The money the Company actually contributes to the Trust will be the aggregate of the above funds to acquire the Company's shares and estimated necessary expenses such as trust fees and trust administrator remuneration.

The extension of the Period of the Scheme may be determined by resolution of the Board of Directors, with an extension of time specified each time as within a period of ten fiscal years; as a result of this, the trust period will also be extended (including a substantial extension of the period of the Trust when the assets under the Trust are transferred to another trust with the same purpose as the Trust's established by the Company; the same applies hereinafter) to continue the Scheme. In this case, the Company will make an additional contribution of money to the Trust during the extended Period of the Scheme, up to the amount calculated as 80 million yen multiplied by the number of fiscal years of the extended Period of the Scheme, as additional funds to acquire the Company's shares necessary to be delivered under the Scheme to Directors. The Company will continue to grant points as mentioned in (3) below and deliver the Company's shares during the extended trust period.

In addition, even when the Period of the Scheme is not extended as mentioned above or the Scheme is discontinued, if there is a Director who is granted points but who has not retired from office yet at the expiration of the period of the Trust, the trust period may be extended until the Director retires from office and the Company's shares are completely delivered. If, during the trust period, due to an increase in the number of Directors or any other cause, the number of the Company's shares held in the Trust becomes less than that corresponding to the number of points to be granted to Directors during the trust period, the Company may make additional contribution of money to the Trust within the scope of the upper limit above and have the Trust additionally acquire the Company's shares.

**(3) Delivery of the Company's shares to Directors**

1) Method of granting points to Directors

In accordance with the Share Grant Rule created by the Board of Directors, the Company shall grant points to each Director in the number in accordance with certain criteria such as position and level of achievement of business targets as of the date of granting points during the trust period, as set forth in the Share Grant Rule.

Note that the maximum total points granted by the Company to Directors will be 70,000 points per fiscal year.

2) Delivery of the Company's shares in the number corresponding to the number of points granted

Each Director shall receive the delivery of the Company's shares in the number corresponding to the number of points granted as mentioned in 1) above, by following the process as mentioned in 3) below.

One point is corresponding to one Company share. However, in the event that adjusting the number of the Company's shares to be delivered is considered reasonable, such as in the case of a share split or share consolidation, a reasonable adjustment will be made to the number in proportion to the relevant split ratio, consolidation ratio, etc.

3) Delivery of the Company's shares to Directors

The Company's shares shall be delivered from the Trust to each Director as mentioned in 2) above, when a Director retires from office, by following the beneficiary vesting procedures.

However, a certain portion of the Company's shares may be delivered in money instead of the Company's shares, after they are sold and converted into cash by the Trust in order for the Company to withhold at source tax funds including withholding income tax. If the Company's shares held in the Trust are converted into cash in such cases where the Company's shares are settled after tendering shares for a tender offer, money, instead of the Company's shares, may be delivered.

**(4) Exercise of voting rights**

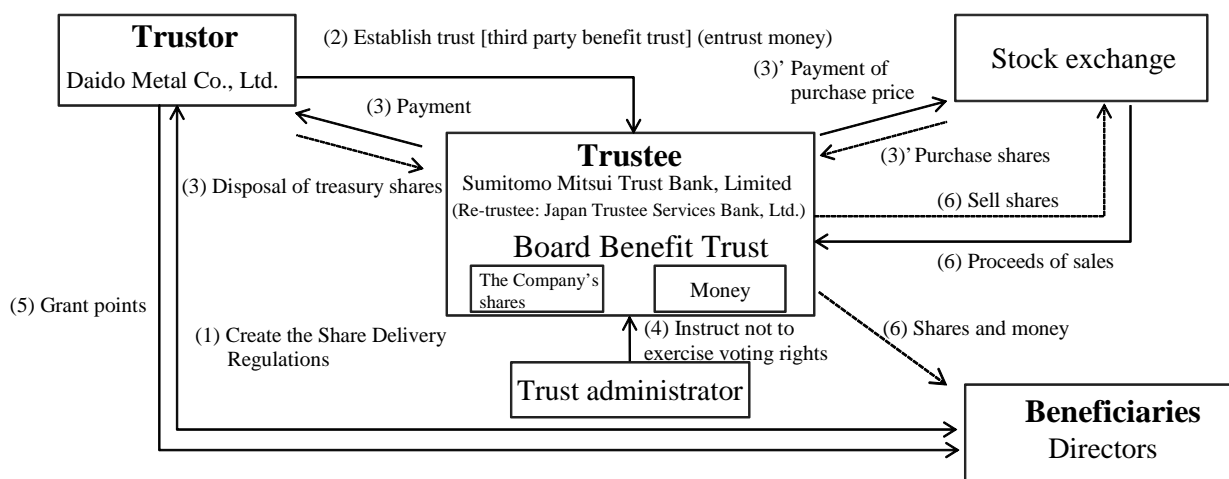
Regarding the Company's shares held in the Trust, in accordance with the instructions of a trust administrator who is independent of the Company and its officers, the voting rights shall not be exercised. This method is intended to ensure neutrality to the Company's management in relation to the exercise of voting rights associated with the Company's shares held in the Trust.

**(5) Treatment of dividends**

Dividends of the Company's shares held in the Trust shall be received by the Trust and appropriated to funds to acquire shares, payment of trust fees for the trustee of the Trust, etc.



< Reference: Overview of Structure of the Scheme >



- 1) The Company creates the Share Grant Rule for Directors.
- 2) The Company establishes a Board Benefit Trust (third party benefit trust) with Directors as beneficiaries (the Trust). In so doing, the Company entrusts the money equivalent to share acquisition funds with a trustee (Note: to the extent approved by the Shareholders' Meeting).
- 3) A trustee acquires the Company shares in the number of expected delivery going forward in a lump sum (by subscribing to a disposal of treasury shares or purchase from the market (including after-hour trading)).
- 4) The Company and a trustee appoint a trust administrator (who must be independent of the Company or its officers), and the trust administrator will protect interests of beneficiaries, who will be subject to the Share Grant Rule, and oversee a trustee throughout the trust period. For the Company's shares held in the Trust, a trust administrator gives instruction to a trustee not to exercise voting rights, and a trustee will not exercise any voting rights upon the instruction over the trust period.
- 5) The Company will grant points to Directors in accordance with the Share Grant Rule.
- 6) Directors who satisfy the requirements specified in the Share Grant Rule and a trust agreement for the Trust will receive the delivery of the Company's shares from a trustee, as a beneficiary of the Trust, in the number corresponding to the number of points granted. In the case falling under a certain reason prescribed in the Share Grant Rule or a trust agreement, the Company's shares to be delivered will be partially sold on a stock exchange and delivered in money.

The Company's shares among the assets remaining in the Trust when the Trust terminates will be acquired by the Company without contribution, and then cancelled by resolution of the Board of Directors.

In addition, a certain portion of the money among the assets remaining in the Trust when the Trust terminates will be donated to specified public-service promotion corporations that have no interest in Directors, in accordance with the predetermined provisions in the Share Grant Rule and a trust agreement.

Sumitomo Mitsui Trust Bank, Limited, who will serve as trustee under the Scheme, will re-entrust the administration of trust assets to Japan Trustee Services Bank, Ltd.

End of document