April 4, 2019

To whom it may concern:

Company name: Seven & i Holdings Co., Ltd.
Representative: Ryuichi Isaka,
President and Representative Director
(Code No. 3382/First Section of the Tokyo Stock Exchange)

Introduction of New Stock-Based Compensation System for Directors and Executive Officers of the Company and its Subsidiaries

At a meeting of the Board of Directors held on April 4, 2019, Seven & i Holdings Co., Ltd. (the "Company") decided to introduce a new stock-based compensation system for its directors and executive officers (excluding Outside Directors, the "Directors and Executive Officers"), the "Board Incentive Plan Trust" (the "BIP Trust"(*1)) and the "ESOP Trust for Granting Stock" (the "ESOP Trust"(*2), together with the BIP Trust, the "New System"), in place of the existing stock options for stock-linked compensation system.

In conjunction with this, as with the Company, the subsidiaries designated by the Company (the "Target Subsidiaries"(*3), together with the Company, the "Target Companies") will, at the meetings of their respective Board of Directors meetings to be held, resolve to introduce the New System for their respective Directors and Executive Officers (the "Target Subsidiary Directors and Executive Officers", together with the Company's Directors and Executive Officers, the "Eligible Directors and Executive Officers").

Accordingly, the Company hereby announces as set forth below, that the Company has decided to submit a proposal regarding the introduction of the New System to the 14th Annual Shareholders' Meeting to be held on May 23, 2019 and the Target Subsidiaries have decided to submit the proposal to their respective Shareholders' Meetings to be held (the Company's and the Target Subsidiaries' Shareholders' Meetings are collectively referred to as the "Shareholders' Meetings for the New System Introduction").

1. Purpose of the New System

(1) The Company considers corporate governance to be a system for sustainable growth by establishing and maintaining a sincere management structure and continuously increasing the medium- and long-term corporate value of our group to ensure the trust of various stakeholders, based on the Corporate Creed of the Company. Based on this basic view on corporate governance, the Company considers a compensation

system for Directors and Audit & Supervisory Board Members to be one of the important measures to enhance the motivation and morale of Directors and Audit & Supervisory Board Members to take appropriate risk for the sake of continued growth of the medium- and long-term corporate value and sustainable growth of our group, and build and operate the system.

The New System, to realize the above goals, is designed to further clarify the link between the compensation, etc. for the Eligible Directors and Executive Officers and our business performance and stock price. The Target Companies will introduce the New System to enhance the motivation of the Eligible Directors and Executive Officers to contribute to the improvement of medium- and long-term corporate value and sharing interests with our shareholders.(*4) The New System will be introduced on the condition that the proposal for the introduction of the New System is approved at the Shareholders' Meetings of each of the Target Companies.

(2) The New System is an incentive plan for the Eligible Directors and Executive Officers. Under the New System, Company shares and an amount of money equivalent to the converted value of the Company shares (collectively, the "Company Shares") which are acquired through the New System will be delivered and provided ("Delivered" or "Delivery", as the case may be) to the Eligible Directors and Executive Officers in accordance with their positions and the achievement level of business performance targets, etc.

(*1) A BIP (Board Incentive Plan) trust is an incentive plan for officers established with reference to a performance share plan and a restricted share compensation plan in the U.S.

(*2) An ESOP (Employee Stock Ownership Plan) trust is an incentive plan for employees established with reference to an ESOP plan in the U.S.

(*3) Seven-Eleven Japan Co., Ltd., Ito-Yokado Co., Ltd., Sogo & Seibu Co., Ltd., York-Benimaru Co., Ltd., York Mart Co., Ltd., and Seven & i Food Systems Co., Ltd., are designated as the Target Subsidiaries as of the introduction of the New System.

(*4) The Company has the Nomination and Compensation Committee as an advisory committee to the Board of Directors and the Nomination and Compensation Committee has discussed the introduction of the New System.

2. Transition from the Stock Options for Stock-Linked Compensation System to the New System

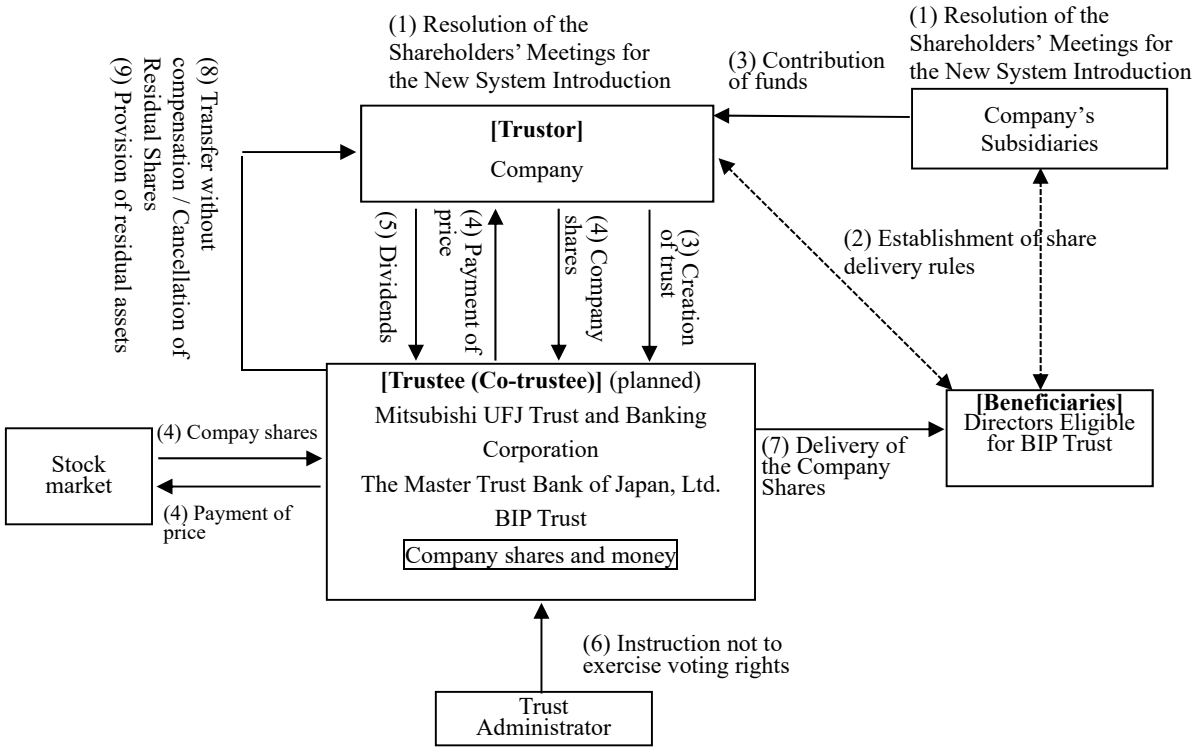
On the condition that the Shareholders' Meetings for the New System Introduction approve a proposal for the introduction of the New System, the Company will not grant any new share subscription rights as stock options for stock-linked compensation. The current Eligible Directors and Executive Officers will waive the share subscription rights granted to them as stock options for stock-linked compensation which have not been executed on the condition of commencement of the New System and other conditions. To transition from the stock options for stock-linked compensation, points equivalent to the number of shares to be acquired upon the exercise of the waived share subscription rights (meaning the points stated in Sections 3.I.(5) and 3.II.(5) below; the same applies hereafter) will be granted under the New System. The

same measures will apply to the Directors and Executive Officers of our group companies, other than those of the Target Companies, who have been granted share subscription rights as stock options for stock-linked compensation.

However, if any current Eligible Director and Executive Officers loses their position as an Eligible Director and Executive Officers after the relevant Shareholders' Meetings for the New System Introduction closes, they will be entitled to exercise the share subscription rights granted as a stock option only for 10 days from the day following the day they lost their position and no points will be granted under the New System.

3. Summary of the New System

I. Structure of the BIP Trust



(1) The Company and the Target Subsidiaries obtain approval for the introduction of the BIP Trust at the Shareholders' Meetings for the New System Introduction, respectively.
(2) The Boards of Directors of the Company and the Target Subsidiaries establish the share delivery rules concerning the BIP Trust, respectively.
(3) The Company entrusts the money consisting of funds for the Company's stock-based compensation and the money contributed by the Target Subsidiaries consisting of their respective stock-based compensation and creates the BIP Trust under which the Eligible Directors and Executive Officers satisfying the beneficiary requirements (excluding those who are in an employment relationship and only have the position of Executive Officer, the "Directors Eligible for the BIP Trust") are beneficiaries. The amount of money that the Company and each Target Subsidiaries can contribute does not exceed the extent approved by the Shareholders' Meetings as stated in (1) above.
(4) Pursuant to the instructions of the trust administrator, the BIP Trust acquires the Company shares from the stock market or the Company (disposition of the Company's own shares)

using the money contributed as stated in (3) above (initially, the BIP Trust will acquire the Company shares from the stock market). The number of shares to be acquired by the BIP Trust does not exceed the extent approved by the Shareholders' Meetings as stated in (1) above.

(5) Dividends on the Company shares held by the BIP Trust are paid in the same manner as for the other Company shares.

(6) Voting rights of the Company shares held by the BIP Trust are not exercised throughout the trust period.

(7) To transition from the stock options for stock-linked compensation, equivalent points will be granted, without delay after the creation of the BIP Trust, to the Directors Eligible for the BIP Trust who waive stock options in conjunction with the introduction of the BIP Trust. During the trust period, the Directors Eligible for the BIP Trust will receive certain points pursuant to the stock delivery rules of the relevant company and, if they satisfy the beneficiary requirements, they will receive Company shares equivalent to a certain ratio of points (shares less than one unit will be rounded up). The Company shares equivalent to the remaining points will be converted into cash within the trust pursuant to the trust agreement and the Directors Eligible for the BIP Trust will receive money equivalent to the converted value of the Company shares.

(8) If there are any residual shares at the expiration of the trust period due to non-achievement of the company's business performance target, etc., the BIP Trust will continue to be used as a new stock-based compensation system by modifying the trust agreement and entrusting additional funds to the BIP Trust, or the BIP Trust will transfer the residual shares to the Company without compensation and the Company will cancel the residual shares in accordance with the resolution of the Board of Directors.

(9) Any residual dividends on the Company shares held by the BIP Trust at the expiration of the trust period will be used as funds to acquire shares, if the BIP Trust continues to be used. If the BIP Trust is terminated due to the expiration of the trust period, the portion exceeding the reserve for trust expenses will be donated to organizations which have no interest in the Company and the Directors Eligible for the BIP Trust.

* As stated in Section 2. above, the Directors and Executive Officers of our group companies, other than those of the Target Companies, who have been granted share subscription rights as stock options for stock-linked compensation (excluding those who are in an employment relationship and only have the position of Executive Officer) will be granted equivalent points in return for waiver of their stock options and included in the Directors Eligible for the BIP Trust. The relevant group company will obtain a resolution necessary to approve transition measures from the stock options for stock-linked compensation at the Shareholders' Meetings.

* During the trust period, if the number of shares held by the BIP Trust is likely to fall short of the number of Company shares equivalent to the number of points to grant the shares set for the Directors Eligible for the BIP Trust (meaning the number of points granted pursuant to (5) below; the same applies in Section I.), or if the money consisting of the trust assets is likely to fall short of the payment of the trust fees or trust expenses, funds may additionally be entrusted to the BIP Trust, to the extent of the upper limit of the trust money as set forth in (7) below, and the Company shares may be additionally acquired.

(1) Overview of BIP Trust

This is a compensation system under which the Company Shares are Delivered to Directors Eligible for the BIP Trust in accordance with their positions and the achievement level of business performance targets, etc. for the relevant fiscal year.

The BIP Trust will cover four years, comprising the remaining one year of the Company's current Medium-Term Management Plan and three years that the Company designated as the period to evaluate the achievement level of medium- and long-term business performance targets (four fiscal years from the fiscal year ending

on February 29, 2020, to the fiscal year ending on February 28, 2023) (hereinafter referred to as the "Covered Period" in Section I.). If the BIP Trust is to be continued as stated in (4)(ii), then the three fiscal years to follow will be the new Covered Period.

(2) Introduction of the New System

Matters necessary such as the upper limit of the amount of trust money to be contributed to the BIP Trust and the upper limit of the total number of the Company Shares to be Delivered to the Directors Eligible for the BIP Trust will be resolved at the Shareholders' Meetings for the New System Introduction.

(3) Beneficiary Requirements for the BIP Trust

Directors Eligible for the BIP Trust will receive Delivery of the Company Shares equivalent to the number of Accumulated Points (as stated in (5) below) as of retirement (or as of death in case the person has passed away) from the BIP Trust subject to satisfying the following beneficiary requirements:

(i) The person is a Director Eligible for the BIP Trust during the Covered Period (including a person who newly became a Director Eligible for the BIP Trust during the Covered Period).

(ii) The person retired from the position of a Director Eligible for the BIP Trust.

(iii) The person has not retired due to his/her own convenience (excluding retirement due to injury, illness, or other unavoidable reasons, or other reasons accepted by the Company).

(iv) The person has not committed a specific inappropriate act while in office or has not retired for such reasons as having committed a serious violation of office regulations and internal rules.

(v) Other requirements which are deemed necessary to accomplish the purpose of a stock-based compensation system and are set forth in the trust agreement or the share delivery rules.

(4) Trust Period

(i) Initial trust period
The initial trust period will be approximately four years from July 9, 2019 (planned) to July 31, 2023 (planned).

(ii) Continuation of the BIP Trust
The BIP Trust may continue to be used by modifying the trust agreement and entrusting additional funds at the expiration of the trust period. In such case, the trust period will be extended for a further three years, and the Company will make additional contributions for each extended trust period within the upper limit of trust money for which approval by resolution of the

Shareholders' Meetings for the New System Introduction has been obtained, and continue to grant points and Deliver the Company Shares to Directors Eligible for the BIP Trust during each such extended trust period. However, if such additional contributions are to be made, if there are any Company shares (excluding the Company shares equivalent to points granted to Directors Eligible for the BIP Trust that are yet to be Delivered) and money remaining in the trust assets (hereinafter referred to as "Residual Shares" in Section I.) as of the last day of the trust period prior to the extension, the sum of the amount of Residual Shares and additional trust money to be contributed will be within the upper limit of trust money for which approval by resolution of the Shareholders' Meetings for the New System Introduction has been obtained.

(iii) Handling matters when discontinuing the BIP Trust

If the BIP Trust is to be discontinued, and there are Directors Eligible for the BIP Trust still in office who potentially satisfy the beneficiary requirements when the BIP Trust is discontinued upon the expiration of the trust period, thereafter, no points will be granted to Directors Eligible for the BIP Trust. However, the trust period of the BIP Trust may be extended until the relevant Directors Eligible for the BIP Trust retire and Delivery of the Company shares to the Directors Eligible for the BIP Trust is completed.

(5) Company Shares to be Delivered to the Directors Eligible for BIP Trust

Directors Eligible for the BIP Trust will be granted points at a certain time every year during the trust period. The number of points to be granted will be calculated by multiplying the points based on the position by the performance-linked coefficient(*5) derived from the achievement level of the business performance targets for each fiscal year.

When each of the Directors Eligible for the BIP Trust retires (or dies in case of the death of the person), the Company Shares will be Delivered according to the accumulated points (hereinafter referred to as the "Accumulated Points" in Section I.).

In addition, to transition from the stock options for stock-linked compensation, without delay after creating the BIP Trust, points will be granted to those Directors Eligible for the BIP Trust who will, upon introducing the New System, waive their share subscription rights granted as stock options for stock-linked compensation, in the number equivalent to the number of shares to be acquired upon exercise of the waived share subscription rights.

The number of shares per one point will be equal to one common stock of the Company.(*6)

(*5) The performance-linked coefficient will vary between 0% and 200% for each position, depending on the achievement level of business performance targets, etc. The indicators for

evaluating the achievement level of business performance targets, etc., include consolidated operating income and consolidated ROE, etc., which are important indicators to achieve medium- and long-term business performance targets. The Company is considering adding non-financial indicators such as CO2 emissions to the BIP Trust's indicators to evaluate business performance in the future.

(*6) If the Company conducts a share split or share consolidation, etc., of the Company shares during the trust period, the number of the Company shares per one point will be adjusted in accordance with the share split ratio or share consolidation ratio of the Company shares.

(6) Method of the Delivery of the Company Shares

The Directors Eligible for the BIP Trust who satisfy the beneficiary requirements as stated in (3) above will receive delivery of the Company shares in a number equivalent to a certain ratio of the Accumulated Points (shares less than one unit will be rounded up), and receive money equivalent to the converted value of the Company shares corresponding to the remaining number of points for granting shares, which are converted into cash within the BIP Trust.

* If a Director Eligible for the BIP Trust who satisfies the beneficiary requirements passes away during the trust period, the Company shares that correspond to the number of points for granting shares at the time of his/her death will be converted entirely into cash in the BIP Trust, and the heir of said Director Eligible for the BIP Trust will receive that cash.

(7) Upper Limit of Trust Money to be Contributed to the BIP Trust

The Company will contribute money in an amount up to 800 million yen and the Target Subsidiaries up to 3,200 million yen, as compensation to the Directors Eligible for the BIP Trust for the initial Covered Period (covering four fiscal years). In addition, for the current fiscal year, money as compensation to the Directors Eligible for the BIP Trust, in an amount up to 900 million yen for the Company, up to 2,000 million yen for the Target Subsidiaries, and up to 400 million yen for the other group companies will be contributed, as funds to acquire shares pertaining to the points to be granted to transition from the stock options for stock-linked compensation, in order to create a trust for stock-based compensation under which the Directors Eligible for the BIP Trust who satisfy the beneficiary requirements are beneficiaries.

Further, if the BIP Trust continues to be used at the expiration of the trust period, the Company will additionally contribute funds in an amount within 600 million yen and the Target Subsidiaries within 2,400 million yen, as compensation to the Directors Eligible for the BIP Trust for a new Covered Period (covering three fiscal years).

The amount of trust money will include not only funds for the BIP Trust to acquire shares, but also trust fees and trust expenses.

(8) Upper Limit of Points to be Granted to the Directors Eligible for the BIP Trust

The upper limit of the number of points to be granted to the Directors Eligible for the BIP Trust from the BIP Trust in accordance with (5) above will be 40,000 points for the Company and 160,000 points for the Target Subsidiaries, for each fiscal year. However, for the current fiscal year, in addition to those points, points in an amount up to 160,000 points for the Company, up to 360,000 points for the Target Subsidiaries, and up to 80,000 points for other group companies will be granted to the Directors Eligible for the BIP Trust, to transition from the stock options for stock-linked compensation. Accordingly, the upper limit of the total number of the Company shares to be acquired by the BIP Trust will be: (i) for the initial trust period (for four years), the number of shares equivalent to the number of points derived from the upper limit of the number of points to be granted each fiscal year multiplied by four (the number of years for the trust period) plus the number of points to be granted to transition from the stock options for stock-linked compensation (320,000 shares for the Company, 1,000,000 shares for the Target Subsidiaries and 80,000 shares for other group companies); and (ii) for the trust period extended due to the continuation of the BIP Trust (for three years), the number of shares equivalent to the number of points derived from the upper limit of the number of points to be granted per one fiscal year multiplied by three (the number of years for the extended trust period) (120,000 shares for the Company and 480,000 shares for the Target Subsidiaries, for each trust period) .

(9) Method of the BIP Trust's Acquisition of the Company shares

The BIP Trust's acquisition of the Company shares is expected to be made from the stock market or the Company (disposition of the Company's own shares) within the upper limit of the funds to acquire shares as stated in (7) above and within the upper limit of the number of shares to be Delivered as stated in (8) above.

The initial acquisition of the Company shares by the BIP Trust to be conducted in 2019 is expected to be made from the stock market.

(10) Voting Rights Pertaining to the Company shares Held by the BIP Trust

Voting rights pertaining to the Company shares held by the BIP Trust will not be exercised during the trust period to ensure the neutrality of the Company's management.

(11) Treatment of Dividends on the Company shares Held by the BIP Trust

Dividends paid on the Company shares held by the BIP Trust will be received by the BIP Trust and allocated to trust fees and trust expenses for the BIP Trust.

(12) Treatment of Residual Shares and Dividends at the Expiration of the Trust Period

The residual shares that arise at the expiration of the trust period will be subject to delivery to the Directors Eligible for the BIP Trust if the BIP Trust continues to be used for the New System or a similar stock-based compensation system. If the BIP Trust is terminated due to the expiration of the trust period, the BIP Trust will transfer the residual shares to the Company without compensation as a measure of shareholder returns, and the Company will cancel the residual shares in accordance with the resolution of the Board of Directors.

Any residual dividends on the Company shares held by the BIP Trust that arise at the expiration of the trust period will be used as funds to acquire shares if the BIP Trust will continue to be used. However, if the BIP Trust is terminated due to the expiration of the trust period, the residual dividends will vest in the Company within the extent of reserves for trust expenses, which are calculated by deducting funds for acquiring shares from the trust money, and the portion exceeding the reserves for trust expenses will be donated to organizations that have no interest in the Company and Directors Eligible for BIP Trust.

(For reference)
[Details of trust agreement]

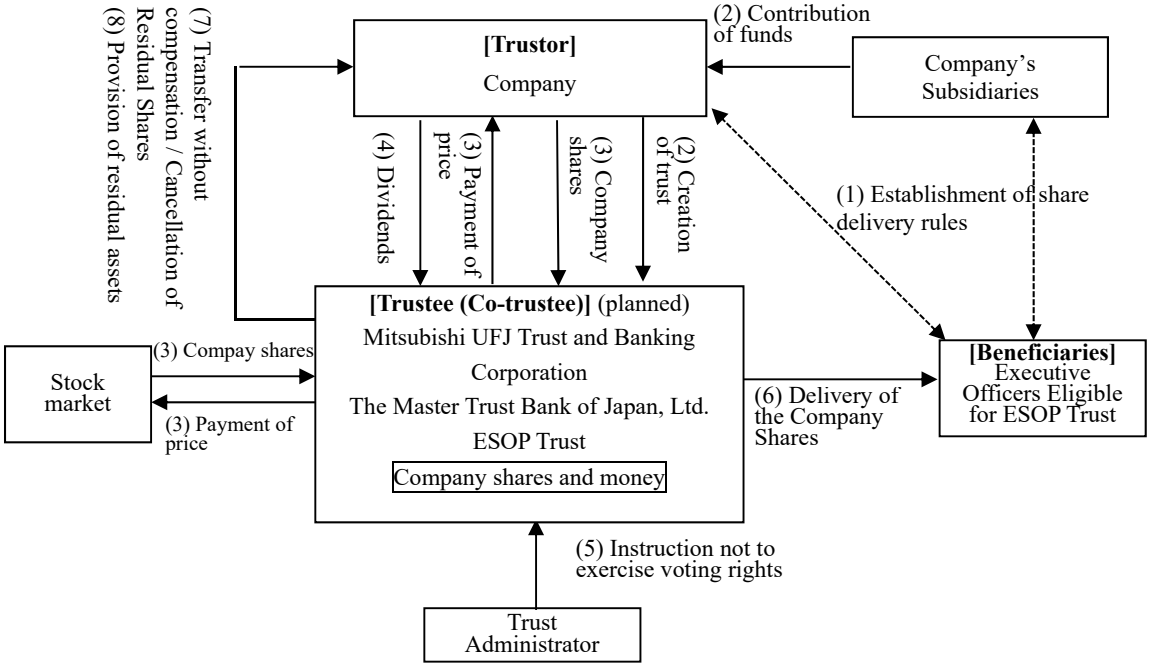
(i)	Type of trust:	Monetary trust other than a specified solely-administered monetary trust (third party benefit trust)
(ii)	Purpose of trust:	Introduction of stock-based compensation system for Directors Eligible for the BIP Trust
(iii)	Trustor:	The Company
(iv)	Trustee:	Mitsubishi UFJ Trust and Banking Corporation (planned) (Co-trustee: The Master Trust Bank of Japan, Ltd.)
(v)	Beneficiaries:	Directors Eligible for BIP Trust who satisfy the beneficiary requirements
(vi)	Trust administrator:	A third party who has no interest in the Company (certified public accountant)
(vii)	Date of trust agreement:	July 9, 2019 (planned)
(viii)	Trust period:	From July 9, 2019 (planned) to July 31, 2023 (planned)
(ix)	Start date of the New System:	July 12, 2019 (planned)
(x)	Exercise of voting rights:	No voting rights will be exercised.
(xi)	Type of shares to be acquired:	Common stocks of the Company
(xii)	Amount of trust money:	7,300 million yen (planned) (including trust fees and trust expenses)
(xiii)	Timing of share acquisition:	From July 12, 2019 (planned) to August 22, 2019 (planned)

(xiv)	Method of share acquisition:	To be acquired from the stock market or the Company (disposition of the Company's own shares) * Initially to be acquired from the stock market
(xv)	Rights holder:	The Company
(xvi)	Residual assets:	The residual assets that the Company, as the rights holder, may receive will be within the extent of reserves for trust expenses, which are calculated by deducting funds to acquire shares from the trust money.

[Details of trust and stock-related administration]

(i)	Trust-related administration:	Mitsubishi UFJ Trust and Banking Corporation will serve as the trustee of the BIP Trust and perform trust-related administration.
(ii)	Stock-related administration:	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. will perform administration related to delivery of the Company shares to the beneficiaries based on the administrative service agreement.

II. Structure of the ESOP Trust



(1) The Boards of Directors of the Company and the Target Subsidiaries establish the share delivery rules concerning the New System, respectively.

(2) The Company entrusts the money consisting of funds for the Company's stock-based compensation and the money contributed by the Target Subsidiaries consisting of their respective stock-based compensation and creates the ESOP Trust under which the Executive Officers who satisfy the beneficiary requirements and are in an employment relationship with the Company and the Target Subsidiaries (excluding those who concurrently serve as Directors; the "Executive Officers Eligible for the ESOP Trust") are beneficiaries.

(3) Pursuant to the instructions of the trust administrator, the ESOP Trust acquires the Company shares from the stock market or the Company (disposition of the Company's own shares) using the money contributed as stated in (2) above.

(4) Dividends on the Company shares held by the ESOP Trust are paid in the same manner as for the other Company shares.

(5) Voting rights of the Company shares held by the ESOP Trust are not exercised throughout the trust period.

(6) To transition from the stock options for stock-linked compensation, equivalent points will be granted, without delay after the creation of the ESOP Trust, to the Executive Officers Eligible for the ESOP Trust who waive stock options in conjunction with the introduction of the ESOP Trust. During the trust period, the Executive Officers Eligible for the ESOP Trust will receive certain points pursuant to the stock delivery rules of the relevant company and, if they satisfy the beneficiary requirements, they will receive Company shares equivalent to a certain ratio of points (shares less than one unit will be rounded up). The Company shares equivalent to the remaining points will be converted into cash within the trust pursuant to the trust agreement and the Executive Officers Eligible for the ESOP Trust will receive the money equivalent to the converted value of the Company shares.

(7) If there are any residual shares at the expiration of the trust period due to non-achievement of the company's business performance target, etc., the ESOP Trust will continue to be used as a new stock-based compensation system by modifying the trust agreement and entrusting additional funds to the ESOP Trust, or the ESOP Trust will transfer the residual

shares to the Company without compensation and the Company will cancel the residual shares in accordance with the resolution of the Board of Directors.

(8) Any residual dividends on the Company shares held by the ESOP Trust at the expiration of the trust period will be used as funds to acquire shares, if the ESOP Trust continues to be used. If the ESOP Trust is terminated due to the expiration of the trust period, the portion exceeding the reserve for trust expenses will be donated to organizations which have no interest in the Company and the Executive Officers Eligible for the ESOP Trust.

* As stated in Section 2. above, the Executive Officers who are in an employment relationship with our group companies, other than those of the Target Companies, who have been granted share subscription rights as stock options for stock-linked compensation (excluding those who concurrently serve as Directors) will be granted equivalent points in return for waiver of their stock options and included in the Executive Officers Eligible for ESOP Trust. The relevant group company will obtain a resolution necessary to approve the transition from the stock options for stock-linked compensation.

* If there are no Company shares held by the ESOP Trust due to the distribution of the Company shares to the Executive Officers Eligible for the ESOP Trust satisfying the beneficiary requirements, the ESOP Trust will terminate before the expiration of the trust period. The Company may additionally entrust funds to acquire the Company shares to the ESOP Trust and additionally acquire the Company shares.

(1) Overview of ESOP Trust

This is a compensation system under which the Company Shares are Delivered to Executive Officers Eligible for the ESOP Trust in accordance with their positions and the achievement level of business performance targets, etc., for the relevant fiscal year.

The ESOP Trust will cover four years, comprising the remaining one year of the Company's current Medium-Term Management Plan and three years that the Company designated as the period for evaluating the achievement level of medium- and long-term business performance targets (four fiscal years from the fiscal year ending on February 29, 2020, to the fiscal year ending on February 28, 2023) (hereinafter referred to as the "Covered Period" in Section II.). If the ESOP Trust is to be continued as stated in (3)(ii), then the three fiscal years to follow will be the new Covered Period.

(2) Beneficiary Requirements for the ESOP Trust

Executive Officers Eligible for the ESOP Trust will receive Delivery of the Company Shares equivalent to the number of Accumulated Points (as stated in (4) below) as of retirement (or as of death in case the person has passed away) from the ESOP Trust subject to satisfying the following beneficiary requirements:

(i) The person is an Executive Officer Eligible for the ESOP Trust during the Covered Period (including a person who newly became an Executive Officer Eligible for the ESOP Trust during the Covered Period).

(ii) The person retired as an employee under an employment contract.

(iii) The person has not retired due to his/her own convenience (excluding retirement due to injury, illness, or other unavoidable reasons, or other reasons accepted by the Company).

(iv) The person has not committed a specific inappropriate act while in office or has not retired for such reasons as having committed a serious violation of office regulations and internal rules.

(v) Other requirements which are deemed necessary to accomplish the purpose of a stock-based compensation system and are set forth in the trust agreement or the share delivery rules.

(3) Trust Period

(i) Initial trust period
The initial trust period will be approximately four years from July 9, 2019 (planned) to July 31, 2023 (planned).

(ii) Continuation of the ESOP Trust
The ESOP Trust may continue to be used by modifying the trust agreement and entrusting additional funds at the expiration of the trust period. In such case, the trust period will be extended for a further three years, and the Company will make additional contributions for each extended trust period within the upper limit of trust money, and continue to grant points and make the Delivery of the Company Shares to Executive Officers Eligible for the ESOP Trust during each such extended trust period. However, if such additional contributions are to be made, if there are any Company shares (excluding the Company shares equivalent to points granted to Executive Officers Eligible for the ESOP Trust that are yet to be Delivered) and money remaining in the trust assets (hereinafter referred to as "Residual Shares" in Section II.) as of the last day of the trust period prior to the extension, the sum of the amount of Residual Shares and additional trust money to be contributed will be within the upper limit of trust money.

(iii) Handling matters when discontinuing the ESOP Trust
If the ESOP Trust is to be discontinued, and there are Executive Officers Eligible for the ESOP Trust still in office who potentially satisfy the beneficiary requirements when the ESOP Trust is discontinued upon the expiration of the trust period, thereafter, no points will be granted to Executive Officers Eligible for the ESOP Trust. However, the trust period of the ESOP Trust may be extended until the relevant Executive Officers Eligible for the ESOP Trust retire and Delivery of the Company shares to the Executive Officers Eligible for the ESOP Trust is completed.

(4) Company Shares to be Delivered to the Executive Officers Eligible for the ESOP Trust

Executive Officers Eligible for the ESOP Trust will be granted points at a certain time every year during the trust period. The number of points to be granted will be calculated by multiplying the points based on position by the performance-linked

coefficient(*7) derived from the achievement level of the business performance targets for each fiscal year.

When each of the Executive Officers Eligible for the ESOP Trust retire (or dies in case the death of the person), the Company Shares will be Delivered according to the accumulated points (hereinafter referred to as the "Accumulated Points" in Section II.).

In addition, to transition from the stock options for stock-linked compensation, without delay after creating the ESOP Trust, points will be granted to those Executive Officers Eligible for the ESOP Trust who will, upon introducing the New System, waive their share subscription rights granted as stock options for stock-linked compensation, in the number equivalent to the number of shares to be acquired upon exercise of the waived share subscription rights.

The number of shares per one point will be equal to one common stock of the Company.(*8)

(*7) The performance-linked coefficient will be set between 0% and 200% for each position, depending on the achievement level of business performance targets, etc. The indicators for evaluating the achievement level of business performance targets, etc., include consolidated operating income and consolidated ROE, etc., which are important indicators to achieve medium- and long-term business performance targets. The Company is considering adding non-financial indicators such as CO2 emissions to the ESOP Trust's indicators for evaluating business performance in the future.

(*8) If the Company conducts a share split or share consolidation, etc., of the Company shares during the trust period, the number of the Company shares per one point will be adjusted in accordance with the share split ratio or share consolidation ratio of the Company shares.

(5) Method of the Delivery of the Company Shares

The Executive Officers Eligible for the ESOP Trust who satisfy the beneficiary requirements as stated in (3) above will receive delivery of the Company shares in a number equivalent to a certain ratio of Accumulated Points (shares less than one unit will be rounded up), and receive money equivalent to the converted value of the Company shares corresponding to the remaining number of points for granting shares (meaning the number of points granted pursuant to (4) above, the same applies in Section II.), which are converted into cash within the ESOP Trust.

* If an Executive Officer Eligible for the ESOP Trust who satisfies the beneficiary requirements passes away during the trust period, the Company shares that correspond to the number of points for granting shares at the time of his/her death will be converted entirely into cash in the ESOP Trust, and the heir of said Executive Officers Eligible for ESOP Trust will receive that cash.

(6) Upper Limit of Trust Money to be Contributed to the ESOP Trust

The Company will contribute money in an amount up to 400 million yen and the Target Subsidiaries up to 2,400 million yen, as compensation to the Executive Officers Eligible for the ESOP Trust for the initial Covered Period (covering four fiscal years). In addition, for the current fiscal year, money as compensation to the Executive Officers Eligible for the ESOP Trust, in an amount up to 300 million yen for the Company, up to 1,200 million yen for the Target Subsidiaries, and up to 100 million yen for the other group companies will be contributed, as funds to acquire shares pertaining to the points to be granted to transition from the stock options for stock-linked compensation, in order to create a trust for stock-based compensation under which the Executive Officers Eligible for the ESOP Trust who satisfy the beneficiary requirements are beneficiaries.

Further, if the ESOP Trust continues to be used at the expiry of the trust period, the Company will additionally contribute funds in an amount within 300 million yen and the Target Subsidiaries within 1,800 million yen, as compensation to the Executive Officers Eligible for the ESOP Trust for a new Covered Period (covering three fiscal years).

The amount of trust money will include not only funds for the ESOP Trust to acquire shares, but also trust fees and trust expenses.

(7) Upper Limit of Points to be Granted to the Executive Officers Eligible for ESOP Trust

The upper limit of the number of points to be granted to the Executive Officers Eligible for the ESOP Trust from the ESOP Trust in accordance with (5) above will be 20,000 points for the Company and 120,000 points for the Target Subsidiaries, for each fiscal year. However, for the current fiscal year, in addition to those points, points in an amount up to 60,000 points for the Company, up to 210,000 points for the Target Subsidiaries, and up to 10,000 points for other group companies will be granted to the Executive Officers Eligible for the ESOP Trust, to transition from the stock options for stock-linked compensation. Accordingly, the upper limit of the total number of common stocks of the Company to be acquired by the ESOP Trust will be: (i) for the initial trust period (for four years), the number of shares equivalent to the number of points derived from the upper limit of the number of points to be granted each fiscal year multiplied by four (the number of years for the initial trust period) plus the number of points to be granted to transition from the stock options for stock-linked compensation (140,000 shares for the Company, 690,000 shares for the Target Subsidiaries and 10,000 shares for other group companies); and (ii) for the trust period extended due to the continuation of the ESOP Trust (for three years), the number of shares equivalent to the number of points derived from the upper limit of the total number of points to be granted to the Executive Officers Eligible for the ESOP Trust per one fiscal year multiplied by three (the number of years for the extended trust

period) (60,000 shares for the Company and 360,000 shares for the Target Subsidiaries, for each trust period).

(8) Method of the ESOP Trust's Acquisition of the Company shares

The ESOP Trust's acquisition of the Company shares is expected to be made from the stock market or the Company (disposition of the Company's own shares) within the upper limit of the funds to acquire shares as stated in (6) above and within the upper limit of the number of shares to be Delivered as stated in (7) above.

The initial acquisition of the Company shares by the ESOP Trust to be conducted in 2019 is expected to be made from the stock market.

(9) Voting Rights Pertaining to the Company shares Held by the ESOP Trust

Voting rights pertaining to the Company shares held by the ESOP Trust will not be exercised during the trust period to ensure the neutrality of the Company's management.

(10) Treatment of Dividends on the Company shares Held by the ESOP Trust

Dividends paid on the Company shares held by the ESOP Trust will be received by the ESOP Trust and allocated to trust fees and trust expenses for the ESOP Trust.

(11) Treatment of Residual Shares and Dividends at the Expiration of the Trust Period

The residual shares that arise at the expiration of the trust period will be subject to delivery to the Executive Officers Eligible for the ESOP Trust if the ESOP Trust continues to be used for the New System or a similar stock-based compensation system. If the ESOP Trust is terminated by expiration of the trust period, the ESOP Trust will transfer the residual shares to the Company without compensation as a measure of shareholder returns, and the Company will cancel the residual shares in accordance with the resolution of the Board of Directors.

Any residual dividends on the Company shares held by the ESOP Trust that arise at the expiration of the trust period will be used as funds to acquire the Company shares if the ESOP Trust will continue to be used. However, if the ESOP Trust is terminated due to the expiration of the trust period, the residual dividends will vest in the Company within the extent of reserves for trust expenses, which are calculated by deducting funds to acquire shares from the trust money, and the portion exceeding the reserves for trust expenses will be donated to organizations that have no interest in the Company and Executive Officers Eligible for ESOP Trust.

(For reference)
[Details of trust agreement]

(i)	Type of trust:	Monetary trust other than a specified solely-administered monetary trust (third party benefit trust)
(ii)	Purpose of trust:	Provision of incentives to the Executive Officers in employment relationships with the Company and its group companies.
(iii)	Trustor:	The Company
(iv)	Trustee:	Mitsubishi UFJ Trust and Banking Corporation (planned) (Co-trustee: The Master Trust Bank of Japan, Ltd.)
(v)	Beneficiaries:	Executive Officers Eligible for the ESOP Trust who satisfy the beneficiary requirements
(vi)	Trust administrator:	A third party who has no interest in the Company (certified public accountant)
(vii)	Date of trust agreement:	July 9, 2019 (planned)
(viii)	Trust period:	From July 9, 2019 (planned) to July 31, 2023 (planned)
(ix)	Start date of the New System:	July 12, 2019 (planned)
(x)	Exercise of voting rights:	No voting rights will be exercised.
(xi)	Type of shares to be acquired:	Common stocks of the Company
(xii)	Amount of trust money:	4,400 million yen (planned) (including trust fees and trust expenses)
(xiii)	Timing of share acquisition:	From July 12, 2019 (planned) to August 22, 2019 (planned)
(xiv)	Method of share acquisition:	To be acquired from the stock market or the Company (disposition of the Company's own shares) * Initially to be acquired from the stock market
(xv)	Rights holder:	The Company
(xvi)	Residual assets:	The residual assets that the Company, as the rights holder, may receive will be within the extent of reserves for trust expenses, which are calculated by deducting funds to acquire shares from the trust money.

[Details of trust and stock-related administration]

(i)	Trust-related administration:	Mitsubishi UFJ Trust and Banking Corporation will serve as the trustee of the ESOP Trust and perform trust-related administration.
(ii)	Stock-related administration:	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. will perform administration related to delivery of the Company shares to the beneficiaries based on the administrative service agreement.

End