May 24, 2019

To whom it may concern,

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Announcement on Implementation of Trust-Type Employee Stock Ownership Incentive Plan (Details)

Japan Lifeline Co., Ltd. ("the Company") announced that details of the E-Ship® Trust-Type Employee Stock Ownership Incentive Plan ("the incentive plan") have been determined today following the announcement of the implementation of the incentive plan on January 31, 2019. The updated details include the date of setting up a trust, the total amount of loan the trust would borrow and the trust period of the incentive plan and as such.

At the implementation of this incentive plan, Japan Lifeline Employee Shareholders Association Exclusive Trust will acquire the shares of the Company held by KS Shoji through the stock market.

1. Outline of Employee Shareholders Association Exclusive Trust

(1) Name:	Japan Lifeline Employee Shareholders Association Exclusive Trust
(2) Trustor:	The Company
(3) Trustee:	The Nomura Trust and Banking Co., Ltd.
(4) Beneficiaries:	Employees who meet beneficiary eligibility criteria (Beneficiaries will start to exist upon certain procedures after the cause for the determination of beneficial interest has arisen.)
(5) Date of trust contract:	May 24, 2019
(6) Trust period:	May 24, 2019 to May 31, 2022
(7) Purpose of trust:	Stable and continuous supply of shares to the Employee Shareholders Association and distribution of trust assets to those employees who meet beneficiary eligibility criteria
(8) Beneficiary eligibility requirements:	To be eligible, a beneficiary must be living on the date when procedures for confirming eligibility begin (such as, the date on which the trust period ends, when all trust assets are converted to cash or all the Company stock held as trust assets are sold to the Employee Shareholders Association), and be a member of this Employee Shareholders Association (or a former member who had to withdraw membership due to mandatory retirement, job transfer

or promotion to an executive position on or after the trust contract was signed and up to the date when procedures for confirming beneficiary eligibility begin).

2. Summary of the acquisition of shares by Employee Shareholders Association Exclusive Trust

(1)	Class of shares	Common shares
(2)	Total amount of shares acquired	457 million yen (total amount borrowed by Employee Shareholders Association Exclusive Trust)
(3)	Date of acquisition	From May 29, 2019 to June 21, 2019
(4)	Method of acquisition	Shares to be acquired through the stock market

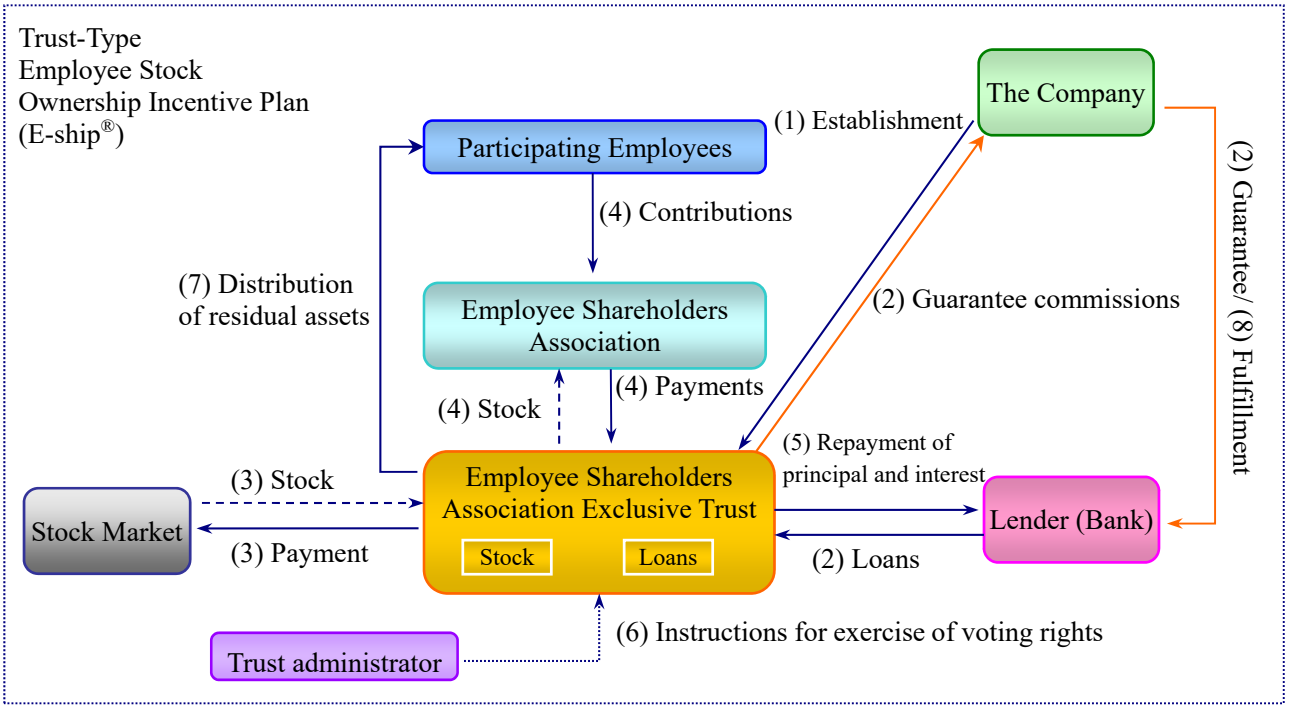
[Reference]

1. Summary of the incentive plan

The incentive plan is available to all employees who belong to the Japan Lifeline Employee Shareholders Association ("the Shareholders Association"). The Company will set up a trust named as "Japan Lifeline Employee Shareholders Association Exclusive Trust" ("the Employee Shareholders Association Exclusive Trust") through a trust bank. The Employee Shareholders Association Exclusive Trust will estimate the number of shares that the Employee Shareholders Association is likely to acquire over a certain period, which is currently estimated to be approximately three years, and in advance purchase this amount, which is currently estimated to be approximately 457 million yen, by making use of bank loans. Then the Employee Shareholders Association Exclusive Trust will continuously sell Company shares to the Employee Shareholders Association. If an amount equivalent to net gains on Company shares has accumulated in the Employee Shareholders Association Exclusive Trust when the trust period comes to an end, such money will be distributed as residual assets to members of the Employee Shareholders Association who meet beneficiary eligibility criteria. Note that the Company will guarantee the loans taken to purchase Company shares and will repay any outstanding portion of the loans if, due to a drop in the market price of Company shares, an amount equivalent to loss on sale of shares has accumulated in the Employee Shareholders Association Exclusive Trust when the trust period comes to an end.

The incentive plan will be implemented in an effort to enrich the employee welfare program. Its primary goal is to promote employees' stock ownership and help accumulate savings by expanding the participation on the Employees Shareholders Association, as well as to provide incentives to raise the medium-to long-term corporate value of the Company.

2. Framework of the incentive plan



(1) The Company will set up the Employee Shareholders Association Exclusive Trust as a third-party trust for which members of the Employee Shareholders Association who has fulfilled beneficiary eligibility criteria.

(2) The Employee Shareholders Association Exclusive Trust will turn to banks to obtain the funds necessary for purchasing Company shares. The Company will guarantee the borrowed amount. The Company will receive guarantee commissions from the Employee Shareholders Association Exclusive Trust as compensation for taking on the guarantee obligation.

(3) The number of Company shares purchased by the Employee Shareholders Association Exclusive Trust will be equivalent to the number that the Employee Shareholders Association is expected to purchase during the trust period.

(4) Throughout the trust period, the Employee Shareholders Association Exclusive Trust will continuously sell the Company shares which it acquires in accordance with (3) above to the Employee Shareholders Association at market price, in line with an established plan of conditions and methods.

(5) The Employee Shareholders Association Exclusive Trust will use proceeds, from the sale of Company shares to the Employee Shareholders Association as well as dividends on Company shares which it holds, to repay loan interest and principal.

(6) Voting rights associated with Company shares held by the Employee Shareholders Association Exclusive Trust will be exercised according to instructions from the trust administrator, which has been selected to act on behalf of beneficiaries.

(7) Any residual assets held in the Employee Shareholders Association Exclusive Trust when the trust period ends will be distributed to individuals who meet beneficiary eligibility criteria

(8) Any loans outstanding when the trust period ends will be repaid by the Company, based on the promise to fulfill loan guarantee obligations, as described in (2) above.

(Reference)

E-Ship® is a registered trademark of Nomura Securities Co., Ltd.

E-Ship® (an abbreviation of Employee Shareholding Incentive Plan) is an incentive plan for employees modeled after employee stock ownership plans (ESOP) widely used in the United States. It was jointly developed by Nomura Securities Co., Ltd., and The Nomura Trust and Banking Co., Ltd., for use as an employee stock ownership plan.

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