



To whom it may concern:

May 10, 2018

Company name: Inabata & Co., Ltd.
Representative: Katsutaro Inabata, Director, President
(Stock code: 8098, First Section of the Tokyo Stock Exchange)
Inquiries: Nobukazu Kuboi, Executive Officer,
General Manager, Financial Management Office
(TEL 03-3639-6421)

Notice Concerning Introduction of Performance-linked Share-based Remuneration System

Inabata & Co., Ltd. (the “Company”) hereby announces that it resolved at its board of directors’ meeting held today to introduce a new performance-linked share-based remuneration system (Board Benefit Trust=BBT; hereinafter the “System”), and to submit a proposal regarding the System to the 157th Ordinary General Meeting of Shareholders scheduled to be held on June 22, 2018 (hereinafter the “General Meeting of Shareholders”), as described below.

1. Purpose and background to introduction

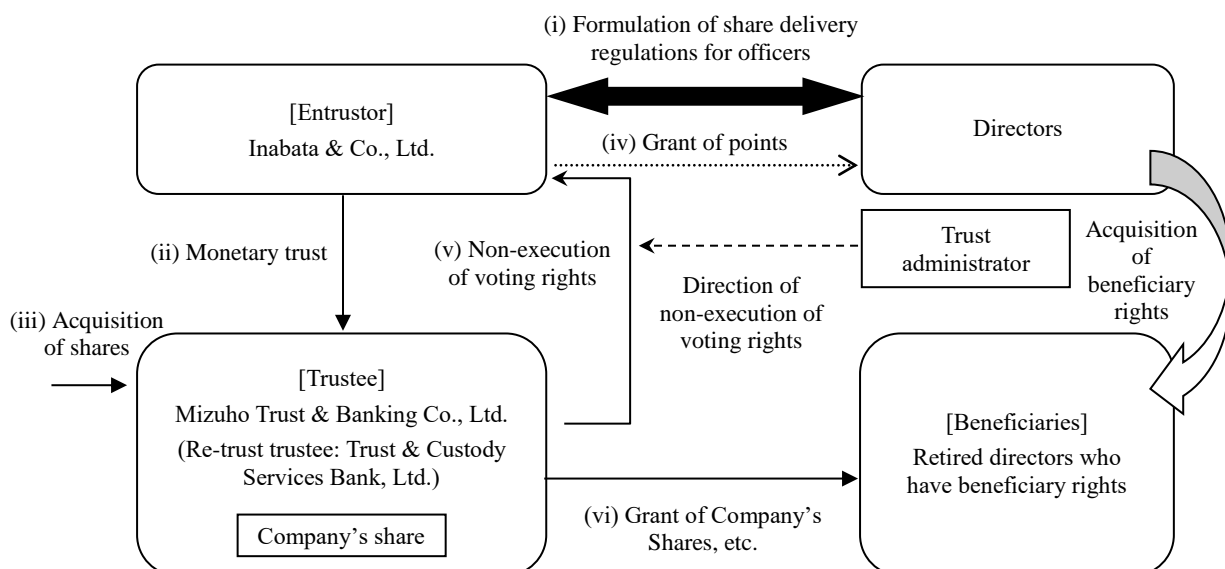
The purpose of this proposal is to further clarify the linkage of the remuneration for directors (excluding outside directors; hereinafter the same unless specially noted), the Company’s business performance, and the stock value, and enhance their motivation to contribute to the improvement of the Company’s business performance in the medium and long term and to boost corporate value by sharing not only the benefit of the rise in stock prices but also the risks of a decline in stock prices with the Company’s shareholders. Because the board of directors of the Company passed a resolution to introduce the System under the condition that shareholders approve the proposal regarding remuneration for officers at the General Meeting of Shareholders, it will submit a proposal for the System at the General Meeting of Shareholders.

2. Outline of the System

(1) Outline of the System

The System is a performance-linked share-based remuneration system by acquiring the Company’s share through the trust (hereinafter the “Trust” to be established based on the System) using the funds that the Company contributes and providing remuneration for directors, through the Trust, in accordance with the share delivery regulations for officers. The remuneration is the Company’s shares and monies equivalent to the amount obtained by converting the Company’s shares at the market prices (hereinafter called the “Company’s Shares, etc.”). As a general rule, the Company’s Shares, etc. are provided for directors upon retirement.

<Structure of the System>



- (i) After the proposal regarding remuneration for officers in the System is approved at the General Meeting of Shareholders, the Company formulates the share delivery regulations for officers within the scope of approval of this proposal at the General Meeting of Shareholders.
- (ii) The Company entrusts the money within the scope of the approval of this proposal at the General Meeting of Shareholders as mentioned in (i).
- (iii) The money entrusted as mentioned in (ii) is used by the Trust for acquisition of Company's share through the transaction market or by way of taking up the disposition of the Company's treasury shares.
- (iv) The Company grants points to directors based on the share delivery regulations for officers.
- (v) In conformity to the instructions of the independent trust administrator, the voting rights of the Company's shares within the account of the Trust shall not be executed by the Trust.
- (vi) The retired directors who have beneficiary rights in accordance with the share delivery regulations for officers (hereinafter called the "Beneficiaries") are granted the Company's shares equivalent to their points by the Trust. However, if directors satisfy the requirements prescribed in the share delivery regulations for officers with regard to the certain proportion of points, monies equivalent to the amount of the Company's shares at market price are granted.

(2) Beneficiaries of the System

Directors (excluding outside directors)

(3) Trust period

The period of trust is from August or September 2018 (planned) through the termination of the Trust. (The termination of the Trust shall not be specified. The Trust is deemed to continue as long as the System is not terminated. The System shall be terminated when Company's share is delisted or when the share delivery regulations for officers are abolished.)

(4) Trust amount

Subject to approval of the introduction of the System at the General Meeting of Shareholders, the Company will introduce the System for the three business years from the year ending March 31, 2019 to the year ending March 31, 2021 (hereinafter called the "Initial Period." The Initial Period and each three consecutive business years following the Initial Period shall respectively be referred to as "Applicable Periods"), as well as the respective Applicable Periods that follow, and contribute the cash amount as defined below to the Trust as the fund for the Trust to acquire Company's shares for the purpose of providing the Company's Shares, etc. to directors.

As a first step, the Company will contribute funds of up to 500 million yen as necessary funds for the Initial Period upon establishing the Trust.

Furthermore, after the expiration of the Initial Period, as a general rule, the Company will make additional contributions to the Trust, of up to 500 million yen for the respective Applicable Periods until the termination of the System. However, in the case of such additional payments, if there is any Company's shares remaining in the trust asset (excluding those shares equivalent to the points granted to directors until preceding Applicable Periods, but which have not yet been delivered) and/or money (hereinafter called the "Remaining Shares, etc."), the total amount of such Remaining Shares, etc. (based on the book value of the Company's share on the final day of the previous Applicable Period) and the trust money additionally paid by the Company is to be within the limit of 500 million yen or less.

When the Company decides to contribute to the fund additionally, the Company will disclose it adequately on a timely basis.

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

The acquisition of Company's shares by the Trust is intended to be made with the fund contributed as described in (4) above in the exchange market or by means of assuming disposed treasury shares.

In the Initial Period after the establishment of the Trust and without delay, up to 300,000 shares shall be acquired.

The details of the acquisition of the Company's shares by the Trust shall be disclosed adequately on a timely basis.

(6) The calculation method of the number of the Company's Shares, etc. to be granted to directors

Directors are granted a certain number of points as determined by their position and rank according to the share delivery regulations for officers and with consideration to the level of achievements in terms of performance for each business year. The maximum number of points granted in total to a director per business year shall be 100,000 points. This has been decided by comprehensively taking into account the current level of officers' remuneration provided, the trend in the number of directors, the outlook going forward, and other factors, and the Company believes it to be adequate.

The points granted to directors are converted to the Company's common share in granting the Company's Shares, etc., as prescribed in the upcoming provision (7): one point shall be converted to one share. (However, in case a stock split, allotment of share without contribution, or reverse stock split takes place after this proposal is approved by the shareholders at the General Meeting of Shareholders, limit of points, points granted, or the conversion rate shall be adjusted rationally in proportion to such an event).

The points for directors as the base of compensation for the Company's Shares, etc. described in (7) below shall be the accumulated points granted to directors at or before retirement, as a general rule (hereinafter called the "Final Points" for the points calculated in this way).

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

In case directors retire and satisfy the requirements of the benefit stipulated in the share delivery regulations for officers, the directors are provided the shares by the Trust after retirement in accordance with the Final Points described in (6), above, as a general rule, by completion of the prescribed procedures for the beneficiary. However, if directors satisfy the requirements prescribed in the share delivery regulations for officers, with regard to the certain proportion of points, monies equivalent to the amount of Company's shares at the market price are granted in lieu of granting Company's shares. For this case, Company shares may be sold by the Trust for granting monies.

(8) Execution of voting rights

The voting rights of the Company's shares within the account of the Trust shall not be executed in accordance with the instructions of the trust administrator without exception. This rule is intended to maintain neutrality in the Company's business management in terms of execution of voting rights of Company's shares within the account of the Trust.

(9) Handling of dividends

The dividends of Company's shares within the account of the Trust are distributed to the Trust and used for the acquisition of the shares or share compensation to trustees pertaining to the Trust. In case the Trust is to be terminated, dividends remaining in the Trust shall be donated to an organization that has no vested interest in the Company or the Company's officers, or distributed to incumbent directors in proportion to the respective number of points they hold.

(10) Termination of the trust

The Trust shall be terminated when the Company's share is delisted, when the share delivery regulations for officers are abolished, or for other reasons.

The Company's share in the remaining assets of the Trust as of the termination of the Trust will be wholly transferred to the Company without compensation, and canceled by a resolution of the board of directors.

As for the cash portion of the remaining assets of the Trust at the time of termination, the amount remaining after deducting the amount to be donated to an organization and/or the paid to directors according to (9) above shall be transferred to the Company.

[Outline of the Trust]

- (i) Name: Board Benefit Trust (BBT)
- (ii) Entrustor: Inabata & Co., Ltd.
- (iii) Trustee: Mizuho Trust & Banking Co., Ltd.
(Re-trust trustee: Trust & Custody Services Bank, Ltd.)
- (iv) Beneficiaries: The retired directors who have beneficiary rights in accordance with the share delivery regulations for officers
- (v) Trust administrator: The Company plans to select a third party that has no interest in the Company
- (vi) Type of trust: Money in trust other than a monetary trust (third party benefit trust)
- (vii) Date of the Trust agreement: August or September 2018 (planned)
- (viii) Date of entrusting money: August or September 2018 (planned)
- (ix) Trust period: August or September 2018 (planned) through the termination of the Trust
(The termination of the Trust shall not be specified. The Trust is deemed to continue as long as the System is not terminated.)