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Press Release

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Notice Concerning the Introduction of Restricted Stock Compensation Plan

Ahresty Corporation (the “Company”) hereby announces that at a meeting of its Board of Directors held on May 30, 2018, it resolved to introduce the restricted stock compensation plan (the “Compensation Plan”) after reviewing the remuneration package for its officers and to place a proposal regarding the Compensation Plan on the agenda for the 97th Ordinary General Meeting of Shareholders (the “General Meeting of Shareholders”) which will be held on June 20, 2018, as described below.

1. Purpose, etc. of the introduction of the Compensation Plan

(1) Purpose of the introduction of the Compensation Plan

In accordance with the basic policy “Winning customers’ absolute trust 2025” of the “Ahresty 10-Year Vision,” which sets out its long-term management direction, the Company aspires to become the most reliable supplier in the eyes of its customers, to contribute to reducing the weight of automobiles globally and to achieve a sales target of over 200 billion yen. In an effort to achieve this Ahresty 10-Year Vision, all officers and employees are proactively engaging in activities for evolving and attaining the ultimate MONOZUKURI (manufacturing) and establishing Ahresty Production Way, as advocated in the 2016-2018 Medium-Term Management Plan.

With a view to achieving the 10-Year Vision and the Medium-Term Management Plan, the Company decided to introduce the Compensation Plan after reviewing its officers’ remuneration package with the aims of (i) providing officers with an incentive to continuously improve the enterprise value of the Company, (ii) facilitating their sense of sharing value with shareholders and (iii) establishing a greater linkage with medium- to long-term performance goals.

(2) Linkage with medium-term management plans

Remuneration for the Company’s Directors has consisted of regular remuneration as fixed remuneration, performance-linked remuneration which fluctuated depending on the level of performance for the relevant business year, and remuneration in terms of stock options in share-based arrangements paid as a long-term incentive. The Company conducted a review of the officers’ remuneration package according to the purpose described above and decided to change part of the performance-linked remuneration to performance-linked shares with transfer restrictions and the portion for the long-term incentive to work-continuation-linked shares with transfer restrictions. Under the Compensation Plan, part of the amount of the restricted stock is designed to reflect the degree of attainment of the medium-term management plans, performance results and other factors. The Company will strive to enhance performance results and promote further value sharing with shareholders from a medium- to long-term perspective.

With the introduction of the Compensation Plan, the aim is for the ratio of remuneration linked with the degree of attainment of the Ahresty Group’s performance results to the total amount of remuneration of each officer, etc. to be approximately 30%, and that of stock compensation to be approximately 15%. The ratios shall be higher for officers with more senior executive positions, in principle.

(3) Condition for the introduction of the Compensation Plan

The Compensation Plan shall be introduced to replace part of the existing remuneration package and

the existing stock option remuneration package, conditional on the approval at the General Meeting of Shareholders regarding the establishment of yearly limits on remuneration for Directors who are entitled to receive such remuneration (“Eligible Directors”) under the Compensation Plan. Conditional on the approval of the agenda for the Compensation Plan at the General Meeting of Shareholders, the stock option remuneration package for Directors shall be abolished, excluding the stock options already granted, and a new issuance of stock acquisition rights to be granted as stock options to Directors shall not be conducted in the future.

2. Details of the Compensation Plan

(1) Overview of the Compensation Plan

The Compensation Plan shall consist of performance-linked shares with transfer restrictions subject to the achievement of the Company’s medium- to long-term performance goals and work-continuation-linked shares with transfer restrictions subject to continuous service as Directors of the Company over a certain period.

The Company shall provide monetary compensation receivables to the Eligible Directors, the Eligible Directors shall make in kind contributions of monetary compensation receivables in order for the Company to grant the restricted stock, and in return the Eligible Directors shall receive shares of the Company’s common stock, upon issuance or disposition thereof (“grant”); provided, however, that the Company and the Eligible Directors shall conclude an agreement on the allotment of restricted stock (the “Allotment Agreement”) under which the Eligible Directors may not freely transfer the shares of the Company’s stock allotted pursuant to the Allotment Agreement (the “Allotted Shares”) for a certain period. When the conditions stipulated in the Allotment Agreement are achieved, the transfer restriction shall be removed depending on the degree of such achievement and the Allotted Shares for which transfer restriction is not removed shall be returned (transferred) to the Company without consideration.

According to the purpose of the Compensation Plan, remuneration equivalent to the above shall be paid to Directors living or working overseas, by taking into account regulations, practices and so forth pertaining to remuneration of relevant countries.

(2) Performance-linked shares with transfer restrictions

The performance-linked shares with transfer restrictions shall be introduced as remuneration linked with the Company’s medium-term management plans. In the first year of a medium-term management plan (a period of 3 years, in principle), Eligible Directors of the Company (excluding Directors serving as Audit and Supervisory Committee Members) shall be granted the restricted stock in accordance with the basic amount of remuneration that reflects their respective executive position. After the end of the subject period, the degree to which the goals in the medium-term management plan and performance results have been achieved will be evaluated using the management indicators determined in the medium-term management plan, based on which transfer restrictions on the relevant portion of the Allotted Shares shall be removed. The Allotted Shares for which transfer restrictions are not removed shall be acquired by the Company from the Eligible Directors without consideration.

The current business year is the last year of the 2016-2018 Medium-Term Management Plan so that the subject period will be one year and evaluation shall be conducted by using the management indicators determined in the 2016-2018 Medium-Term Management Plan; namely net sales, operating income to sales, return on assets and return on equity.

(3) Work-continuation-linked shares with transfer restrictions

The work-continuation-linked shares with transfer restrictions shall be introduced to replace the existing stock option remuneration package. Eligible Directors of the Company (excluding Outside Directors) shall be granted the restricted stock in accordance with the predetermined amount of remuneration that reflects their respective executive position. Transfer restrictions shall be removed 30 years after the grant of the restricted stock or at the time of retirement from executive position.

(4) Stock with transfer restrictions to be allotted under the Compensation Plan

In order to pay monetary compensation receivables for a new grant of the restricted stock, the amount of remuneration to Directors (excluding Directors serving as Audit and Supervisory Committee Members) among the Eligible Directors under the Compensation Plan shall not exceed 112 million yen, and the total number of shares of the Company’s common stock to be granted shall not exceed 224,000 shares per business year. The amount of remuneration of Directors serving as Audit and

Supervisory Committee Members (excluding Outside Directors) shall not exceed 8 million yen, and the total number of shares of the Company's common stock to be granted shall not exceed 16,000 shares per business year (if there is a share split or stock consolidation of the Company's common stock or in other cases where circumstances arise necessitating an adjustment in the total number of shares, the number of shares to be issued or disposed of shall be adjusted in a rational manner). The amount to be paid per share shall be the amount determined by the Board of Directors to the extent that does not constitute an especially advantageous sum with respect to the Eligible Directors who receive such shares of common stock, based on the closing price of the common stock of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution by the Board of Directors (or the closing price on the transaction day immediately preceding thereto if no transaction is made on such business day).

(5) Method to establish amounts of remuneration

Upon revision of the amounts of remuneration with the introduction of the Compensation Plan, the Company shall set a ceiling of 67 million yen on the performance-linked shares with transfer restrictions. In principle, it intends to pay in a lump sum, in the first year of three business years subject to a medium-term management plan, an amount equivalent to compensation for the execution of duties over the three-year period. The Company estimates that the provision will effectively be within approximately 22 million yen per business year. As the current fiscal year in which the new Compensation Plan shall be introduced is the third year in the 2016-2018 Medium-Term Management Plan, monetary compensation receivables shall be paid in a total amount not exceeding 22 million yen for the grant of performance-linked shares with transfer restrictions.

Regarding work-continuation-linked shares with transfer restrictions, the Company expects to pay Directors amounts equivalent to those of the existing stock option remuneration package. If the Compensation Plan is approved at the 97th General Meeting of Shareholders, the stock option remuneration package shall be abolished and the Company considers that there will be no substantial change in the amounts of remuneration after the introduction of work-continuation-linked shares with transfer restrictions from the current level.

3. Application of the Compensation Plan to Executive Officers

Upon approval of the introduction of the Compensation Plan for the Eligible Directors by the 97th General Meeting of Shareholders, the Company plans to also grant the performance-linked shares with transfer restrictions to Executive Officers of the Company, by resolution of the Board of Directors, and to newly grant shares of the Company's common stock to the Executive Officers.

End.

[Reference]

	Performance-linked shares with transfer restrictions	Work-continuation-linked shares with transfer restrictions
Eligible persons	Directors (excluding Audit and Supervisory Committee Members) and Executive Officers	Directors including Audit and Supervisory Committee Members (excluding outside Directors)
Amount of money (upper limit)	Directors (excluding Audit & Supervisory Committee members): ¥67 million* Upper limit: 134,000 shares (to be granted separately to Executive Officers) * If the amount is calculated on a pro rata basis for the target period of medium-term management plans (in principle, three fiscal years), provisions are estimated to be within approximately ¥22 million per fiscal year.	Directors (excluding Audit & Supervisory Committee members): ¥45 million* Directors (members of the Audit & Supervisory Committee): ¥8 million* Upper limits for the above: 90,000 shares and 16,000 shares, respectively * If this package is approved, stock option remunerations of the same amount will be discontinued.
Transfer restriction period	Three years, in principle, to match the period of medium-term management plans (one year for the current business year)	30 years
Conditions for lifting transfer restrictions	Working conditions Work performance conditions	Working conditions