



Company Name: **CAC Holdings Corporation**
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Notice of Introduction of Transfer-Restricted Share-Based Payment System

CAC Holdings Corporation (the “Company”) hereby announces that at a meeting held on February 14, 2019, the Board of Directors of the Company reviewed a compensation plan for directors, resolved to introduce a transfer-restricted share-based payment system (hereinafter “this system”) and decided to submit a proposal related to this plan to the 53rd Ordinary General Meeting of Shareholders scheduled for March 27, 2019 (hereinafter “this General Meeting of Shareholders”). Details are as follows.

1. Objective for the introduction of this system, etc.

(1) Objective for the introduction of this system

This system is aimed at sharing more value with shareholders, in addition to giving the directors of the Company excluding outside directors (hereinafter the “applicable directors”) an incentive for sustaining the enhancement of the values of the Company.

(2) Conditions for the introduction of this system

Under this system, monetary claims are provided as compensation to grant restricted stocks to the applicable directors. For this reason, the introduction of this system is subject to the approval of the provision of such compensation by shareholders at this General Meeting of Shareholders.

Annual compensation for the directors of the Company amounting to less than 240 million yen was approved at the 40th Ordinary General Meeting of Shareholders held on March 30, 2006. The Company plans to ask shareholders to approve the introduction of this plan and the establishment of compensation limits for the applicable directors under this system.

2. Outline of this system

The applicable directors will pay monetary claims provided by the Company based on this system in full as assets contributed in kind to receive the issuance or disposition of the common shares of the Company.

The total amount of monetary claims provided annually to the applicable directors based on this system will be less than 50 million yen (excluding salaries paid to directors who serve concurrently

as employees for their service as employees). The Board of Directors will determine the specific periods for their provision and allocation to the respective applicable directors.

The total number of common shares that the Company issues anew or disposes of annually on the basis of this system will be less than 50,000. (Provided, however, that said total number will, as the occasion demands, be adjusted within a reasonable scope in accordance with share split ratios, share consolidation ratios and the like after the relevant effectuation date in cases where the common shares of the Company are split (including their allotment without contribution) or consolidated effective as of a date after the date of a resolution at this General Meeting of Shareholders.) The Board of Directors will determine the amount of payment per share based on the closing price for the common shares of the Company on the Tokyo Stock Exchange on the business day before the date of the respective Board of Directors' resolutions (their closing price on the most recent prior trading date in cases where no transaction has taken place on the said business day) within the scope of providing no particular advantage to the applicable directors accepting the said common shares.

The issuance or disposition of the common shares of the Company (hereinafter the "shares concerned") based on this system will be subject to the conclusion of a restricted stock allotment agreement, including (1) a ban on the transfer of the shares concerned to third parties and the disposition of all types, including the establishment of security rights, during a period that is three years to five years from the date of the allotment of restricted stocks set in advance by the Board of Directors (hereinafter the "transfer restriction period") and (2) the acquisition without compensation of the shares concerned by the Company in cases where certain reasons have emerged, by and between the Company and the applicable directors scheduled to receive restricted stock compensation. The shares concerned will be managed in accounts for exclusive use that the applicable directors will open at Nomura Securities Co., Ltd. during the transfer restriction period in order to prevent their transfer, the establishment of security rights on them and their disposition in other ways during the said period.

Under this system, the same restricted stock compensation as such compensation provided to the applicable directors will be provided to the directors of certain subsidiaries of the Company, the executive officers of the Company, its certain subsidiaries and the like who do not serve concurrently as directors, and the employees of the Company, its certain subsidiaries and the like, in addition to the applicable directors, based on Board of Directors' resolutions. For this purpose, the Company will issue common shares anew or dispose of them. Moreover, in cases where such applicable persons are non-residents, the Company plans to provide monetary claims (phantom stocks) in amounts linked with the price of the Company shares and the like to the applicable persons (excluding the applicable directors) in place of compensation in the form of granted restricted stocks.

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