

Securities Code: 6369

June 5, 2019

To our shareholders:

Toru Yanagawa  
President and Representative Director  
**TOYO KANETSU K.K.**  
11-1 Minamisuna 2-chome, Koto-ku, Tokyo

## Notice of the 111th Annual General Meeting of Shareholders

You are cordially invited to attend the 111th Annual General Meeting of Shareholders of TOYO KANETSU K.K. (the “Company”), which will be held as indicated below.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing or by electronic methods (the Internet, etc.). Please review the attached Reference Documents for General Meeting of Shareholders, and exercise your voting rights.

### Instructions for the Exercise of Voting Rights

#### Exercising voting rights by attending the General Meeting of Shareholders

Please submit the enclosed voting form to the reception on the day of the meeting.

#### Exercising voting rights by mail (in writing)

Please indicate your approval or disapproval of the proposals in the enclosed voting form and then return the form to the Company by postal mail so that your vote is received by 5:30 p.m. on Wednesday, June 26, 2019 (JST).

#### Exercising voting rights via the Internet, etc.

Please access the website specified by the Company for exercising your voting rights (<https://evote.tr.mufg.jp/>) and exercise your voting rights by 5:30 p.m. on Wednesday, June 26, 2019 (JST).

\* The Company participates in the electronic voting platform.

**1. Date and Time:** Thursday, June 27, 2019, 10:00 a.m. (JST) (Reception will open at 9:00 a.m.)

**2. Venue:** Large Hall, 3F, The Industry Club of Japan  
4-6 Marunouchi 1-chome, Chiyoda-ku, Tokyo

### 3. Purpose of the Meeting

#### Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the 111th fiscal year (from April 1, 2018 to March 31, 2019), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Audit and Supervisory Committee
2. The Non-consolidated Financial Statements for the 111th fiscal year (from April 1, 2018 to March 31, 2019)

#### Matters to be resolved:

- |                       |   |
|-----------------------|---|
| <b>Proposal No. 1</b> | Appropriation of Surplus  |
| <b>Proposal No. 2</b> | Election of Six Directors (Excluding Audit and Supervisory Committee Members)   |
| <b>Proposal No. 3</b> | Election of Four Directors Who Are Audit and Supervisory Committee Members  |
| <b>Proposal No. 4</b> | Determination of Remuneration Details and Amounts Associated with the Introduction of a Performance-Linked Share-Based Remuneration Plan for Directors and Executive Officers |

- If you attend the meeting in person, please submit the enclosed voting form to the reception. In addition, please bring this notice with you for reference during the meeting.
- If there are any modifications to the Reference Documents for General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements, such modifications will be published on the Company’s website.

The Company’s website (<https://www.toyokanetsu.co.jp/>)

## Reference Documents for General Meeting of Shareholders

### Proposal No. 1      Appropriation of Surplus

The Company recognizes the return of profit to its shareholders as a key management priority, and has been maintaining a basic policy for the return of profit to shareholders to optimize the balance between financial soundness and the return of profit to its shareholders.

In accordance with the policy for the return of profit to shareholders, the Company proposes to pay year-end dividends for the 111th fiscal year as follows:

#### Year-end dividends

- (1) Type of dividend property  
To be paid in cash.
- (2) Allotment of dividend property and their aggregate amount  
The Company proposes to pay a dividend of ¥100 per common share of the Company.  
In this event, the total dividends will be ¥903,935,100.
- (3) Effective date of dividends of surplus  
June 28, 2019

#### <Reference>

Policy for return of profit to shareholders (fiscal year ended March 31, 2019)

- Consolidated dividend payout ratio: set at 30% or more.  
(However, the lower limit will be set at ¥10 per share annually [¥100 per share annually from the fiscal year ended March 31, 2018 due to the share consolidation conducted on October 1, 2017].)
- Consolidated total return ratio: set at 100% or more, flexibly implementing acquisition of treasury shares.  
(However, this limit does not apply where a large scale demand for funds arises.)
- Effective period of the policy: For three fiscal years, from the fiscal year ended March 31, 2017, to the fiscal year ended March 31, 2019. A review will be made at the expiry of the period.

**Proposal No. 2** Election of Six Directors (Excluding Audit and Supervisory Committee Members)

The terms of office of all four Directors (excluding Audit and Supervisory Committee Members) will expire at the conclusion of this meeting. Therefore, following the merger with TOYO KANETSU SOLUTIONS K.K. as of April 1, 2019, the Company proposes election of six Directors including additional two Directors (excluding Audit and Supervisory Committee Members) in order to strengthen the management system.

Furthermore, as members of the “Nomination and Compensation Committee” (the majority of which are outside Directors), which was established voluntarily, all members of the Audit and Supervisory Committee made deliberations according to the criteria and procedures stipulated in the Company’s “Corporate Governance Guidelines” and participated in processes to report and make decisions in the meeting of the Board of Directors. Having also reexamined the above in the Audit and Supervisory Committee, it has been determined that the procedures for nominating candidates for Director who are not Audit and Supervisory Committee Members are appropriate and each candidate is eligible to be a Director of the Company.

The candidates for Director (excluding Audit and Supervisory Committee Members) are as follows:

Candidate No.	Name	Current position	Responsibility, etc.	Attribute
1	Toru Yanagawa	President and Representative Director	–	Reelection
2	Isao Shimomae	Director	Executive Vice President	Reelection
3	Masayuki Takeda	Director	Senior Managing Officer and Division Manager of Overseas Plant & Machinery Division	Reelection
4	Keisuke Kodama	Director	Senior Managing Officer and Division Manager of Corporate Division	Reelection
5	Takashi Owada	–	Managing Officer and Division Manager of Logistic Solutions Division	New election
6	Kazuhito Watanabe	–	Managing Officer and Deputy Division Manager of Logistic Solutions Division	New election

Reelection: Candidate for Director to be reelected

New election: Candidate for Director to be newly elected

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company		Number of the Company's shares owned
1	Toru Yanagawa (February 26, 1953)  Reelection  Tenure as Director (at the conclusion of this meeting) 14 years  Attendance to the Board of Directors meetings 12/12	Apr. 1975	Joined the Company	14,297 shares
		Apr. 1998	General Manager of Machinery & Plant Sales Department of Sales Division	
		July 2000	Executive Officer and General Manager of Machinery & Plant Sales Department of Sales Division	
		July 2003	Senior Executive Officer and Deputy Division Manager of Plant & Machinery Division	
		June 2005	Director, Senior Executive Officer, and Deputy Division Manager of Plant & Machinery Division	
		Apr. 2008	Director	
		Apr. 2008	President & Representative Director of TOYO KANETSU SOLUTIONS K.K. (currently the Company)	
		Apr. 2014	President and Representative Director of the Company (current position)	
		(Significant concurrent positions outside the Company)		
		—		
Reasons for nomination as candidate for Director He has superior discernment and performance not only in his pursuits in the plant & machinery business that he has mainly engaged in since joining the Company, but also in the logistic solutions business. Moreover, given his excellent management skills, cultivated through his experience as President, etc. of both the Company and TOYO KANETSU SOLUTIONS K.K. (currently the Company), a subsidiary operating our logistic solutions business, the Company proposes his reelection as Director.				
2	Isao Shimomae (December 30, 1954)  Reelection  Tenure as Director (at the conclusion of this meeting) 9 years  Attendance to the Board of Directors meetings 12/12	Apr. 1975	Joined the Company	6,843 shares
		Apr. 2005	General Manager of Maintenance Department of Plant & Machinery Division	
		June 2007	Executive Officer and General Manager of Maintenance Department of Plant & Machinery Division	
		July 2009	Senior Executive Officer and Deputy Division Manager of Plant & Machinery Division	
		June 2010	Director, Senior Executive Officer and Deputy Division Manager of Plant & Machinery Division	
		Apr. 2014	Director and Deputy Division Manager of Plant & Machinery Division	
		Apr. 2016	Director and General Manager of Plant & Machinery Division	
		Apr. 2018	Director and Deputy President	
		Apr. 2019	Director and Executive Vice President (current position)	
		(Significant concurrent positions outside the Company)		
		—		
Reasons for nomination as candidate for Director He has superior discernment and performance in his pursuits in the plant & machinery business that he has mainly engaged in since joining the Company, and given his excellent management skills, cultivated through his experience as General Manager of Maintenance Department, General Manager of business divisions, and Executive Vice President, etc., the Company proposes his reelection as Director.				

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company		Number of the Company's shares owned
3	Masayuki Takeda (March 1, 1960)  Reelection  Tenure as Director (at the conclusion of this meeting) 6 years  Attendance to the Board of Directors meetings 12/12	Apr. 1982	Joined the Company	3,819 shares
		July 2004	General Manager of Construction Engineering Department and Overseas Construction Department of Plant & Machinery Division	
		Apr. 2008	General Manager of Production Engineering Department and Overseas Construction Department of Plant & Machinery Division	
		July 2009	Executive Officer and General Manager of Overseas Construction Department of Plant & Machinery Division	
		Apr. 2013	Senior Executive Officer, General Manager of Overseas Construction Department and Production Engineering Department of Plant & Machinery Division	
		June 2013	Director, Senior Executive Officer, General Manager of Overseas Construction Department and Production Engineering Department of Plant & Machinery Division	
		Apr. 2014	Director, Senior Executive Officer, General Manager of Overseas Construction Department and Production Engineering Department of Plant & Machinery Division	
		Oct. 2015	Director, Senior Executive Officer and in charge of Sales of Plant & Machinery Division	
		Apr. 2016	Director and Deputy General Manager of Plant & Machinery Division	
		Apr. 2017	Director, Deputy General Manager and in charge of Global Strategy Office of Plant & Machinery Division	
		Apr. 2018	Director and General Manager of Plant & Machinery Division	
		Apr. 2019	Director, Senior Managing Officer and Division Manager of Overseas Plant & Machinery Division (current position)	
(Significant concurrent positions outside the Company)		—		
Reasons for nomination as candidate for Director He has superior discernment and performance in his pursuits in the plant & machinery business that he has mainly engaged in since joining the Company and, given his excellent management skills, cultivated through his experience as the General Manager of Overseas Construction Department, General Manager of Production Engineering Department and General Manager of business divisions, etc., the Company proposes his reelection as Director.				

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
4	<p>Keisuke Kodama (December 26, 1958)</p> <p>Reelection</p> <p>Tenure as Director (at the conclusion of this meeting) 4 years</p> <p>Attendance to the Board of Directors meetings 12/12</p>	<p>Apr. 1982      Joined the Company</p> <p>July 2006      General Manager of Domestic Sales Department of Plant &amp; Machinery Division</p> <p>Apr. 2009      General Manager of Corporate Management Department of Corporate Management Division</p> <p>Apr. 2010      Executive Officer and General Manager of Corporate Management Department of Corporate Management Division</p> <p>Apr. 2012      Seconded to TOYO KANETSU SOLUTIONS K.K. (currently the Company), and Executive Officer</p> <p>Apr. 2013      Transferred to TOYO KANETSU SOLUTIONS K.K., and Senior Executive Officer</p> <p>Apr. 2015      Transferred to the Company, Senior Executive Officer and Deputy Division Manager of Corporate Management Division</p> <p>June 2015      Director and Deputy Division Manager of Corporate Management Division</p> <p>Apr. 2016      Director and General Manager of Corporate Management Division</p> <p>Apr. 2018      Director and General Manager of Corporate Management Division</p> <p>Apr. 2019      Director, Senior Managing Officer and Division Manager of Corporate Division (current position)</p> <p>(Significant concurrent positions outside the Company) —</p>	3,439 shares
<p>Reasons for nomination as candidate for Director</p> <p>He has superior discernment and performance in not only his pursuits in the plant &amp; machinery business that he has mainly engaged in since joining the Company, but also in the Corporate Management Division and the logistic solutions business. Moreover, given his excellent management skills, cultivated through his experience as General Manager of Domestic Sales Department of plant &amp; machinery business, General Manager of Corporate Management Division, and as an officer in charge of sales, etc. in TOYO KANETSU SOLUTIONS K.K. (currently the Company), a subsidiary operating our logistic solutions business, the Company proposes his reelection as Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company		Number of the Company's shares owned
5	Takashi Owada (June 19, 1962)	Apr. 1985 Oct. 2002	Joined the Company Transferred to TOYO KANETSU SOLUTIONS K.K. (currently the Company), and General Manager of System Sales No. 1 Department, Marketing Division	309 shares
	New election	July 2006	General Manager of SI Department, System Division	
	Tenure as Director (at the conclusion of this meeting) - years	Apr. 2008	Executive Officer and General Manager of System Division	
	Attendance to the Board of Directors meetings -	Apr. 2015 Apr. 2018	Senior Executive Officer Transferred to the Company, and Executive Officer	
			Seconded to TOYO KANETSU SOLUTIONS K.K. (currently the Company), and Director and Senior Executive Officer	
		Apr. 2019	Managing Officer and Division Manager of Logistic Solutions Division of the Company (current position)	
		(Significant concurrent positions outside the Company)		
		—		
Reasons for nomination as candidate for Director He has superior discernment and performance in his pursuits in the logistic solutions business that he has mainly engaged in since joining the Company. Moreover, given his excellent management skills, cultivated through his experience as Director and General Manager of System Division, etc. of TOYO KANETSU SOLUTIONS K.K. (currently the Company), a subsidiary operating our logistic solutions business, the Company proposes his election as Director.				
6	Kazuhito Watanabe (November 17, 1960)	Apr. 1983 Oct. 2002	Joined the Company Transferred to TOYO KANETSU SOLUTIONS K.K. (currently the Company)	832 shares
	New election	Apr. 2007	General Manager of Marketing No.3 Department, Marketing Division	
	Tenure as Director (at the conclusion of this meeting) - years	Apr. 2012	General Manager Supervising Marketing Division	
	Attendance to the Board of Directors meetings -	Apr. 2014	Executive Officer and General Manager Supervising Marketing Division	
		Apr. 2017 Apr. 2018	Senior Executive Officer Transferred to the Company, and Executive Officer	
			Seconded to TOYO KANETSU SOLUTIONS K.K. (currently the Company), and Director and Senior Executive Officer	
		Apr. 2019	Managing Officer and Deputy Division Manager of Logistic Solutions Division of the Company (current position)	
		(Significant concurrent positions outside the Company)		
		—		
Reasons for nomination as candidate for Director He has superior discernment and performance in his pursuits in the logistic solutions business that he has mainly engaged in since joining the Company. Moreover, given his excellent management skills, cultivated through his experience as Director and General Manager Supervising Marketing Division, etc. of TOYO KANETSU SOLUTIONS K.K. (currently the Company), a subsidiary operating our logistic solutions business, the Company proposes his election as Director.				

Notes: There is no special interest between any of the candidates for Director and the Company.

**Proposal No. 3**      Election of Four Directors Who Are Audit and Supervisory Committee Members

The terms of office of all four Directors who are Audit and Supervisory Committee Members will expire at the conclusion of this meeting. Therefore, the Company proposes the election of four Directors who are Audit and Supervisory Committee Members.

Furthermore, the consent of the Audit and Supervisory Committee has been obtained for this proposal.

Candidates for Directors who are Audit and Supervisory Committee Members are as follows:

Candidate No.	Name	Current position	Responsibility, etc.	Attribute
1	Kazuto Abe	Full-time Audit and Supervisory Committee Member	—	Reelection
2	Toshiaki Hiwatari	Audit and Supervisory Committee Member	—	Reelection Outside Independent
3	Tsuneo Nagai	Audit and Supervisory Committee Member	—	Reelection Outside Independent
4	Shigeharu Nakamura	Audit and Supervisory Committee Member	—	Reelection Outside Independent

Reelection: Candidate for Director who is Audit and Supervisory Committee Member to be reelected

Outside: Candidate of outside Director who is Audit and Supervisory Committee Member

Independent: Independent officer as defined by the securities exchange



Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company		Number of the Company's shares owned
1	<p>Kazuto Abe (April 27, 1953)</p> <p>Reelection</p> <p>Tenure as Audit and Supervisory Committee Member (at the conclusion of this meeting) 4 years</p> <p>Attendance to the Board of Directors meetings 12/12</p> <p>Attendance to the Audit and Supervisory Committee meetings 13/13</p>	<p>Apr. 1976</p> <p>July 2000</p> <p>Dec. 2002</p> <p>July 2003</p> <p>Aug. 2004</p> <p>Apr. 2009</p> <p>June 2009</p> <p>Apr. 2012</p> <p>June 2012</p> <p>June 2015</p> <p>—</p>	<p>Joined the Company</p> <p>General Manager of Accounting Department of Corporate Management Division</p> <p>Executive Officer</p> <p>Seconded to TOYO KANETSU SOLUTIONS K.K. (currently the Company), and Executive Officer and Deputy Division Manager of Corporate Management Division</p> <p>Division Manager of Corporate Management Division</p> <p>Executive Officer, General Manager of General &amp; Personnel Affairs Department of Corporate Management Division, and General Manager of Chiba Plant of the Company</p> <p>Outside Audit &amp; Supervisory Board Member of TOYO KOKEN K.K.</p> <p>Executive Officer, in charge of General &amp; Personnel Affairs, and Chiba Plant of the Company</p> <p>Full-time Auditor</p> <p>Director (Full-time Audit and Supervisory Committee Member) (current position)</p> <p>(Significant concurrent positions outside the Company)</p>	2,920 shares
<p>Reasons for nomination as candidate for Director who is Audit and Supervisory Committee Member</p> <p>He has abundant experience and knowledge cultivated through his pursuits in the management department that he has mainly engaged in since joining the Company, as General Manager of Accounting Department, General Manager of General &amp; Personnel Affairs Department, and as General Manager of Corporate Management Division, etc., in TOYO KANETSU SOLUTIONS K.K. (currently the Company), a subsidiary operating our logistic solutions business. He has also been actively providing his opinions and advice to the Company as Full-time Auditor since 2012 and as Director who is Full-time Audit and Supervisory Committee Member since 2015. Therefore, having judged that he will contribute to enhanced auditing and supervisory potential across the overall management, the Company proposes his reelection as Director who is Audit and Supervisory Committee Member.</p>				

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
2	<p>Toshiaki Hiwatari (August 4, 1945)</p> <p>Reelection Outside Independent</p> <p>Tenure as Audit and Supervisory Committee Member (at the conclusion of this meeting) 4 years</p> <p>Attendance to the Board of Directors meetings 12/12</p> <p>Attendance to the Audit and Supervisory Committee meetings 13/13</p>	<p>Apr. 1970 Appointed as Public Prosecutor</p> <p>June 1997 Public Prosecutor of the Supreme Public Prosecutors Office</p> <p>Aug. 2002 Director-General of the Criminal Affairs Bureau of the Ministry of Justice</p> <p>June 2004 Vice-Minister of Justice</p> <p>Dec. 2006 Superintending Prosecutor of the Tokyo High Public Prosecutors Office</p> <p>July 2008 Prosecutor-General</p> <p>Sept. 2010 Registered as an attorney at law, Advisor Attorney at law for TMI Associates (current position)</p> <p>June 2012 Outside Corporate Auditor of Honda Motor Co., Ltd.</p> <p>Oct. 2012 Outside Auditor of the Company</p> <p>June 2015 Outside Director of Nomura Securities Co., Ltd.</p> <p>Oct. 2016 Outside Director (Audit and Supervisory Committee Member) of the Company (current position)</p> <p>Oct. 2016 Corporate Auditor (outside) of The Kagoshima Bank, Ltd.</p> <p>June 2017 Outside Director (Audit and Supervisory Committee Member) of Honda Motor Co., Ltd. (plan to retire in June 2019)</p> <p>Apr. 2019 Outside Director (Audit and Supervisory Committee Member) of Nomura Securities Co., Ltd. (current position)</p> <p>Outside Director of The Kagoshima Bank, Ltd. (current position)</p> <p>(Significant concurrent positions outside the Company)</p> <p>Advisor Attorney at law for TMI Associates</p> <p>Outside Director (Audit and Supervisory Committee Member) of Nomura Securities Co., Ltd.</p> <p>Outside Director of The Kagoshima Bank, Ltd.</p>	0 shares
<p>Reasons for nomination as candidate for outside Director who is Audit and Supervisory Committee Member</p> <p>He has specialist expertise cultivated as a public prosecutor and attorney at law. He has been actively providing his opinions and advice to the Company as outside Auditor since 2012 and as outside Director who is Audit and Supervisory Committee Member since 2015. Therefore, having judged that he will contribute to enhanced auditing and supervisory potential across the overall management, the Company proposes his reelection as outside Director who is Audit and Supervisory Committee Member.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company		Number of the Company's shares owned
3	Tsuneo Nagai (March 7, 1944)	Apr. 1966	Joined Citizen Watch Co., Ltd.	2,000 shares
	Reelection Outside Independent  Tenure as Audit and Supervisory Committee Member (at the conclusion of this meeting) 4 years  Attendance to the Board of Directors meetings 12/12  Attendance to the Audit and Supervisory Committee meetings 13/13	June 1996	Director	
June 2002		Managing Director and General Manager of Watch Business Supervisory Department		
June 2004		Senior Managing Director		
Apr. 2007		President and CEO		
July 2007		Chairman of JAPAN CLOCK & WATCH ASSOCIATION		
June 2010		Director and Executive Advisor of Citizen Watch Co., Ltd.		
June 2011		Advisor		
June 2012		Outside Auditor of the Company		
June 2015		Outside Director (Audit and Supervisory Committee Member) (current position)		
		(Significant concurrent positions outside the Company)		
		—		
Reasons for nomination as candidate for outside Director who is Audit and Supervisory Committee Member He has abundant experience and broad range of knowledge of all aspects of corporate management cultivated through his service as the manager of listed companies (of different industries). He has been actively providing his opinions and advice to the Company as outside Auditor since 2012 and as outside Director who is Audit and Supervisory Committee Member since 2015. Therefore, having judged that he will contribute to enhanced auditing and supervisory potential across the overall management, the Company proposes his reelection as outside Director who is Audit and Supervisory Committee Member.				

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
4	Shigeharu Nakamura (September 17, 1953)  Reelection Outside Independent  Tenure as Audit and Supervisory Committee Member (at the conclusion of this meeting) 4 years  Attendance to the Board of Directors meetings 12/12  Attendance to the Audit and Supervisory Committee meetings 13/13	<p>Apr. 1976      Joined The Saitama Bank, Limited (currently Resona Bank, Limited)</p> <p>June 2006      Director, Senior Managing Executive Officer in charge of Aggregate Funds Division and in charge of Corporate Governance Office</p> <p>June 2008      Deputy President and Representative Director, Executive Officer in charge of Human Resources Division and in charge of the Corporate Governance Office</p> <p>June 2009      Executive Officer in charge of Corporate Communications Division and in charge of Human Resources Division of Resona Holdings, Inc.</p> <p>June 2011      Deputy President and Representative Director, Executive Officer in charge of the Corporate Center (excluding the Corporate Management Department) of Resona Bank, Limited</p> <p>Apr. 2012      President and Representative Director of Resona Research Institute Co., Ltd.</p> <p>June 2013      Outside Auditor of the Company</p> <p>June 2014      Outside Auditor of F-TECH INC. (current position)</p> <p>Outside Auditor of RIKEN TECHNOS CORPORATION</p> <p>June 2015      Outside Director (Audit and Supervisory Committee Member) of the Company (current position)</p> <p>June 2016      Outside Director (Audit &amp; Supervisory Committee Member) of RIKEN TECHNOS CORPORATION (current position)</p> <p>June 2018      External Director of The Shoko Chukin Bank, Ltd. (current position)</p> <p>(Significant concurrent positions outside the Company) Outside Auditor of F-TECH INC. Outside Director (Audit &amp; Supervisory Committee Member) of RIKEN TECHNOS CORPORATION External Director of The Shoko Chukin Bank, Ltd.</p>	0 shares
<p>Reasons for nomination as candidate for outside Director who is Audit and Supervisory Committee Member</p> <p>He has abundant experience and knowledge of all aspects of corporate management cultivated through his service as the manager of a financial institution. He has been actively providing his opinions and advice to the Company as outside Auditor since 2013 and as outside Director who is Audit and Supervisory Committee Member since 2015. Therefore, having judged that he will contribute to enhanced auditing and supervisory potential across the overall management, the Company proposes his reelection as outside Director who is Audit and Supervisory Committee Member.</p>			

- Notes:
1. There is no special interest between any of the candidates for Director who are Audit and Supervisory Committee Members and the Company.
  2. Toshiaki Hiwatari, Tsuneo Nagai, and Shigeharu Nakamura are candidates for outside Director.
  3. Although Toshiaki Hiwatari has never been directly involved in the management of a company except as an outside officer, the Company judges that he will appropriately fulfill his duties as described in "Reasons for nomination as candidate for outside Director who is Audit and Supervisory Committee Member."
  4. Toshiaki Hiwatari, Tsuneo Nagai, and Shigeharu Nakamura are currently outside Directors who are Audit and Supervisory Committee Members of the Company, and at the conclusion of this meeting, their tenure as outside Directors will have been four years.

5. Shigeharu Nakamura, in the past, has served as a person executing business in the positions in Resona Bank, Limited, which is a specified affiliated business operator (a major client) for the Company. However, he has retired as Deputy President and Representative Director and Executive Officer of Resona Bank, Limited as of March 2012.
6. The Company has entered into agreements with Kazuto Abe, Toshiaki Hiwatari, Tsuneo Nagai and Shigeharu Nakamura to limit their liability to the amount stipulated by laws and regulations, and if they are reelected, the Company plans to continue an agreement with the same content with them.
7. Toshiaki Hiwatari, Tsuneo Nagai, and Shigeharu Nakamura satisfy the requirements for an independent officer as provided for by Tokyo Stock Exchange, Inc., and the Company has submitted notifications to the aforementioned exchange concerning their appointments as independent officers. If their reelection is approved, the Company plans to submit notification for their appointment as independent officers again.

**Proposal No. 4**      Determination of Remuneration Details and Amounts Associated with the Introduction of a Performance-Linked Share-Based Remuneration Plan for Directors and Executive Officers

1. Reasons for the Proposal and Reasons Justifying such Remuneration

The Company proposes the introduction of a new performance-linked share-based remuneration plan (hereinafter referred to as the “Plan”) to issue shares of the Company in proportion to rank and other criteria for the Company’s Directors (excluding Audit and Supervisory Committee Members and Outside Directors) and Executive Officers who are not Directors but have a rank of at least Senior Executive Officer (hereinafter collectively referred to as “Directors, etc.”). The Plan is separate from the remuneration amounts for Directors (excluding Audit and Supervisory Committee Members) approved at the 107th Annual General Meeting of Shareholders held on June 26, 2015 (which were within a monthly amount of ¥15 million) and is for providing a performance-linked share-based remuneration to Directors, etc. from the business year starting April 1, 2019. Moreover, details regarding the Plan shall be entrusted to the Board of Directors, within the amount shown in section 2 of this proposal, below.

The Plan is intended to further clarify the relationship between the remuneration of the Directors, etc. and both the Company’s performance and share value; not only to allow the Directors, etc. to benefit from the merits of increases in share value, but to bear the burden of risk of change in share price and, through sharing the profit and risk associated with share prices with the Company’s shareholders, increase their awareness for contributing to elevating the corporate value and improving performance in the mid to long term.

This proposal aims to clarify the relationship between the remuneration of the Directors, etc. and both the Company’s performance and share value, and by having the Directors, etc. share the profit and risk associated with changes in share prices with the Company’s shareholders, to increase their awareness for contributing to elevating the corporate value and improving performance in the mid to long term. In this regard, the Company proposes the introduction of performance-linked share-based remuneration plan, which is a remuneration system that is highly linked to the Company’s performance, as well as being transparent and highly objective. The Company considers the details thereof as appropriate.

Moreover, if Proposal 2, “Election of Six Directors (Excluding Audit and Supervisory Committee Members)” is approved as proposed, the number of Directors of the Company applicable to the Plan will be six. In addition, as stated above, the Plan also applies to Executive Officers who are not Directors but have a rank of at least Senior Executive Officer (as of June 27, 2019, there will be four Executive Officers who do not serve concurrently as Directors applicable to the Plan, excluding two who are candidates for Director in Proposal 2) and, together with the Directors (excluding Audit and Supervisory Committee Members and Outside Directors), the Plan is therefore applicable to ten individuals as of June 27, 2019. This proposal proposes the amount and details of the remuneration to Directors, etc. for the entire remuneration based on the Plan, given the possibility that these Executive Officers may be elected as Directors following the start of the Plan.

Moreover, as per the procedures for nominating the candidate for Directors described in Proposal 2, all members of the Audit and Supervisory Committee participated in the deliberation and reporting processes as members of the “Nomination and Compensation Committee,” pursuant to the Company’s “Corporate Governance Guidelines.” Based on this, the Audit and Supervisory Committee reexamined the above and has determined that the procedures for determining the remuneration for Directors, etc. are appropriate and that the details of the remuneration and the introduction of the Plan are reasonable.

2. Remuneration Amount of the Plan and Details Thereof

(1) Overview of the Plan

The Plan is a performance-linked share-based remuneration plan that will use money contributed by the Company as capital to acquire the Company’s shares via a trust (hereinafter, the trust established based on the Plan shall be referred to as the “Trust”) and, based on the Regulations for the Provision of Shares for the Performance-linked Share-based Remuneration Plan stipulated by the Company, each of the Directors, etc. will be provided with shares of the Company that are in proportion to the number of points assigned to each of the Directors, etc., and cash that is in proportion to the market price of the shares of the Company (hereinafter collectively referred to as the “Shares of the Company, etc.”) through the Trust.

(2) Individuals Eligible for the Plan

Directors (excluding Audit and Supervisory Committee Members and Outside Directors) and Executive Officers who are not Directors but have a rank of at least Senior Executive Officer.

(3) Trust Period

The trust period shall be from August 2019 (planned) until the Trust is terminated (no specific termination date is stipulated, and the Trust shall continue to exist as long as the Plan continues). Moreover, the Plan will terminate upon abolition of the Regulations for the Provision of Shares for the Performance-linked Share-based Remuneration Plan, delisting of the Company's shares, etc.

(4) Upper Limit on the Amount of Trust Money to be Contributed by the Company to the Trust as Capital for Acquiring Shares

On the condition that this proposal is approved, the Company shall introduce the Plan for the three fiscal years from the fiscal year ending March 31, 2020 until the fiscal year ending March 31, 2022 (hereinafter referred to as the "Initial Plan Period") and every three fiscal years starting from the end of the Initial Plan Period (or the period of the medium-term management plan formulated following the Initial Plan Period; hereinafter, these periods including the Initial Plan Period are collectively referred to as "Plan Periods"). To implement the provision of Shares of the Company, etc. to the Directors, etc., the Company shall contribute to the Trust cash capital for acquiring shares of the Company as shown below.

Initially, at the start of the trust period noted in (3) above, the Company shall contribute to the Trust funds for acquiring shares of the Company for the Initial Plan Period with an upper limit of ¥150 million (of which ¥111 million is for the Directors) (see Note). Moreover, during the Initial Plan Period, it shall be permitted to make an additional contribution to the Trust to add to the amount contributed at the start of the trust period for acquiring shares of the Company within the total of ¥150 million (of which ¥111 million is for the Directors). In addition, after the Initial Plan Period and until the termination of the Plan, the Company shall be permitted to contribute to the Trust within the upper limit of ¥150 million (of which ¥111 million is for the Directors) for each of the Plan Periods. However, when implementing additional contributions, if shares of the Company remain in the Trust (hereinafter referred to as the "Residual Shares," excluding, however, the shares of the Company that correspond to the number of points conferred to Directors, etc. [See (6) regarding points] for immediately before each of the Plan Periods for which the provision to the Directors, etc. has not yet been completed) and money remains in the Trust (hereinafter collectively referred to as "Residual Shares, etc.") on the last day of the Plan Period immediately preceding the Plan Period where the additional contribution is to be made, the Residual Shares, etc. shall be appropriated for the capital for provision under the Plan for the following Plan Periods and the amount of the Residual Shares, etc. shall be deducted from the ¥150 million (of which ¥111 million is for the Directors) of the upper limit for the additional contribution that the Company can make for the applicable Plan Periods (Residual Shares shall be considered as corresponding to the value of their market price on the last day of the immediately preceding Plan Period).

Note: In addition to the aforementioned capital to acquire shares of the Company, the actual money contributed to the Trust by the Company includes the expected amount of expenses required for managing the Trust.

(5) Method of Acquisition of the Company's Shares by the Trust and the Number of Shares to be Acquired

It is planned for the Trust to acquire the Company's shares through the stock market or subscribing to the Company's disposal of treasury shares by using the funds contributed by the Company as in (4). The Company shall not issue new shares. Consequently, acquiring shares of the Company by the Trust will not increase the total number of issued shares of the Company and dilution of the shares will not occur. Details regarding the method of acquisition will be determined and disclosed by the Company after this General Meeting of Shareholders.

Moreover, following the establishment of the Trust, a maximum of 123,000 shares will be promptly acquired in the Initial Plan Period.

(6) Method of Calculating the Shares of the Company, etc. to be Conferred to Each of the Directors, etc. and Upper Limits Thereof

The Company shall grant each of the Directors, etc. every fiscal year the below points according to their position and the degree of attainment of performance goals, in accordance with the Regulations for the Provision of Shares for the Performance-linked Share-based Remuneration Plan stipulated by the Board of Directors of the Company. Moreover, the Regulations for the Provision of Shares for the Performance-linked Share-based Remuneration Plan for the Initial Plan Period shall be resolved by the Board of Directors following this General Meeting of Shareholders.

(Calculation of Points)

Directors, etc. who are not responsible for business divisions or are responsible for corporate divisions:

Conferred points = base points for position × performance-linkage coefficient ((1) × 1.0)\*

Directors, etc. responsible for business divisions:

Conferred points = base points for position × performance-linkage coefficient ((1) × 0.5 + (2) × 0.5)\*

\* The performance-linkage coefficients (1) and (2) vary between 0% and 144% according to the achievements in ROE and the operating profits of each division (the segment profits).

In the Initial Plan Period, the points conferred to Directors, etc. for one fiscal year shall be at most 41,000 points (corresponding to 41,000 shares; of which 30,340 points are for the Directors [corresponding to 30,340 shares]), and the points conferred to Directors, etc. in the three fiscal years of the Initial Plan Period shall be at most 123,000 points (corresponding to 123,000 shares; of which 91,020 points are for the Directors [corresponding to 91,020 shares]).

Moreover, one point shall correspond to one share of the Company (fractions below one point will be discarded). However, if stock splits, allotment without consideration, share consolidation, or the like, is implemented for the shares of the Company following approval of this proposal, reasonable adjustments will be made to the conversion rate.

(7) Provision of Shares of the Company, etc. to Each of the Directors, etc.

In principle, following the determination of the performance of the final fiscal year of each of the Plan Periods, if the Directors, etc. fulfill the conditions for beneficiaries stipulated in the Regulations for the Provision of Shares for the Performance-linked Share-based Remuneration Plan, and on the condition that the Directors, etc. follow specified beneficiary determination procedures, the Trust will provide the Directors, etc. shares of the Company in accordance with the cumulative total of points conferred in each of the Plan Periods. However, from the perspective of ensuring capital for the payment of taxes, a number of shares of the Company corresponding to 50% of the cumulative points shall be converted into cash by the Trust, and the cash amount equal to the amount of the converted shares shall be paid to the Directors, etc.

(8) Exercise of Voting Rights of Shares of the Company in the Trust

To ensure neutrality to management, the voting rights of the shares of the Company in the Trust (that is, the shares of the Company prior to their provision to Directors, etc. as noted in (7)) shall not be exercised during the trust period.

(9) Treatment of Dividends for Shares of the Company in the Trust

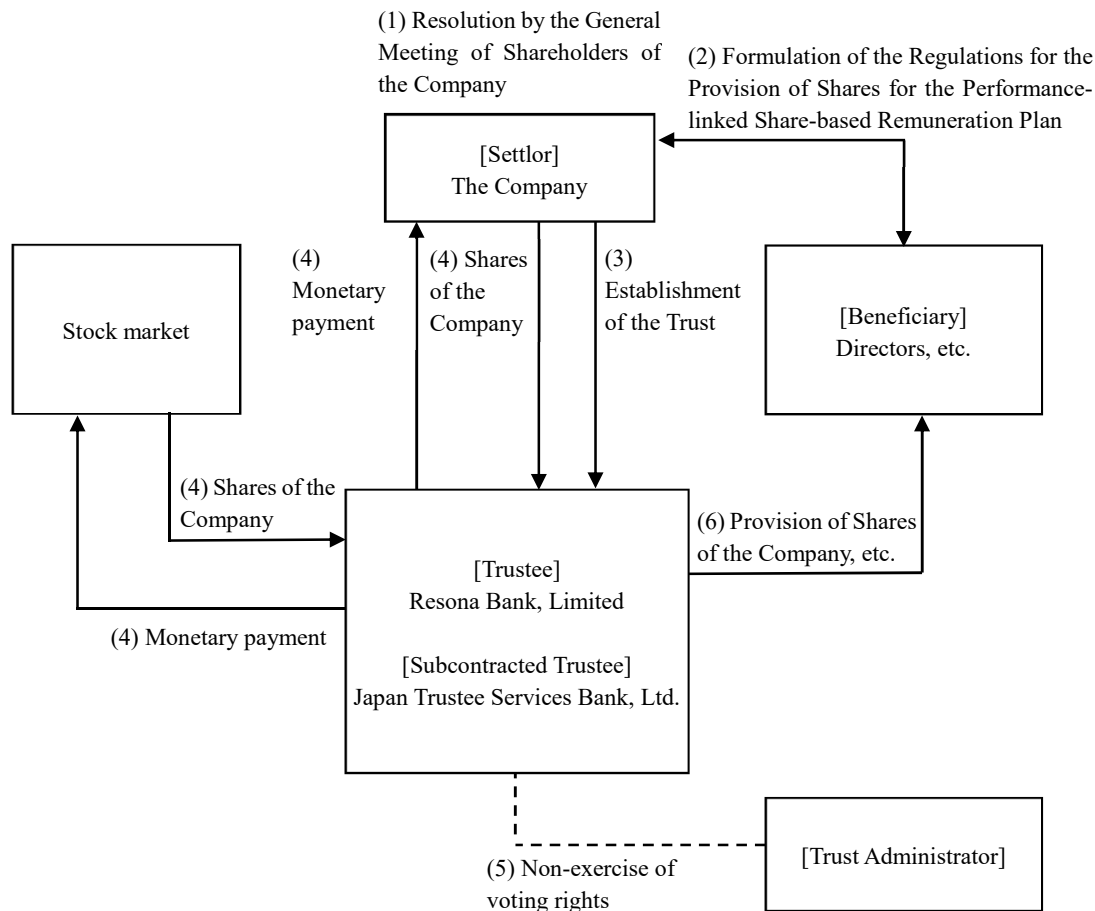
Dividends of the shares of the Company in the Trust shall be received by the Trust for the acquisition of shares of the Company and for trust fees payable to the trustees of the Trust.

(10) Treatment upon Termination of the Trust

With regard to the Company's shares among the residual assets of the Trust at the time of termination of the Trust, the Company plans to acquire all such shares without consideration and cancel them by resolution of the Board of Directors. In addition, of the residual assets of the Trust at the time of termination of the Trust, the Company plans to provide the balance of money to the Directors, etc. currently serving in proportion to the number of points they have each accumulated as of that time.



(Structure of the Plan)



- (1) The Company receives approval for the introduction of the Plan with regard to the remuneration for its officers by the General Meeting of Shareholders of the Company.
- (2) The Company, through its Board of Directors, formulates the Regulations for the Provision of Shares for the Performance-linked Share-based Remuneration Plan for the officers who will be provided Shares of the Company, etc.
- (3) The Company will contribute funds within the scope for which approval was obtained at the General Meeting of Shareholders in (1), and establish a trust (the Trust) with those eligible to the Plan as candidates for beneficiary. Moreover, the Company shall be permitted to make additional monetary contributions within the scope recorded above.
- (4) The Trust will use the money entrusted in (3) as capital to acquire shares of the Company through the stock market or by subscribing to the Company's disposal of treasury shares.
- (5) The voting rights of the shares of the Company in the Trust shall not be exercised at any time during the trust period.
- (6) During the trust period, pursuant to the Regulations for the Provision of Shares for the Performance-linked Share-based Remuneration Plan in (2), each of the Directors, etc. shall be conferred points each fiscal year on a specified day during each of the Plan Periods, with the conferment being in proportion to their position and the extent to which performance goals were attained. Those who fulfill certain beneficiary requirements stipulated by the Regulations for the Provision of Shares for the Performance-linked Share-based Remuneration Plan shall be provided with a number of Shares of the Company, etc. that corresponds to the number of conferred points that they have accumulated. In this case, from the perspective of ensuring capital for the payment of taxes, a number of shares of the Company corresponding to 50% of the cumulative points shall be converted into cash by the Trust, and the cash amount equal to the amount of the converted shares shall be paid to those eligible.