FPG
Financial Products Group

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Notice Regarding the Disposal of Treasury Shares for Employee Stock Compensation

Financial Products Group Co., Ltd. announced that the Board of Directors resolved, at a meeting on January 16, 2019, to conduct a disposal of its treasury shares for employee stock compensation ("Disposal of Treasury Shares").

1. Overview of the Disposal of Treasury Shares

(1) Disposal date	March 20, 2019
(2) Type and number of shares to be disposed	Ordinary shares of the company: 40,650 shares
(3) Disposal value	¥1,154 per share
(4) Total disposal value	¥46,910,100
(5) Recipients of allocation	Employees of the company 29 persons, 32,490 shares Employees of the subsidiary companies 5 persons, 8,160 shares
(6) Other	The Disposal of Treasury Shares is conditional on the effectuation of the securities registration statement filed in accordance with the Financial Instruments and Exchange Act.

2. Purpose of and Reasons for the Disposal

The company resolved, at a meeting of the Board of Directors on January 16, 2019, to conduct a Disposal of Treasury Shares based on the restricted stock compensation plan (the "Plan") that was introduced with the aims of both giving incentives to continuously improve the corporate value of the company and subsidiary companies (the "Group") and even further sharing the value of the Group among employees who satisfy certain criteria and shareholders.

Based on the Plan, the company will issue monetary compensation receivables to the eligible employees according to the resolution of the Board of Directors. The eligible employees will contribute the entirety of this property on an in-kind basis and receive ordinary shares disposed by the company.In addition, the company is planning to enter into a share allotment agreement (the "Allotment Agreement") with them, which includes provisions such as (1) prohibiting the eligible employees from transferring, creating any security interest on, or otherwise disposing of the allotted shares granted to them under the Allotment Agreement for a predetermined period, and (2) allowing the company to acquire the allotted shares with no compensation under certain circumstances.

This time, the company decided to pay monetary compensation receivables valued at ¥46,910,100 to 34 employees of the Group (the "Eligible Employees"). The Eligible Employees will receive 40,650 ordinary shares (the "Allotment Shares") by contributing the entirety of the compensation on an in-kind basis. It is intended to give the Eligible Employees incentives to contribute to a continuous increase of corporate value of the Group and to continue to work for the Group over the medium to long term. The restriction period for transfer of the Allotment Shares is three years. The restricted shares will be allocated to each eligible employee based on position and performance, with a minimum of 870 ordinary shares.

The restricted shares will be allotted only to Eligible Employees who wish to receive the allotment.

Overview of the Allotment Agreement

Accompanying this Disposal of Treasury Shares, the company and Eligible Employees shall individually enter into the Allotment Agreement, an overview of which is given below.

(1) Transfer restricted period

The Eligible Employees must not transfer, create any security interest on, or otherwise dispose of the Allotment Shares between March 20, 2019 (payment date) and January 31, 2022.

(2) Criteria for releasing transfer restrictions

The transfer restriction will be released for all the Allotment Shares at the end of the final date of the transfer restricted period under the condition that the eligible employee holds a position as an employee of the company, or a member of the board, or an audit & supervisory board member, or an employee of the subsidiary companies continuously through the transfer restricted period. Note that the transfer restriction will be released for a portion of the eligible employee's Allotment Shares at the time immediately after the reason occurs in the cases where the eligible employee (1) reaches fixed retirement age (or in the case of rehiring after fixed age retirement, the end date of the rehiring period), is no longer an employee of the company, or a member of the board, or an audit & supervisory board member, or an employee of the subsidiary companies due to death, or other reasons accepted as valid by the Board of Directors, or (2) is appointed as a member of the board, or an audit & supervisory board member of the company. This portion will be calculated by first dividing the number of months from the month that contains the payment date to the month that contains the date when the reason occurs by 35 and then multiplying this number by the total amount of the Allotment Shares the eligible employee held (however, if any fractional share arises as a result of the calculation, this will be rounded down).

(3) Acquisition of shares with no compensation

The company will naturally acquire the Allotment Shares with no compensation where the transfer restriction has not been released when the transfer restricted period ends, or during the transfer restricted period, at the time when the eligible employee (1) loses their position as an employee of the company or a member of the board, or an audit & supervisory board member, or an employee of the subsidiary companies, or (2) is appointed as a member of the board or an audit & supervisory board member of the company.

(4) Management of shares

To ensure that the Allotment Shares cannot be transferred, created any security interest on, or otherwise disposed of during the transfer restricted period, they shall be managed in a dedicated account for the Allotment Shares opened with Daiwa Securities Co. Ltd. by the Eligible Employees during the transfer restricted period.

(5) Provision for cases where the company undergoes reorganization

If, during the transfer restricted period, a merger agreement in which the company is the disappearing company, a share exchange agreement or share transfer plan in which the company becomes a wholly owned subsidiary of another company, or any other matter concerning reorganization is approved by the company's General Shareholders' Meeting (or by the company's Board of Directors if the approval of the General Shareholders' Meeting is not required), the transfer restrictions for a portion of the eligible employee's Allotment Shares shall be lifted immediately before the business day prior to the effective date of restructuring by the resolution of the Board of Directors. This portion will be calculated by first dividing the number of months from the month that contains the payment date to the month that contains the date of approval of the company restructuring by 35 and then multiplying this number by the total amount of the Allotment Shares the eligible employee held at that time (however, if any fractional share arises as a result of the calculation, this will be rounded down).

3. Basis for Calculating Payment Amount and the Details thereof

The Disposal of Treasury Shares shall be performed as an in-kind contribution based on the monetary compensation receivables issued to the Eligible Employees based on the Plan, and in order to ensure that there is no arbitrariness in the valuation, the amount paid per share shall be taken as 1,154 yen, which represents the closing price of ordinary shares in the company on the Tokyo Stock Exchange on January 15, 2019 (the business day before the date of the resolution of the Board of Directors). This is the market price immediately before the date of the resolution of the Board of Directors and the company believes that it is a reasonable value that appropriately reflects the value of the company in a condition free of special circumstances that would indicate that the recent share price is unreliable, and that it does not constitute a special benefit for the Eligible Employees.

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