

(Translated)

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To whom it may concern

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### **Notice Regarding the Disposal of Treasury Stock as Restricted Stock Compensation**

Itoham Yonekyu Holdings Inc. (“the Company”) hereby announces that its Board of Directors resolved at a meeting held today to implement the disposal of treasury stock as restricted stock compensation (“the Disposal of Treasury Stock”), as outlined below.

#### 1. Outline of the Disposal

(1) Date of disposal	August 9, 2018
(2) Class and number of shares to be disposed	137,417 shares of common stock
(3) Disposal value	¥903 per share
(4) Total disposal value	¥124,087,551
(5) Planned allottees	Directors(*): 6 persons, 54,039 shares Executive officers: 20 persons, 83,378 shares * Excludes outside directors.
(6) Other	The Disposal of Treasury Stock is subject to the securities registration statement taking effect in accordance with the Financial Instruments and Exchange Act.

#### 2. Purpose and Reasons for the Disposal

At a meeting of the Company’s Board of Directors held on May 22, 2018, the Company passed a resolution to introduce a stock compensation plan (the “Plan”) to grant restricted shares to the Company’s directors (excluding outside directors) and executive officers, for the purpose of providing further incentive to the Company’s directors (excluding outside directors) and executive officers to increase the stock price and the corporate value of the Company by further sharing the benefits and risks of stock price fluctuations with shareholders. Moreover, at the Second Ordinary General Meeting of Shareholders held on June 26, 2018, approval was given for the total amount of monetary compensation claims to be paid as remuneration in connection with the restricted shares to the Company’s directors (excluding outside directors) based on the Plan to be set at no more than 80 million yen per year, and for the maximum amount of the total number of restricted shares to be allocated to the Company’s directors (excluding outside directors) in each fiscal year to be set at 100,000 shares. Approval was also given for setting the restricted period for the

restricted shares at a period between 20 to 30 years, with the exact period to be determined by the Company's Board of Directors.

At a meeting of the Company's Board of Directors held today, the Company passed a resolution to pay monetary compensation claims of 124,087,551 yen as remuneration to the planned allottees, specifically the Company's six directors (excluding outside directors) and 20 executive officers (the "Allottees"), and to allocate 137,417 shares of the Company's common shares as specified restricted shares to be paid for by the Allottees using all the monetary compensation claims as contributed assets. The shares are provided as restricted share compensation to the Company's directors (excluding outside directors) for the period from the Second Ordinary General Meeting of Shareholders to the Third Ordinary General Meeting of Shareholders scheduled to be held in June 2019 and as restricted share compensation to the Company's executive officers for the Company's third fiscal year (April 1, 2018 to March 31, 2019). The amount of monetary compensation claims granted to each Allottee is determined by comprehensively taking into consideration a wide range of factors, such as the extent of the contribution of each Allottee to the Company. The monetary compensation claims will be granted provided that each Allottee enters into a Restricted Stock Compensation Agreement (the "Stock Compensation Agreement") with the Company, as summarized below.

The purpose of introducing the Plan is to provide further incentive to the Allottees to increase the stock price and the corporate value of the Company by further sharing the benefits and risks of stock price fluctuations with shareholders. In order to realize this purpose of the Plan over the longest period possible, the restricted period has been set as a period of 30 years.

### 3. Overview of the Stock Compensation Agreement

#### (1) Restricted Period

August 9, 2018 to August 8, 2048

During the restricted period specified above (the "Restricted Period"), the Allottees may not dispose of the restricted shares allocated to each Allottee (the "Allocated Shares") in any way including through transfers, pledges, mortgages, advancements or bequests to third parties (the "Restrictions").

#### (2) Free of Charge Acquisition of the Restricted Shares

If, prior to the day before the date of the first Ordinary General Meeting of Shareholders of the Company following the beginning of the Restricted Period (if the Allottee is an executive officer of the Company, the day before the date of the Company's first fiscal year-end following the beginning of the Restricted Period), an Allottee loses his or her position as a director or executive officer of the Company, with the exception of cases recognized as legitimate by the Board of Directors such as the expiration of his or her term of office, the Company shall, as a matter of course, acquire all of the allocated shares free of charge upon the loss of position.

In addition, any Allocated Shares that did not have their restrictions lifted based on the grounds for the lifting of restrictions set forth in (3) below when the Restricted Period expires (the "Expiry of the Restricted Period"). The Company

shall, as a matter of course, acquire such Allocated Shares free of charge immediately after the Expiry of the Restricted Period.

(3) Lifting of Restrictions

Upon the Expiry of the Restricted Period, the Company shall lift the restrictions on all Allocated Shares held by an Allottee at that time provided that the Allottee has retained the position of director or executive officer of the Company from the beginning of the Restricted Period through to the date of the first Ordinary General Meeting of the Shareholders of the Company following the beginning of the Restricted Period (if the Allottee is an executive officer of the Company, the Company's first fiscal year-end following the beginning of the Restricted Period). However, if an Allottee loses the position of either director or executive officer of the Company prior to the expiry of the Restricted Period for reasons recognized as legitimate by the Board of Directors, such as the expiration of his or her term of office, then the Company shall lift the restrictions immediately after the loss of the position for a number of Allocated Shares computed by multiplying the number of Allocated Shares by a factor determined by dividing the number of months counted from July 2018 (if the Allottee is an executive officer of the Company, from April 2018) to the month that includes the date on which the Allottee loses the position of either director or executive officer, by 12 (however, if the computed factor is greater than 1, then the factor shall be 1 and any figures less than one share arising from the calculation shall be rounded down).

(4) Provisions Concerning the Administration of Shares

The Allottees shall complete the process of opening accounts with SMBC Nikko Securities Inc. to register and record the Allocated Shares through the methods designated by the Company, and hold and maintain the Allocated Shares in these accounts until the restrictions are lifted.

(5) Treatment of Allocated Shares Upon Reorganization of the Company

If, during the Restricted Period, a merger agreement in which the Company becomes a non-surviving company, a share exchange agreement or a share transfer plan under which the Company becomes a wholly-owned subsidiary of another company or any other matters related to reorganization, etc. are resolved at a General Meeting of Shareholders of the Company (or by the Board of Directors of the Company, if the approval of the General Meeting of Shareholders of the Company is not required) (however, only when the effective date of the reorganization, etc. falls before the Expiry of the Restricted Period, hereinafter, "when the Reorganization, etc. is approved"), and if the Allottees will lose the positions of either director or executive officer in connection with the reorganization, etc., the Company shall lift the restrictions for a number of Allocated Shares computed by multiplying the number of Allocated Shares held by the Allottee on the approval date by a factor determined by dividing the number of months counted from July 2018 (if the Allottee is an executive officer of the Company, from April 2018) to the month that includes the approval date, by 12 (however, if the computed factor is greater than 1, then the factor shall be 1, and any figures less

than one share arising from the calculation shall be rounded down), with the restrictions to be lifted on the business day before the effective date of the reorganization, etc.

In addition, when the reorganization, etc. is approved, on the business day before the effective date of the reorganization, etc., the Company shall, as a matter of course, acquire free of charge all of the Allocated Shares for which restrictions have not been lifted on the aforementioned business day.

4. Basis for the Calculation of the Amount Paid in Per Share and Related Specific Details  
The disposal value for the Disposal of Treasury Stock has been set at 903 yen per share, the closing price of the common shares of the Company on the Tokyo Stock Exchange on the business day (July 19, 2018) immediately preceding the date of resolution of the Board of Directors of the Company. The disposal value has been set in this manner to remove any arbitrariness from the valuation. This disposal value represents the fair stock price immediately preceding the resolution of the Board of Directors of the Company. Therefore, the Company believes that the disposal value is reasonable and has not been set at a particularly advantageous amount.