

Translation

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May 14, 2019

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Notice Regarding Introduction of Performance-linked Share-based Remuneration Plan

YAMAZEN CORPORATION (the “Company”) hereby announces that it resolved at the Board of Directors’ meeting held on May 14, 2019 to introduce a new performance-linked share-based remuneration plan called “Board Benefit Trust (BBT)” (the “Plan”), and to submit a proposal regarding the Plan to the 73rd Annual General Meeting of Shareholders scheduled to be held on June 26, 2019 (the “General Meeting of Shareholders”), as described below.

1. Background and purpose for introduction

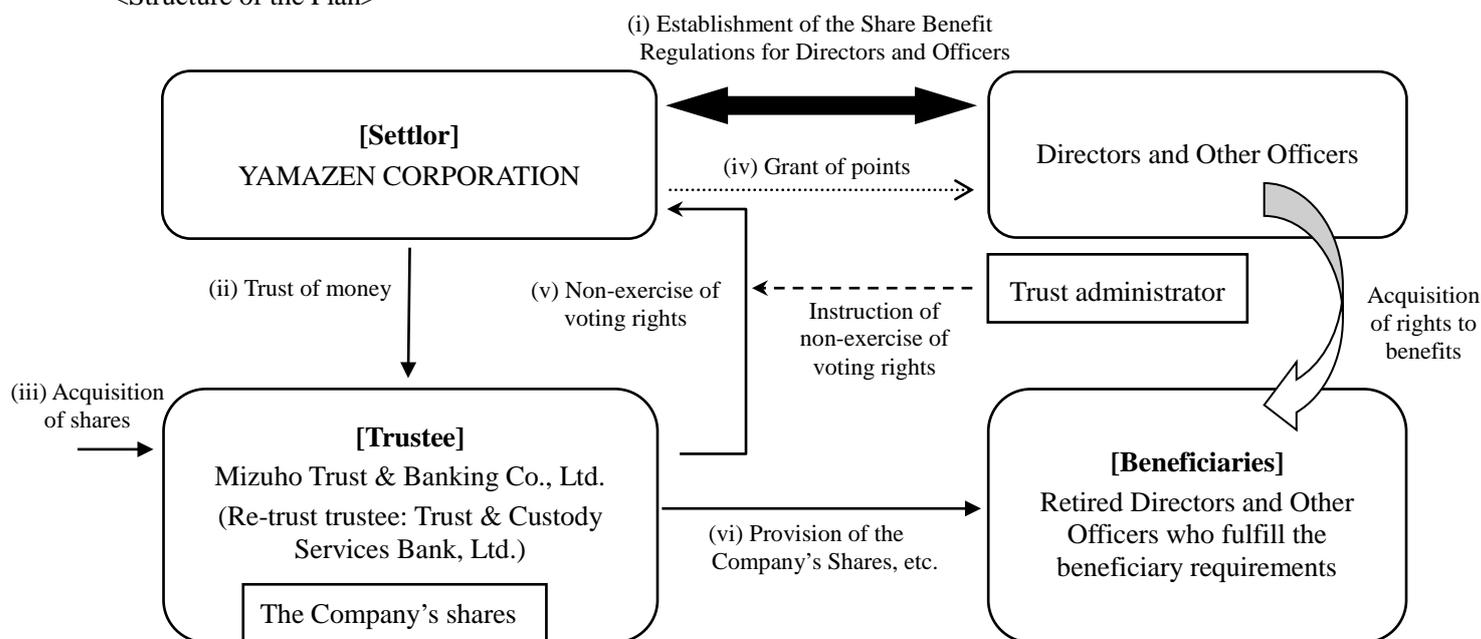
The purpose of the Plan is to further clarify the linkage of the remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members and outside Directors) and Corporate Officers of the Company (collectively, the “Directors and Other Officers”) and the Company’s business performance and share value, and to enhance their motivation to contribute to the improvement of the Company’s business performance and corporate value in the medium and long term by their sharing not only the benefit of a rise in share prices but also the risks of a decline in share prices with the Company’s shareholders. As the Board of Directors of the Company passed a resolution to introduce the Plan under the condition that shareholders approve the proposal regarding remuneration for officers at the General Meeting of Shareholders, it will submit the proposal regarding the Plan at the General Meeting of Shareholders.

2. Overview of the Plan

1. Overview of the Plan

The Plan is a performance-linked share-based remuneration plan under which the Company’s shares are acquired through a trust (hereinafter the trust that is established based on the Plan is referred to as the “Trust”) using money contributed by the Company as the financial funds, and the Directors and Other Officers are provided with the Company’s shares and an amount of money equivalent to the market value of the Company’s shares (the “Company’s Shares, etc.”) through the Trust, pursuant to the Share Benefit Regulations for Directors and Officers established by the Company. The Directors and Other Officers shall receive the Company’s Shares, etc. upon their retirement, in principle.

<Structure of the Plan>



- (i) After the proposal regarding remuneration for officers in the Plan is approved at the General Meeting of Shareholders, the Company will establish the Share Benefit Regulations for Directors and Officers within the scope of the framework approved at the General Meeting of Shareholders.
- (ii) The Company will entrust the money within the limit of the approval at the General Meeting of Shareholders as described in (i).
- (iii) The money entrusted as described in (ii) is used by the Trust as financial funds for acquisition of the Company's shares through the stock market on which the Company's shares are listed or by subscribing to the Company's treasury shares disposed.
- (iv) The Company will grant points to the Directors and Other Officers based on the "Share Benefit Regulations for Directors and Officers."
- (v) In accordance with the instruction of the trust administrator independent of the Company, the Trust shall not exercise the voting rights for the Company's shares within the Trust account.
- (vi) The Trust will provide the retired Directors and Other Officers who fulfill the beneficiary requirements stipulated in the "Share Benefit Regulations for Directors and Officers" (the "Beneficiaries") with the Company's shares in proportion to the number of points that each of the Beneficiaries have been respectively granted. However, if the Directors and Other Officers fulfill the requirements stipulated in the "Share Benefit Regulations for Directors and Officers," the Trust will provide them with an amount of money equivalent to the market value of the Company's shares for a certain proportion of their points.

(2) Persons eligible for the Plan

Directors (the Plan shall not apply to Directors who are Audit and Supervisory Committee Members and outside Directors) and Corporate Officers

(3) Trust period

From August 2019 (planned) until the termination of the Trust (Regarding the trust period of the Trust, the date of termination of the Trust shall not be specified and the Trust will continue as long as the Plan is not terminated. The Plan shall be terminated upon the delisting of the Company's shares or abolition of the Share Benefit Regulations for Directors and Officers, or in certain other cases.)

(4) Trust amount (amounts of remuneration, etc.)

Subject to approval for introduction of this Plan at the General Meeting of Shareholders, the Company will introduce the Plan for the three business years from the year ending March 31, 2020 to the year ending March 31, 2022 (hereinafter, such three-business-year period is referred to as the "Initial Period," and the Initial Period and each three consecutive business years following the Initial Period are respectively referred to as "Applicable Period"), as well as each Applicable Period that follows, and contribute money as defined below to the Trust as the financial funds for the Trust to acquire the Company's shares for the purpose of providing the Company's

Shares, etc. to Directors and Other Officers. First, the Company will contribute funds of up to ¥300 million (including ¥130 million for Directors) as necessary funds for the Initial Period upon start of the above (3) Trust period.

Furthermore, after the expiration of the Initial Period, in principle, the Company will make additional contributions to the Trust, of up to ¥300 million (including ¥130 million for Directors) for each Applicable Period until the termination of the Plan. However, in the case of making such additional contributions, if the Company's shares (excluding a number of the Company's shares that have not yet been provided to Directors and Other Officers equivalent to points granted to them for each Applicable Period up to the immediately preceding Applicable Period) and money remain in the Trust (such shares and money are collectively referred to as the "Remaining Shares, etc."), the total amount of the Remaining Shares, etc. (the amount for the Company's shares shall be the market value on the final day of the immediately preceding Applicable Period) and additionally contributed money shall not exceed ¥300 million (including ¥130 million for Directors).

The Company may contribute funds to the Trust in multiple installments during the Applicable Period including the Initial Period; provided, however, that the cumulative total of contributions for the Applicable Period does not exceed each abovementioned maximum amount. When the Company decides to make additional contributions, it shall make a disclosure in a timely and appropriate manner.

(5) Acquisition method of the Company's shares and number of shares to be acquired

The Trust shall acquire the Company's shares through the stock market on which the Company's shares are listed or by way of subscribing to the disposition of the Company's treasury shares, using the money contributed in accordance with (4) above as the funds.

For your reference, a maximum of 282,220 shares shall be acquired to secure funding up to the maximum amount of ¥300 million, to be contributed to secure funds for the purchasing of shares to be provided by the Company to Directors and Other Officers over the Initial Period, assuming that said shares are acquired at the closing price of ¥1,063 as of May 13, 2019. The details of the acquisition of the Company's shares by the Trust shall be disclosed in a timely and appropriate manner.

(6) Calculation method of the number of the Company's Shares, etc. to be provided to Directors and Other Officers

For each business year, Directors and Other Officers shall be granted the number of points determined by taking into consideration the title, the degree of achievements in performance and other factors in accordance with the Share Benefit Regulations for Directors and Officers.

Each point granted to the Directors and Other Officers shall be converted into one common share of the Company at the time of the provision of the Company's Shares, etc. as explained in (7) below (provided, however, in case where the Company's shares become the subject of a share split, allotment of share without contribution, or consolidation of shares, etc. after this proposal is approved by the shareholders at the General Meeting of Shareholders, the accumulated number of points granted, or the conversion rate shall be adjusted in a reasonable manner in proportion to the relevant ratio, etc.).

The number of points for Directors and Other Officers used as the basis for the provision of the Company's Shares, etc. described in (7) below shall be the accumulated points granted to Directors and Other Officers by the time of their retirement, multiplied by a prescribed value (that shall not exceed 1) set based on each reason for retirement, in principle (hereinafter referred to as the "Defined Number of Points" for the points calculated in this manner).

(7) Provision of the Company's Shares, etc.

If a Director or Other Officer retires and fulfills the beneficiary requirements stipulated in the Share Benefit Regulations for Directors and Officers, the Director or Other Officer may receive the Company's shares from the Trust after his/her retirement in accordance with the Defined Number of Points as explained in (6) above, in principle, by completion of the prescribed procedures to become a beneficiary. However, if an incumbent Director or Other Officer fulfills the requirements stipulated in the Share Benefit Regulations for Directors and Officers, he/she will receive monetary provisions equivalent to the market value of the Company's shares instead of the provision of the Company's shares for a certain percentage of the points. For this case, the Trust may sell the Company's shares in order to make the monetary provisions.

(8) Exercise of voting rights

The voting rights of the Company's shares within the Trust account shall not be exercised without exception in accordance with the instruction of the trust administrator. This is intended to ensure the neutrality in the

Company's management in relation to the exercise of voting rights of the Company's shares within the Trust account.

(9) Handling of dividends

The dividends of the Company's shares within the Trust account shall be received by the Trust and mainly used for the acquisition of the Company's shares or trust fees to the trustee pertaining to the Trust. In case the Trust is terminated, dividends etc. remaining in the Trust shall be provided to the Directors and Other Officers then in office in proportion to the number of points that each of them holds, pursuant to the provisions of the Share Benefit Regulations for Directors and Officers.

(10) Handling the termination of the Trust

The Trust shall be terminated with the occurrence of an event such as delisting of the Company's shares or abolition of the Share Benefit Regulations for Directors and Officers. The Company's shares in the residual assets of the Trust at the time of the termination of the Trust shall be wholly acquired by the Company without contribution, and canceled by resolution of the Board of Directors. As for the monetary portion of the residual assets of the Trust at the time of the termination of the Trust, the amount remaining after deducting the amount to be paid to Directors and Other Officers according to (9) above shall be provided to the Company.

(Reference) **[Outline of the Trust]** (planned)

- (i) Name: Board Benefit Trust (BBT)
- (ii) Settlor: YAMAZEN CORPORATION
- (iii) Trustee: Mizuho Trust & Banking Co., Ltd.
(Re-trust trustee: Trust & Custody Services Bank, Ltd.)
- (iv) Beneficiaries: Retired Directors and Other Officers who fulfill the beneficiary requirements stipulated in the Share Benefit Regulations for Directors and Officers
- (v) Trust administrator: The Company plans to select a third party that has no interest in the Company
- (vi) Type of trust: Trust of money other than money trust (third-party-benefit trust)
- (vii) Date of Trust agreement: August 2019 (planned)
- (viii) Date of entrusting money: August 2019 (planned)
- (ix) Trust period: From August 2019 (planned) until the termination of the Trust
(The date of termination of the Trust shall not be specified. The Trust will continue as long as the Plan is not terminated.)

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