



November 22, 2016

For Immediate Release

Company name: SEPTENI HOLDINGS CO., LTD.
Representative: President and Representative Director
Koki Sato
(JASDAQ code: 4293)

Notice Regarding Adoption of Performance-Based Stock Compensation Plan for Officers

Septeni Holdings Co., Ltd. (the Company) resolved to adopt the new stock compensation plan for its directors (other than outside directors and non-residents in Japan) and executives (other than non-residents in Japan; together with the directors, hereinafter referred to as the “Directors, etc.”) upon the review of the directors’ remuneration system at the meeting of the Board of Directors held on November 22, 2016.

Accordingly, the Company will submit the proposal for the adoption of the Plan (as defined below) to the 26th annual general meeting of shareholders to be held on December 20, 2016.

In addition, like the Company, its subsidiaries (hereinafter referred to as the “Subsidiaries,” and the Company and the Subsidiaries shall be collectively referred to as the “Companies”) will submit the proposal for the adoption of the new stock compensation plan for the executives of the Subsidiaries (other than non-residents in Japan; together with the Directors, etc. of the Company, hereinafter referred to as the “Eligible Directors, etc.”) (the stock compensation plan for the Eligible Directors, etc. shall be hereinafter referred to as the “Plan”) to the annual general meeting of shareholders of the Subsidiaries to be held in December 2016 (the general meetings of shareholders of the Company and the Subsidiaries shall be collectively referred to as the “Shareholders’ Meetings”).

1. Adoption of the Plan

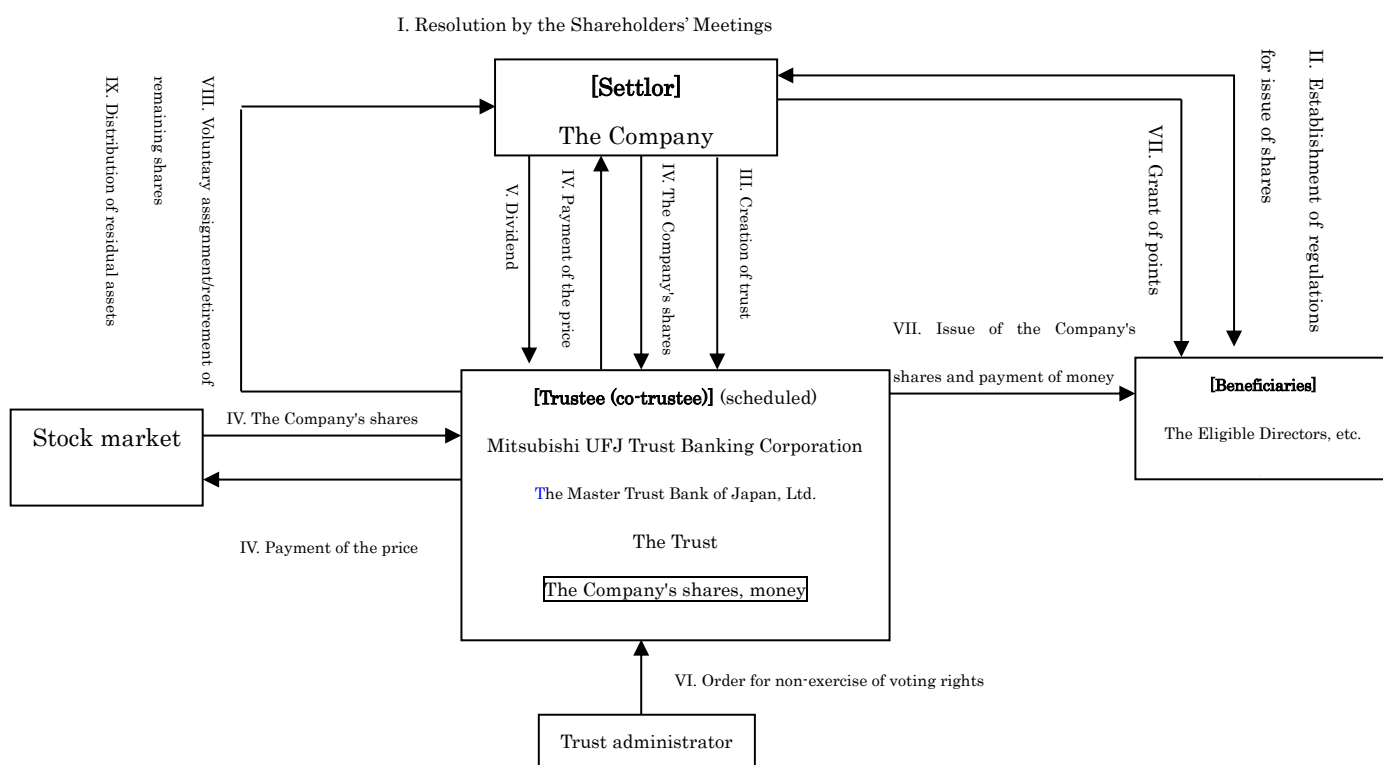
- (1) The Company and the Subsidiaries will adopt the Plan for the Eligible Directors, etc. to better clarify the link between the remuneration for the Eligible Directors, etc. and the medium and long-term business performance and shareholders’ value of the Company’s group and to ensure that the said remuneration will function as a sound incentive for improving the medium- and long-term business performance and for increasing the corporate value. (*)
- (2) The adoption of the Plan is subject to approval by resolution of the individual Shareholders’ Meetings of the Companies with regard to the directors’ remuneration.
- (3) The Plan will adopt the scheme called the directors’ remuneration board incentive plan (BIP) trust (hereinafter referred to as the “BIP Trust”). The BIP Trust is an incentive plan for officers organized with reference to the performance-based stock compensation (Performance Share) plan and the plan for

compensation by shares with restriction on transfer (Restricted Stock) of the U.S. The plan will issue and pay the shares of the Company that the BIP Trust obtains and the money equivalent to the proceeds from the realization and disposal of the shares of the Company (hereinafter referred to as the “Company’s Shares, etc.”) according to the degree of performance achievement, etc.

(4) When the trust period of the BIP Trust created for the execution of the Plan (hereinafter referred to as the “Trust”) expires, the Company will create a new Trust or change the existing Trust whose trust period has expired and add another trust, and thereby continually execute the Plan.

(*) Upon the adoption of the Plan, the performance-based stock option plan will be abolished. In this case, the remuneration for the directors of the Company will consist of the monthly compensation and the stock compensation, and the remuneration for the outside directors who are independent from business execution will consist of the monthly compensation only.

2. Outline of the Plan



- I. The Companies will each obtain approval of the adoption of the Plan at their respective Shareholders’ Meetings.
- II. The Companies will each establish regulations for the issue of shares relating to the Plan.
- III. The Subsidiaries will contribute the funds for compensation paid to their executives to the Company. The Company will place the funds contributed by the Subsidiaries and the funds for compensation paid to its Directors, etc. in trust, and will create the Trust by designating as beneficiaries those Eligible Directors, etc. who fulfill the requirements for being a beneficiary. (The sum of the funds contributed by the Company and the funds contributed by the Subsidiaries shall be within the maximum amount of trust money approved by resolution of the Shareholders’ Meetings.)

- IV. The Trust will acquire the shares of the Company on the stock market or from the Company (disposal of treasury stock) with the funds contributed as described in III. above according to the instructions of the trust administrator. The number of shares that the Trust will acquire shall be within the scope approved by resolution of the Shareholders' Meetings as described in I. above. In addition, the shares of the Company in trust with the Trust will be managed by different accounts for each of the Companies according to the amount of funds contributed by them.
- V. Dividends will be paid for the shares of the Company in trust with the Trust in the same way as the other shares of the Company.
- VI. The voting rights for the shares of the Company in trust with the Trust shall not be exercised throughout the trust period.
- VII. Certain points will be granted to the Eligible Directors, etc. according to their respective positions and the degree of achievement of the performance targets, among other factors, during the trust period each year. Points will be also granted to the Eligible Directors, etc. according to the degree of achievement of the performance targets under the medium-term business plan upon the conclusion of the final fiscal year during the Period (as defined in (1) below; the same shall apply hereinafter). Upon the expiry of the Period, the Eligible Directors, etc. who fulfill the specified requirements for being a beneficiary will be issued with the Company's Shares, etc. according to their respective Accumulative Points (as defined in (5) below; the same shall apply hereinafter).
- VIII. If there are any remaining shares upon the expiry of the trust period due to the non-achievement of the performance targets and other reasons, the Trust will be continuously used as a new stock compensation plan by amendment to the trust agreement and the addition of another trust, or the said remaining shares will be assigned from the Trust to the Company without consideration and the Company will cancel the said remaining shares that it acquires free of charge by resolution of the Board of Directors.
- IX. The residual assets after distribution to the beneficiaries upon the termination of the Trust will be vested in the Company that has the right to own them to the extent of the reserve for trust expenses obtained by deducting the funds for the acquisition of shares from the trust money.

(Note) If no shares of the Company are in trust with the Trust due to the issue of the Company's Shares to the Eligible Directors, etc. who fulfill the requirements for being a beneficiary, the Trust will be terminated before the expiry of the trust period. In addition, the Companies (the Subsidiaries through the Company) may entrust the funds for the acquisition of the shares of the Company to the Trust to the extent approved by resolution of the Shareholders' Meetings, and the Trust may additionally acquire the shares of the Company.

(1) Outline of the Plan

The Plan will issue the Company's Shares, etc. as the directors' remuneration according to their position and the degree of achievement of the performance targets, among other factors, for the period of three fiscal years from the fiscal year ending September 30, 2017 to the fiscal year ending September 30, 2019 (hereinafter referred to as the "Period") (*).

(*) If the trust period is extended by amendment to the trust agreement and the addition of another trust upon the expiry of the trust period (as set forth in the paragraph 2 of (4) below), the Period shall be the following three fiscal years.

(2) Procedures for the adoption of the Plan

The Companies will respectively decide on the maximum amount of funds contributed to the Trust by them, the maximum Granted Points (as defined in (5) below) for the three years during which the Eligible Directors, etc. are entitled to be granted points and any other necessary matters at their respective Shareholders' Meetings.

In addition, if the trust period is extended by amendment to the trust agreement and the addition of another trust upon the expiry of the trust period (as set forth in the paragraph 2 of (4) below), such extension shall be decided on by resolution of the Board of Directors in the case of the Company and by resolution of the shareholders' meeting in the case of the Subsidiaries to the extent approved by the Shareholders' Meetings.

(3) Eligible persons under the Plan (the requirements for being a beneficiary)

Subject to the fulfillment of the following requirements for being a beneficiary, the Eligible Directors, etc. will be issued with the shares of the Company in the number equivalent to 50% of the Accumulative Points (with shares of less than one unit discarded) and will be paid the amount equivalent to the proceeds from the realization and disposal of the remaining shares of the Company in trust with the Trust by taking the designated procedures for the determination of the beneficiaries upon the expiry of the Period, in principle.

The requirements for being a beneficiary shall be as follows:

- (i) The eligible persons shall be the Eligible Directors, etc. during the Period (including the eligible persons who newly become the Eligible Directors, etc. during the Period).
- (ii) The eligible persons did not engage in any of the specified illegal acts while they were in office.
- (iii) The Accumulative Points are determined.
- (iv) Any other requirements considered necessary for the achievement of the purposes of the stock compensation plan.

*If any Eligible Directors, etc. who fulfill the requirements for being a beneficiary retire during the trust period (other than due to voluntary retirement or dismissal), the said Eligible Directors, etc. shall be issued with the shares of the Company in the number equivalent to 50% of the Accumulative Points until retirement (with shares of less than one unit discarded) and shall be paid the amount equivalent to the proceeds from the realization and disposal of the remaining shares of the Company in trust with the Trust without delay upon taking the designated procedures. In addition, if any Eligible Directors, etc. who fulfill the requirements for being a beneficiary die while they are in office during the trust period, the Trust will pay the heirs to the said Eligible Directors, etc. the amount equivalent to the proceeds from the realization and disposal of the shares of the Company in the number corresponding to the Accumulative Points until the death of the said Eligible Directors, etc. If any Eligible Directors, etc. who fulfill the requirements for being a beneficiary become non-residents in Japan due to an overseas assignment during the trust period, the Trust will pay them the amount equivalent to the proceeds from the realization and disposal of the shares of the Company in the number corresponding to the Accumulative Points until that time.

(4) Trust period

The trust period shall be around three years from February 10, 2017 (scheduled) to February 29, 2020 (scheduled).

Upon the expiry of the trust period, the trust period of the Trust may be extended for the same period as

the initial trust period (three years) by amendment to the trust agreement and the addition of another trust. In that case, the Subsidiaries will contribute additional funds for compensation paid to their executives for each of the extended periods, and the Company will place the funds contributed by the Subsidiaries and the funds for compensation paid to its Directors, etc. in trust (the sum of the funds additionally contributed by the Company and the funds additionally contributed by the Subsidiaries shall be within the maximum amount of trust money approved by resolution of the Shareholders' Meetings) and continue to grant points to the Eligible Directors, etc. during the extended trust period.

However, in the case of such additional contribution, if any shares of the Company and any money remain in the trust property (hereinafter referred to as the "Remaining Shares, etc.") at the end of the trust period before its extension, the sum of the amount of the said Remaining Shares, etc. and the trust money additionally contributed shall be within the maximum amount of trust money approved by the Shareholders' Meetings.

(5) Number of the Company's Shares, etc. Issued to the Eligible Directors, etc.

The Eligible Directors, etc. will be granted certain points (hereinafter referred to as the "Granted Points") for each of the Companies according to their respective positions and the degree of the achievement of the performance targets, among other factors, for each of the fiscal years ending September 30 during the trust period (the first one shall be the fiscal year ending September 30, 2017; hereinafter referred to as the "Fiscal Years Subject to Evaluation") when they are in office on September 30 of each year during the trust period. In addition, upon the conclusion of the final fiscal year during the Period, in addition to the Granted Points granted according to the degree of the achievement of the performance targets, among other factors, for each of the Fiscal Years Subject to Evaluation, the Eligible Directors, etc. will be granted certain Granted Points for each of the Companies according to the degree of achievement of the performance targets under the medium-term business plan when they are in office on September 30 of the said final fiscal year. Upon the expiry of the Period, the Eligible Directors, etc. will be issued with the Company's Shares, etc. according to the accumulative value of the Granted Points (hereinafter referred to as the "Accumulative Points"), in principle.

One (1) point shall equal one (1) share of the Company. However, if the total number of shares of the Company increases or decreases due to a share split, the allotment of shares without contributions, or the consolidation of shares, etc. during the trust period, the Company will adjust the number of the Company's Shares, etc. issued for each point according to the rate of increase or decrease.

(6) Maximum amount of trust money contributed to the Trust and maximum Granted Points

The maximum amount of trust money contributed to the Trust by the Company and the Subsidiaries during the trust period shall be 700,000,000 (seven hundred million) yen in total (*).

(*) The maximum amount of trust money is calculated by adding the trust fees and trust expenses to the funds for the acquisition of shares, taking into consideration the current compensation level for the Eligible Directors, etc.

It is planned to obtain approval from the Shareholders' Meetings for the maximum total number of points to be granted to the Eligible Shareholders, etc., being 2,800,000 (two million eight hundred thousand) points for three years. Upon the approval, the number of shares that may be issued to the Eligible Directors, etc. by the Trust will be subject to the maximum number of shares corresponding

to the said points. Accordingly, the maximum number of shares to be acquired by the Trust (hereinafter referred to as the “Number of Shares to Be Acquired”) during the Period shall be the number of shares corresponding to the maximum points for each Period (2,800,000 shares).

(7) Method of acquisition of the shares of the Company by the Trust

As for the initial acquisition of the shares of the Company by the Trust, it is planned to make acquisition on the stock market or from the Company (disposal of treasury stock) (initially, acquisition on the stock market) to the extent of the maximum amount of trust money and the maximum Number of Shares to Be Acquired as set forth in (6) above.

If possibility arises of a shortage in the number of shares in trust with the Trust that corresponds to the Accumulative Points determined for the Eligible Directors, etc. during the trust period, or if a possibility arises of a shortage of funds included in the trust property to pay the trust fees and expenses, additional funds may be contributed to the Trust for the additional acquisition of the shares of the Company to the extent of the funds for the acquisition of shares and the maximum Number of Shares to Be Acquired as described in (6) above.

(8) Method of and time for issue of the shares, etc. to the Eligible Directors, etc.

The Trust will issue the shares of the Company in the number equivalent to 50% of the Accumulative Points (with shares of less than one unit discarded) and pay the amount equivalent to the proceeds from the realization and disposal of the remaining shares of the Company within the Trust to the Eligible Directors, etc. who fulfill the requirements for being a beneficiary described in (3) above upon taking the designated procedures for determining the beneficiaries when the Period of the Plan expires.

(9) Exercise of the voting rights to the shares of the Company in trust with the Trust

To ensure management neutrality, the voting rights to the shares of the Company in trust with the Trust shall not be exercised during the trust period.

(10) Treatment of dividend of surplus of the shares of the Company in trust with the Trust

The Trust will receive the dividend of surplus relating to the shares of the Company in trust with the Trust and appropriate it for the payment of the trust fees and expenses. In addition, the remains of such dividend after the appropriation thereof for the payment of the trust fees and expenses upon the termination of the Trust will be paid to the Eligible Directors, etc. who are the beneficiaries of the Trust under the trust agreement upon the fulfillment of the specified requirements for being a beneficiary at the time of the termination of the Trust.

(11) Treatment upon the termination of the Trust

If there are any remaining shares upon the termination of the Trust (if the trust period is extended according to the second paragraph of (4) above, upon the termination of the extended period) due to the non-achievement of performance targets, etc., the remaining shares will be assigned from the Trust to the Company without consideration as the measures for return to shareholders, and the Company will cancel them by resolution of the Board of Directors.

(Reference) Terms and conditions of the trust agreement

- (1) Type of trust: Trust of money other than the individually operated designated money trust
(third-party-benefit trust)
- (2) Purpose of trust: Grant of incentives to the Eligible Directors, etc.
- (3) Settlor: The Company
- (4) Trustee: Mitsubishi UFJ Trust and Banking Corporation (scheduled)
(Co-trustee: The Master Trust Bank of Japan, Ltd. (scheduled))
- (5) Beneficiaries: The Eligible Directors, etc. who fulfill the requirements for being a beneficiary
- (6) Trust administrator: Third-party professional practitioners without any interests in the Companies
- (7) Date of trust agreement: February 10, 2017 (scheduled)
- (8) Period of trust: From February 10, 2017 (scheduled) to February 29, 2020 (scheduled)
- (9) Starting date of plan: February 10, 2017 (scheduled)
- (10) Exercise of voting rights: The voting rights shall not be exercised.
- (11) Type of shares to be acquired: Common shares of the Company
- (12) Maximum amount of trust money: Seven hundred million (700,000,000) yen (scheduled)
(including trust fees and expenses)
- (13) Time for acquisition of shares: From February 13, 2017 (scheduled) to February 28, 2017 (scheduled)
- (14) Method of acquisition of shares: Acquisition on the stock market or from the Company
(disposal of treasury stock)
(Initially, acquisition on the stock market)
- (15) Holder of vested rights: The Company
- (16) Residual assets: The residual assets that the Company can receive as the holder of the vested rights shall be within the scope of the reserve for trust expenses obtained by deducting the funds for the acquisition of shares from the trust money.

[Description of the administrative work for the trust and shares]

- (1) Administrative work for the trust: Mitsubishi UFJ Trust and Banking Corporation and The Master Trust Bank of Japan, Ltd. will become the trustees of the Trust and perform the administrative work for the trust.
- (2) Administrative work for the shares: Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. will perform the administrative work for issue of the shares of the Company to the beneficiaries under the contract for the entrustment of administrative work.

■ Inquiries about this news release

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