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(Stock Exchange Code 6140)
June 6, 2018

To Shareholders with Voting Rights:

Kazuki Kataoka
President and Representative Director
Asahi Diamond Industrial Co., Ltd.
4-1, Kioi-cho, Chiyoda-ku, Tokyo

**NOTICE OF
THE 99TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

You are cordially invited to attend the 99th Annual General Meeting of Shareholders of Asahi Diamond Industrial Co., Ltd. (the “Company”). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet, etc.

Please review the attached Reference Documents for the General Meeting of Shareholders, follow the instructions on the next page, and exercise your voting rights by 6:00 p.m. on Monday, June 25, 2018, Japan time.

- 1. Date and Time:** Tuesday, June 26, 2018 at 10:00 a.m. Japan time
(Reception desk opens at 9:00 a.m.)
- 2. Place:** Conference room Orizuru Rei, The Main Bldg. Arcade Floor, Hotel New Otani
at 4-1, Kioi-cho, Chiyoda-ku, Tokyo, Japan
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. The Business Report, Consolidated Financial Statements for the Company’s 99th Fiscal Year (April 1, 2017 - March 31, 2018) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 99th Fiscal Year (April 1, 2017 - March 31, 2018)
 - Proposals to be resolved:**
 - Proposal 1:** Appropriation of Surplus
 - Proposal 2:** Election of Nine (9) Directors
 - Proposal 3:** Determination of the Amount and Contents of Stock Compensation, etc. for Directors

© Of the documents required to be provided with this Notice of Convocation, the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements are, in accordance with laws and regulations as well as Article 19 of the Articles of Incorporation of the Company, posted on the Company’s website (<http://www.asahidia.co.jp/>) and are therefore not included with the Attached Document. Furthermore, the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements have been audited by the Accounting Auditor and Audit & Supervisory Board Members as part of the Non-consolidated Financial Statements and the Consolidated Financial Statements when preparing the Independent Auditor’s Report and the Audit Report, respectively.

- ◎ Any updates to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements and the Consolidated Financial Statements will be posted on the Company's website (<http://www.asahidia.co.jp/>).
- ◎ Please submit the enclosed Voting Rights Exercise Form at the reception desk when attending the meeting. Please bring this notice of convocation with you as well to save resources. Because the reception desk is expected to be crowded right before the start of the meeting, we suggest that you arrive early.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

It is proposed that the surplus be appropriated as follows:

Matters concerning year-end dividends

The Company positions returning profits to shareholders as an important issue. The Company's basic policy is to maintain a stable dividend while conducting R&D and capital investment, retaining appropriate internal reserve for future business development and enhancement of corporate value and as such, the Company intends to distribute profits according to consolidated performance.

In light of the recording of extraordinary losses in line with a loss on impairment of non-current assets, it is proposed that a year-end dividend of ¥5 per share be paid out.

As a result, the annual dividends for the year, including the interim dividend of ¥8, will amount to ¥13 per share.

1. Type of dividend property
Cash
2. Allocation of dividend property to shareholders and total amount thereof
¥5 per share of common stock of the Company
Total amount of dividends: ¥278,474,710
3. Effective date of dividends from surplus
June 27, 2018

Proposal 2: Election of Nine (9) Directors

The term of office of a Director of the Company is stipulated to be one (1) year. The terms of office of all nine (9) Directors will expire at the conclusion of this Annual General Meeting of Shareholders.

In order to ensure management transparency and strengthen corporate governance, the election of nine (9) Directors (of whom two (2) are External Directors) is proposed.

The candidates for Director are as follows:

No.		Name	Current positions and responsibilities	Attendance at Board of Directors' meetings
1	Reelection	Kazuki Kataoka	President and Representative Director	10/10
2	Reelection	Kazuo Kogawa	Representative Managing Director; Marketing Division Director	10/10
3	Reelection	Takeo Okui	Managing Director; Production and Engineering Division Director and Mie Factory General Manager	10/10
4	Reelection	Ming-Shong Lan	Director; International Division Director	10/10
5	Reelection	Kazuaki Taniguchi	Director; Chief Officer for R&D, Production and Engineering Division; Chiba Tsurumi Factory General Manager	10/10
6	Reelection	Toru Suzuki	Director; Administration Division Director	10/10
7	Reelection	Toshimasa Hagiwara	Director; International Division; Chief Officer for Regional Operations (China and Taiwan)	10/10
8	Reelection Candidate for External Director Independent Director	Osamu Koyama	Director (External Director)	10/10
9	Reelection Candidate for External Director Independent Director	Shinichi Nagata	Director (External Director)	10/10

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
1	Kazuki Kataoka (March 5, 1952) Reelection No. of years served as Director: 10 years Attendance at Board of Directors' meetings: 10/10	April 1976 July 2005 June 2008 June 2011 June 2013 June 2015	Joined the Company General Manager, Engineering Department, Marketing Division Director; Marketing Division Deputy Director Managing Director; Business Planning Division Director and Marketing Division Deputy Director Representative Executive Managing Director; Marketing Division Director President and Representative Director (present)	61,476
	<p>[Reasons for nomination as a candidate for Director]</p> <p>After joining the Company, Mr. Kazuki Kataoka was involved in marketing, business planning, R&D, etc. He has a wealth of business knowledge, great experience, outstanding capabilities concerning the diamond tool business and a character suitable for a person serving as a Director of the Company.</p> <p>As the President and Representative Director since June 2015, Mr. Kataoka has been responsible for the Company's management and has been performing his duties appropriately. Thus, the Company judges that he is a suitable person to serve as a Director of the Company and has nominated him for reelection as a candidate for Director.</p>			
2	Kazuo Kogawa (January 2, 1957) Reelection No. of years served as Director: 7 years Attendance at Board of Directors' meetings: 10/10	April 1979 July 2008 June 2009 June 2011 June 2013 June 2015	Joined the Company General Manager, Planning Department, Business Planning Division Executive Officer; Business Planning Division Director Managing; Tamagawa Factory General Manager Managing Director; Business Planning Division Director Representative Managing Director; Marketing Division Director (present)	29,593
	<p>[Reasons for nomination as a candidate for Director]</p> <p>After joining the Company, Mr. Kazuo Kogawa was involved in business planning, marketing, production and engineering, etc. He has a wealth of business knowledge, great experience, outstanding capabilities concerning the diamond tool business and a character suitable for a person serving as a Director of the Company.</p> <p>As a Director of the Company since June 2011, Mr. Kogawa has been performing his duties appropriately. Thus, the Company judges that he is a suitable person to serve as a Director of the Company and has nominated him for reelection as a candidate for Director.</p>			
3	Takeo Okui (April 19, 1950) Reelection No. of years served as Director: 10 years Attendance at Board of Directors' meetings: 10/10	December 1984 July 2001 July 2006 June 2008 June 2013	Joined the Company Mie Factory Deputy General Manager Executive Officer; Mie Factory Deputy General Manager Director; Mie Factory General Manager Managing Director; Production and Engineering Division Director and Mie Factory General Manager (present)	38,443
	<p>[Reasons for nomination as a candidate for Director]</p> <p>After joining the Company, Mr. Takeo Okui was involved in production and engineering administration, etc. He has a wealth of business knowledge, great experience, outstanding capabilities concerning the diamond tool business and a character suitable for a person serving as a Director of the Company.</p> <p>As a Director of the Company since June 2008, Mr. Okui has been performing his duties appropriately. Thus, the Company judges that he is a suitable person to serve as a Director of the Company and has nominated him for reelection as a candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
4	Ming-Shong Lan (March 4, 1953)	September 1994	Joined the Company; Deputy General Manager Reporting to Managing Division Director (Left the Company in July 1996)	24,194
	Reelection	August 1996	President, Taiwan Asahi Diamond Industrial Co., Ltd. (present)	
	No. of years served as Director: 13 years	June 2005	Director; International Department, the Company	
	Attendance at Board of Directors' meetings: 10/10	July 2017	Director; International Division Director (present)	
[Significant concurrent positions] President, Taiwan Asahi Diamond Industrial Co., Ltd.				
[Reasons for nomination as a candidate for Director] After joining the Company, Mr. Ming-Shong Lan was involved in business planning and serves as the President of an overseas subsidiary. He has a wealth of business knowledge, great experience, outstanding capabilities concerning the diamond tool business and a character suitable for a person serving as a Director of the Company. As a non-Japanese Director of the Company since June 2005, Mr. Lan has been performing his duties appropriately. Thus, the Company judges that he is a suitable person to serve as a Director of the Company and has nominated him for reelection as a candidate for Director.				
5	Kazuaki Taniguchi (April 23, 1950)	April 1973	Joined the Company	15,713
	Reelection	July 2005	General Manager, Production and Engineering Department, Chiba Tsurumai Factory	
	No. of years served as Director: 7 years	July 2008	Executive Officer; Chiba Tsurumai Factory Deputy General Manager	
	Attendance at Board of Directors' meetings: 10/10	June 2011	Director; Chiba Tsurumai Factory Deputy General Manager	
		June 2013	Director; Chiba Tsurumai Factory General Manager	
		July 2017	Director; Chief Officer for R&D, Production and Engineering Division; Chiba Tsurumai Factory General Manager (present)	
[Reasons for nomination as a candidate for Director] After joining the Company, Mr. Kazuaki Taniguchi was involved in production and engineering administration, etc. He has a wealth of business knowledge, great experience, outstanding capabilities concerning the diamond tool business and a character suitable for a person serving as a Director of the Company. As a Director of the Company since June 2011, Mr. Taniguchi has been performing his duties appropriately. Thus, the Company judges that he is a suitable person to serve as a Director of the Company and has nominated him for reelection as a candidate for Director.				
6	Toru Suzuki (October 2, 1952)	April 1978	Joined the Company	20,139
	Reelection	October 2008	General Manager, General Affairs Department, Administration Division	
	No. of years served as Director: 5 years	June 2011	Executive Officer; Administration Division Deputy Director	
	Attendance at Board of Directors' meetings: 10/10	June 2013	Director; Administration Division Director (present)	
[Reasons for nomination as a candidate for Director] After joining the Company, Mr. Toru Suzuki was involved in administration, production and engineering, etc. He has a wealth of business knowledge, great experience, outstanding capabilities concerning the diamond tool business and a character suitable for a person serving as a Director of the Company. As a Director of the Company since June 2013, Mr. Suzuki has been performing his duties appropriately. Thus, the Company judges that he is a suitable person to serve as a Director of the Company and has nominated him for reelection as a candidate for Director.				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
7	Toshimasa Hagiwara (November 10, 1959) Reelection No. of years served as Director: 4 years Attendance at Board of Directors' meetings: 10/10	<p>April 1982 Joined the Company</p> <p>December 2004 Nagoya Branch Deputy General Manager</p> <p>June 2009 Executive Officer; Nagoya Branch General Manager</p> <p>June 2014 Director; Nagoya Branch General Manager</p> <p>April 2015 President, Shanghai XuHui Diamond Industrial Co., Ltd. (present)</p> <p>April 2015 Director; Representative of China Division</p> <p>July 2017 Director; International Division; Chief Officer for Regional Operations (China and Taiwan) (present)</p> <p>[Significant concurrent positions] President, Shanghai XuHui Diamond Industrial Co., Ltd.</p>	14,712
<p>[Reasons for nomination as a candidate for Director]</p> <p>After joining the Company, Mr. Toshimasa Hagiwara was involved in marketing. He currently serves as the President of an overseas subsidiary. He has a wealth of business knowledge, great experience, outstanding capabilities concerning the diamond tool business and a character suitable for a person serving as a Director of the Company.</p> <p>As a Director of the Company since June 2014, Mr. Hagiwara has been performing his duties appropriately. Thus, the Company judges that he is a suitable person to serve as a Director of the Company and has nominated him for reelection as a candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
8	Osamu Koyama (August 8, 1948)	April 2005	Executive Officer, Mitsui & Co., Ltd. and Executive Vice President, Mitsui & Co. (U.S.A.), Inc.	0
	Reelection Candidate for External Director	April 2009	Executive Managing Officer, Mitsui & Co., Ltd. and President & CEO, Mitsui Global Strategic Studies Institute (Retired from these two companies in March 2012)	
	Independent Director	January 2013	Director, Keimei Gakuen (present)	
	No. of years served as Director: 4 years	June 2014	Director of the Company (External Director) (present)	
Attendance at Board of Directors' meetings: 10/10	April 2017	Auditor, International University of Japan (present)		
<p>[Reasons for nomination as a candidate for External Director] Having served as Executive Managing Officer, Mitsui & Co., Ltd. and President & CEO, Mitsui Global Strategic Studies Institute, Mr. Osamu Koyama has great experience and profound insight as a manager and is expected to fulfill the role and responsibilities of an External Director, including management oversight and provision of advice on overall management. Thus, the Company judges that he is a suitable person to serve as a Director of the Company and has nominated him for reelection as a candidate for Director.</p>				
<p>[Matters concerning independence] Mr. Osamu Koyama has no potential conflicts of interest with general shareholders of the Company because there is no offering or receiving of money between Mr. Koyama and the Company other than Director remuneration. While Mr. Komiya previously served as Executive Managing Officer, Mitsui & Co., Ltd. and President & CEO, Mitsui Global Strategic Studies Institute, the Company and the Mitsui Group have no cross-shareholding, and although the Company procures raw materials from the Mitsui Group, the amount of such transactions was equal to approximately 0.01% of consolidated net sales of Mitsui & Co., Ltd. Mr. Koyama serves as a Director of Keimei Gakuen and an Auditor of the International University of Japan. However, no special interest exists between these educational corporations and the Company. Therefore, Mr. Koyama satisfies the Company's criteria for independence in accordance with the Basic Policy for Appointment of External Directors and External Audit & Supervisory Board Members (see Page 10) and is judged to be independent.</p>				
<p>[Liability limitation agreement] The Company has entered into an agreement with Mr. Osamu Koyama to limit his liability pursuant to Article 423, Paragraph 1 of the Company Law so that he can fulfill his expected role. The maximum amount of liability pursuant to the agreement is the amount stipulated by laws and regulations. If his reelection is approved, the Company intends to renew the liability limitation agreement with him.</p>				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
9	Shinichi Nagata (January 31, 1948)	July 1998	Associate Director-General, Loan Planning Department, The Fuji Bank, Ltd. (current Mizuho Bank, Ltd.) (Left the company in June 1999)	1,000
	Reelection Candidate for External Director	June 1999	Director, Fine Credit Co., Ltd. (current Yamato Credit & Finance Co., Ltd.)	
	Independent Director	July 2000	Managing Director; Fine Credit Co., Ltd.	
		July 2006	Managing Executive Officer; Fine Credit Co., Ltd. (retired in June 2008)	
	No. of years served as Director: 3 years	June 2008	Audit & Supervisory Board Member (External Audit & Supervisory Board Member) of the Company (retired in June 2015)	
Attendance at Board of Directors' meetings: 10/10	June 2015	Director of the Company (External Director) (present)		
[Reasons for nomination as a candidate for External Director] Mr. Shinichi Nagata has great experience and profound insight gained through his career at financial institutions and is expected to fulfill the role and responsibilities of an External Director, including management oversight and provision of advice on overall management. Thus, the Company judges that he is a suitable person to serve as a Director of the Company and has nominated him for reelection as a candidate for Director.				
[Matters concerning independence] Mr. Shinichi Nagata has no potential conflicts of interest with general shareholders of the Company because there is no offering or receiving of money between Mr. Nagata and the Company other than Director remuneration. Mr. Nagata previously worked for Mizuho Bank, Ltd., which is one of the financial institutions the Company has transactions with, but 19 years have passed since he left the bank. The Company and the Mizuho Financial Group have no cross-shareholding. Loans payable to the said bank amount to only ¥340 million pertaining to an overseas subsidiary of the Company, and the said bank is not a major financial institution for the Company. While Mr. Nagata previously served as a Managing Executive Officer of Yamato Credit & Finance Co., Ltd., no special interest exists between Yamato Credit & Finance Co., Ltd. and the Company. Therefore, Mr. Nagata satisfies the Company's criteria for independence in accordance with the Basic Policy for Appointment of External Directors and External Audit & Supervisory Board Members (see Page 10) and is judged to be independent.				
[Liability limitation agreement] The Company has entered into an agreement with Mr. Shinichi Nagata to limit his liability pursuant to Article 423, Paragraph 1 of the Company Law so that he can fulfill his expected role. The maximum amount of liability pursuant to the agreement is the amount stipulated by laws and regulations. If his reelection is approved, the Company intends to renew the liability limitation agreement with him.				

(Notes)

1. Special interest between candidates for Director and the Company
 - 1) Mr. Ming-Shong Lan, a candidate for Director, also serves as the president of Taiwan Asahi Diamond Industrial Co., Ltd., a subsidiary of the Company, with which the Company has a business relationship, including sales of products.
 - 2) No special interest exists between other candidates for Director and the Company.
2. The number of years served as a Director is the number of years that will have been served at the conclusion of this Annual General Meeting of Shareholders.
3. The number of shares of the Company held by each candidate for Director is the number held as of March 31, 2018, and includes the number of shares held through the Executive Shareholding Association.

(Reference)

Policies and Procedures for Nominating Candidates for Director and Audit & Supervisory Board Member

The Company nominates persons capable of appropriately playing the role and duties of Director from a comprehensive viewpoint from among persons with specialized knowledge, experience and capabilities in various fields, taking into consideration the diversity and the balance of the Board of Directors as a whole.

The Company nominates persons capable of appropriately fulfilling the role and duties of Audit & Supervisory Board Member from a comprehensive viewpoint from among persons with insight into finance and accounting and other persons with specialized knowledge, experience and capabilities in various fields.

Nomination of candidates for Director and Audit & Supervisory Board Member is proposed by the President and Representative Director to the Board of Directors and determined by the Board of Directors. The President and Representative Director confirms opinions of independent External Directors prior to submitting a proposal regarding candidates to the Board of Directors.

Nomination of candidates for Audit & Supervisory Board Members is proposed to the Board of Directors after obtaining consent of the Audit & Supervisory Board.

Basic Policy for Appointment of External Directors and External Audit & Supervisory Board Members

The Company shall appoint a person as an Independent External Director/Audit & Supervisory Board Member (“External Officers”) who meets the requirements for outside directors/auditors prescribed by the Company Law, the requirements for independent directors/auditors prescribed by the Tokyo Stock Exchange, and the independence criteria of the Company described below and has experience and knowledge required for fulfilling the role and responsibilities expected of an Independent External Officer.

If none of the following attributes applies to an External Officer, the Company judges that such External Officer is independent from the Company.

- (1) A person affiliated with a major shareholder that substantially holds 10% or more of the voting rights of the Company
- (2) A person affiliated with an entity that substantially holds 10% or more of the voting rights of the Company
- (3) A person affiliated with a business partner whose purchases from the Company accounted for 3% or more of the Company’s consolidated net sales for the previous year
- (4) A person affiliated with a business partner whose annual sales to the Company accounted for 3% or more of the business partner’s consolidated net sales for the previous year
- (5) A person affiliated with a financial institution that is indispensable for the Company’s financing and on whom the Company is dependent to the extent that it is irreplaceable
- (6) A consultant, an accounting professional or a legal professional who received money or other assets amounting to 10 million yen or more from the Company in the previous year other than the Director’s or Audit & Supervisory Board Member’s remuneration (If the person receiving money, etc. is an organization such as a legal entity, a person affiliated with such organization)
- (7) A person affiliated with a legal entity that received donations amounting to 10 million yen or more from the Company in the previous year
- (8) A person to whom any of (1) to (7) above applied in the past three years
- (9) The spouse or relative in the second degree of kinship of a person to whom any of (1) to (8) above apply

Proposal 3: Determination of the Amount and Contents of Stock Compensation, etc. for Directors

1. Reasons for the proposal and reasons that the proposed compensation plan is considered to be reasonable

Compensation for Directors of the Company is comprised only of “base compensation.” The Company hereby proposes the introduction of a stock compensation plan (the “Plan”) for Directors of the Company (excluding External Directors and non-residents of Japan, as described below). The Company requests that its details be left to the discretion of the Board of Directors within the framework of 2. below.

The purpose of the Plan is to make the linkage between the compensation for Directors and the value of the Company’s stock clearer and increase Directors’ awareness of their contribution to enhancement of business performance and improvement of corporate value over the medium to long term by making Directors share interests and risks of fluctuation of the share price with shareholders. The Company thus deems the introduction of the Plan to be reasonable.

This Proposal is to provide new stock compensation to Directors (excluding External Directors and non-residents of Japan; the same hereinafter) in office during three business years from the business year ending March 31, 2019 to the business year ending March 31, 2021 (the “Applicable Period”) separately from the maximum cash compensation for Directors (within ¥450 million a year, excluding employee salaries) approved at the 88th Annual General Meeting of Shareholders held on June 28, 2007.

As a result of the introduction of the Plan, compensation for Directors will be comprised of “base compensation” and “stock compensation.”

If Proposal 2 “Election of Nine (9) Directors” is approved as originally proposed, the number of Directors eligible for the Plan shall be seven (7) at the conclusion of this Annual General Meeting of Shareholders.

*If this proposal is approved as originally proposed, the Company intends to introduce a similar stock compensation plan for Executive Officers who have entered into service agreements with the Company.

2. Amount, Contents, etc. of Compensation, etc. under the Plan

(1) Outline of the Plan

The Plan is a stock compensation plan in which a trust set up by the Company by means of cash contribution by the Company (the “Trust”) acquires shares of the Company, and the number of shares of the Company corresponding to the number of points granted to each Director by the Company will be delivered to each Director through the Trust.

Shares of the Company will be delivered to the Directors upon their retirement, in principle.

1) Directors eligible for the Plan	Directors of the Company excluding External Directors and non-residents of Japan
2) Initial trust period	Approximately 3 years
3) Upper limit of cash contributed by the Company during the initial trust period specified in 2) above as funds for acquiring shares of the Company necessary for delivery to Directors	¥141 million in total
4) Method of acquisition of shares of the Company	Disposal of treasury stock or acquisition from the stock market (including off-floor trade)
5) Upper limit of the total number of points to be granted to Directors specified in 1) above	65,000 points per business year
6) Standards for granting of points	Points to be granted according to position, etc.
7) Timing of delivery of shares of the Company to Directors specified in 1) above	Upon retirement, in principle

(2) Upper limit of cash contributed by the Company

The initial trust period of the Trust will be approximately three years. During the said trust period, the Company will contribute cash up to ¥141 million in total as funds for acquiring shares of the Company necessary for delivery to Directors based on the Plan as compensation for Directors in office during the Applicable Period, and set up the Trust with Directors who satisfy the predetermined requirements being beneficiaries. The Trust will acquire shares of the Company by means of disposal of treasury stock or acquisition from the stock market (including off-floor trade), using cash entrusted by the Company.

Note: The actual amount of cash entrusted by the Company to the Trust will be the sum of the funds for acquisition of shares of the Company mentioned above and the estimated amount of necessary expenses, including trust fees and fees for the trust administrator. If the Plan is

introduced for Executive Officers, as mentioned above, the funds for acquisition of shares of the Company necessary for delivery to Executive Officers will also be entrusted.

Upon expiration of the trust period (upon expiration of the extended trust period if the trust period is extended by implementing the procedure below and the Plan is continued), based on the decision of the Board of Directors of the Company, the Company may continue the Plan by extending the trust period by a maximum of three years (including extension, in practice, of the trust period by transferring the trust assets of the Trust to a trust, which will be set up by the Company for the same purpose as the Trust; the same hereinafter). In such case, the Company will make additional contributions to the Trust up to the amount obtained by multiplying ¥47 million by the number of years of the extended trust period as funds for additional acquisition of shares of the Company necessary for delivery to Directors under the Plan. Also, in this case, the Applicable Period will be extended according to the continuation of the Plan and extension of the trust period, and granting of points and delivery of shares of the Company described in (3) below will be continued during the extended trust period.

In addition, even in the case that the Applicable Period is not extended and the Plan is not continued, if there is a Director to whom points have been granted and who has not retired yet at expiration of the trust period, the trust period of the Trust may be extended until such Director retires and delivery of shares of the Company is completed.

(3) Calculation method and upper limit of shares of the Company to be delivered to Directors

1) Method of granting of points to Directors

In accordance with the share delivery rules to be determined by the Board of Directors of the Company, the Company will grant points to each Director according to position, etc. on the points granting date specified by the share granting rules during the trust period.

The upper limit of the total points to be granted to Directors by the Company will be 65,000 points per business year.

2) Delivery of shares of the Company according to the number of points granted

Directors will receive delivery of shares of the Company in accordance with the procedures described in 3) below according to the number of points granted pursuant to 1) above.

One point will correspond to one share of the Company. However, in the event that shares of the Company undergo a share split, reverse share split, etc., which makes it reasonable to adjust the number of shares of the Company to be delivered, reasonable adjustment will be made according to the relevant split ratio, reverse split ratio, etc.

3) Delivery of shares of the Company to Directors

Delivery of shares of the Company to each Director described in 2) above will be performed by the Trust after the Director implements the predetermined beneficiary determination procedures upon his/her retirement.

However, a certain portion of such shares of the Company may be sold and converted into cash within the Trust for the purpose of collection of withholding tax, etc. by the Company and be delivered in cash instead of shares of the Company. If shares of the Company within the Trust are converted into cash, such as when a tender offer is accepted and settled with respect to shares of the Company within the Trust, delivery may be in cash instead of shares of the Company.

(4) Exercise of voting rights

Voting rights of shares of the Company within the Trust will, without exception, not be exercised in accordance with the instructions by the trust administrator independent of the Company and the Company's Officers. This method is designed to ensure neutrality of management of the Company in relation to exercise of voting rights of shares of the Company within the Trust.

(5) Treatment of dividends

Dividends on shares of the Company within the Trust will be received by the Trust, and will be applied to funds for acquiring shares of the Company, trust fees for trustees of the Trust, etc.

(Reference)

For the summary of the Plan, please refer to "Notice on introduction of a stock compensation plan for Directors and Executive Officers" dated May 15, 2018.