



May 30, 2019

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Notice of Introduction of a Restricted Stock Compensation System and Change to the Compensation Amount for Directors

Hino Motors, Ltd. (“Hino”) hereby announces that at the meeting of its Board of Directors held on May 30, 2019, it decided to revise its officer compensation system by changing the upper limit for compensation paid to directors from a monthly amount to an annual amount and by introducing a restricted stock compensation system (the “System”). We hereby provide notice that a proposal regarding these changes will be submitted to the 107th Ordinary General Meeting of Shareholders (the “General Meeting of Shareholders”) scheduled for June 19, 2019, as follows:

1. Introduction of the System

(1) Purpose of Introducing the System

The purpose of the System is to give Hino’s directors excluding outside directors (“Eligible Directors”) the incentive to work for continual enhancement of Hino’s corporate value and to promote greater shared value with shareholders.

(2) Conditions for Introducing the System

The System will pay compensation to Eligible Directors in the form of monetary claims to pay for the restricted stock granted. It is therefore conditional upon approval of the payment of such compensation by shareholders at the General Meeting of Shareholders.

The upper limit of Hino’s director compensation, etc. was approved at 60 million yen a month (not including employee wages when a director serves concurrently as an employee) at the 96th Ordinary General Meeting of Shareholders held on June 25, 2008. At this year’s General Meeting of Shareholders we will ask shareholders to approve changing the upper limit for compensation paid to directors from a monthly amount to an annual amount, and revising this annual upper limit to 1.0 billion yen (of which the annual upper limit for compensation paid to outside directors would be 100 million yen, while employee wages when a director serves

concurrently as an employee would not be included). In addition, shareholders will be asked to approve setting the total compensation for Eligible Directors under the System, within the scope of the total compensation amount. The Board of Directors shall determine the specific payment timing and allocation to each Eligible Director.

2. Overview of the System

Eligible Directors shall pay in the entire amount of monetary compensation claims paid to them under the System as a cash investment asset, and will receive shares of common stock issued or disposed of by Hino.

The total number of shares of common stock newly issued or disposed of by Hino to the Eligible Directors under the System shall be 300,000 shares a year or less (however, said total number of shares may be adjusted within a reasonable scope when the need for adjustment arises due to a share split—including gratis allotment—or reverse share split of Hino’s common stock that is effected on or after the date on which the General Meeting of Shareholders resolution is approved. In such cases, the adjustment in said total number of shares will be made according to the share split or reverse share split ratio, etc. on or after the aforementioned effective date). The Board of Directors will determine the amount to be paid in per share. This amount will be based on the closing price of Hino’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of a Board of Directors resolution (the closing price on the most recent day on which trading has taken place if there is no trading on that day), and will be an amount that does not provide the Eligible Directors who receive the common stock with a particularly advantageous price.

Moreover, issuance or disposal of shares of Hino’s common stock (the “Shares”) under the System shall be conditional upon a restricted stock allocation agreement concluded between Hino and each Eligible Director who intends to receive payment of the restricted stock compensation. The agreement shall contain the following provisions: 1) transfer, pledging as collateral, or any other disposition of the Shares to third parties is prohibited for the specified time period (the “Transfer Restriction Period”), and 2) Hino will acquire the Shares for free under certain conditions. In order to ensure that the Shares are not transferred, pledged as collateral, or otherwise disposed of during the Transfer Restriction Period, Hino intends to have the Shares managed by a securities firm during the Transfer Restriction Period in a dedicated account opened by each Eligible Director.