

May 13, 2016

To whom it may concern:

Company name: Recruit Holdings Co., Ltd.
Representative: Masumi Minegishi, President, CEO and
Representative Director
(Securities code: 6098, TSE First Section)
Contact: Keiichi Sagawa, Board Director, Senior
Managing Corporate Executive Officer
(Tel: +81-3-6835-1111)

Notification of Introduction of the Performance-based Stock Incentive Plan for Board Directors

Recruit Holdings Co., Ltd. (the “Company”) hereby announces that it resolved at its Board of Directors meeting held on May 13, 2016 to introduce a stock incentive plan (hereinafter the “Scheme”) as a new incentive plan for its Board Directors (excluding External Board Directors), Corporate Executive Officers and Corporate Professional Officers (hereinafter collectively referred to as “Board Directors, etc.”) and to submit a proposal regarding the Scheme to the 56th Ordinary General Meeting of Shareholders scheduled on June 21, 2016 (hereinafter the “Meeting”), as well as the details of the incentive plan to be implemented in the fiscal year ending March 31, 2017, based on the Scheme. The details of the resolution are described as follows.

1. Introduction of the Scheme

- (1) In our long-term vision, the Recruit group (the “Group”) aims to become the top provider in the business domain of human resource operations globally by 2020, and to become the corporate group operating the No. 1 matching platform globally in all of our business domains, including the Marketing Media operations, by 2030. With a view to realizing the long-term vision, the Company will introduce the Scheme, which is a performance-based stock incentive plan utilizing trust, as a long-term incentive plan for officer remuneration. The Scheme aims at further clarifying the linkage between compensation for Board Directors, etc. and the stock value of the Company to promote motivation in contributing to the enhancement of medium to long-term performance and improvement of corporate value.
- (2) The Scheme adopts the structure used for the Board Incentive Plan Trust (hereinafter the “BIP Trust”) which is an executive incentive plan based on the Performance Share Plan and Restricted Stock Plan of the United States. The BIP Trust is also a stock-based officer remuneration plan that offers Board Directors, etc. grant or payment (hereinafter the “grant, etc.”) of the Company’s shares and money equivalent to the converted value of such shares (hereinafter the “Company’s shares, etc.”) according to their individual rank and the level of attainment of performance targets.
- (3) Following the introduction of the Scheme, the existing incentive stock option plan shall be discontinued, and stock options under the existing plan shall no longer be newly granted, subject to the approval of the proposal regarding the Scheme at the Meeting.

2. Policies for officer remuneration

(1) Management policies

The Group defines its Mission; “We are focused on responding to the needs of society by creating new value, thereby contributing to a brighter and more fulfilling world in which all individuals can live life to the fullest”

and “Creation of new value,” “Contribution to society,” and “Respect for all individuals” as The Recruit Way in our group management philosophy.

Under this management philosophy, we endeavor to become a company that supports positive actions of each individual by producing as many “No. 1 Matching Services” as possible that connects the industry and people, and conduct business operations focusing mainly on Marketing Media, HR Media and Staffing business. The Group work on maximizing shareholder and corporate value through these business activities.

Further, the Group seeks to enhance growth potential and efficiency in each segment to attain sustainable profit growth, and in this context, it has adopted EBITDA and adjusted EPS (*) as main management indices.

(*) Adjusted EPS:

adjusted net income / (number of shares issued at the end of the period - number of treasury stock at the end of the period)

Adjusted net income:

net income attributable to owners of the parent ± adjustment items (excluding non-controlling interests) ± tax reconciliation regarding the adjustment items

Adjustment items:

amortization of goodwill and intangible assets arising due to business combinations ± extraordinary income/losses

(2) Basic policies for officer remuneration

The Company has established the Evaluation Committee and the Remuneration Committee as advisory bodies to the Board of Directors for the purpose of enhancing objectivity and transparency of officer remuneration. These two Committees deliberate and make reports in response to consultation on matters including remuneration system for Board Directors, etc. of the Company and its calculation methods.

The officer remuneration system of the Company is operated under the following basic policies with a view to realizing the aforementioned management policies.

- (i) Maintain a sufficient remuneration standard that can attract and retain superior management talents on a global scale
- (ii) Establish a highly performance-based remuneration plan that motivates officers to attain performance targets
- (iii) Set remuneration linked to medium to long-term corporate value
- (iv) Enhance objectivity and transparency in the remuneration determining process

(3) Framework of the remuneration standard

The remuneration standard for Board Directors, etc. is determined with reference to the officer remuneration standards at major corporations as its benchmark based on external database services. The remuneration for Board Directors, etc. fluctuates every year since it is calculated by incorporating the corporate and individual performance to the predetermined standard remuneration.

(4) Composition of remuneration

The remuneration for Board Directors, etc. consists of fixed remuneration (cash remuneration), short-term incentive plan (cash remuneration) based on individual assessments for each fiscal year, and the Scheme, namely long-term incentive plan (stock remuneration) based on attainment of the consolidated performance targets for each fiscal year. EBITDA for the existing businesses (*) shall be adopted as a performance target indicator for the long-term incentive plan in the period up to the fiscal year ending March 31, 2019. For the fiscal year ending March 31, 2019, the level of attainment of the adjusted EPS performance target set during the fiscal year ending March 31, 2017 shall also be considered in determining the level of payment.

The performance-linked factor for the long-term incentive plan shall be within the range of 0% to 150%.

Meanwhile, remuneration for External Board Directors shall solely consist of fixed remuneration.

Composition ratios of performance-based remuneration and stock-based remuneration that constitutes the remuneration for Board Directors, etc. are designed to provide sound incentives in order to achieve sustainable growth. Specifically, approximate ratio of short-term incentive plan against fixed remuneration is set at around 50% and that of long-term incentive plan against fixed remuneration is set within the range of 50% to 200%.

(*) EBITDA for the existing businesses:

EBITDA (operating income + depreciation and amortization + amortization of goodwill) for the existing businesses, excluding results forecast of the subsidiaries to be consolidated as a result of acquisition of their shares, etc.

The performance target indicator for the long-term incentive plan reflects the differences in the amount of EBITDA arising from business sales carried out during the period. Nevertheless, there will be no change to the level of adjusted EPS set for the fiscal year ending March 31, 2017.

(5) Governance

The Company has established the Evaluation Committee and the Remuneration Committee chaired by an External Board Director as advisory bodies to the Board of Directors for the purpose of enhancing objectivity and transparency of remunerations for Board Directors, etc.

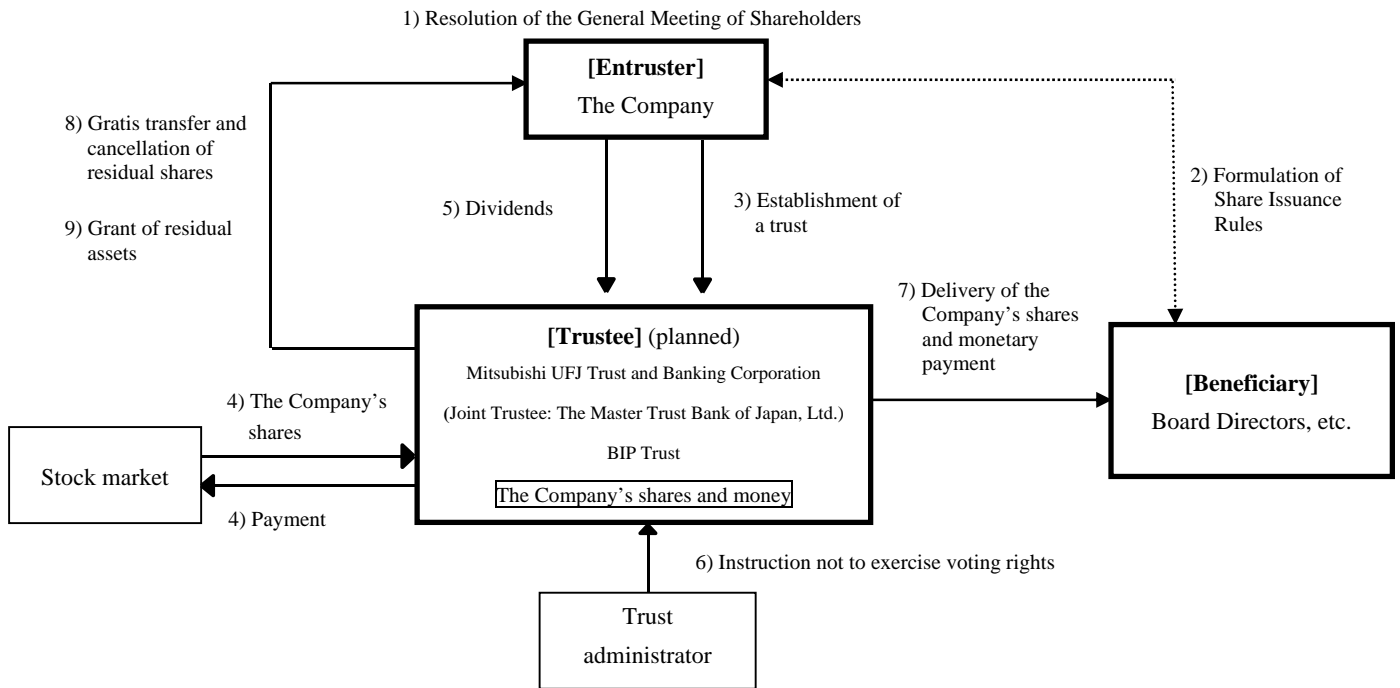
External Board Directors are selected based on the independence criteria prescribed by the Tokyo Stock Exchange, as well as individual insight and capabilities in fulfilling duties and responsibilities as an External Board Director, regardless of gender, age and nationality.

In addition, the Company appoints external compensation consultants with a view to introducing objective viewpoints from outside the Company and expertise on officer remuneration systems. With their support, the Company reviews its remuneration standard and remuneration systems in light of external data, economic environment, industry trend and business conditions, among others.

(6) Disclosure policies

Details of the officer remuneration system of the Company are promptly disclosed to its shareholders through the securities report, Reference Documents for the General Meeting of Shareholders, Business Report, Corporate Governance Report and the Company's website, which will be prepared and disclosed in accordance with various laws and regulations.

3. Framework of the Scheme



- 1) The Company obtains resolution for approval on officer remuneration at the General Meeting of Shareholders with respect to the introduction of the Scheme.
- 2) The Company establishes the Share Issuance Rules concerning officer remuneration at the Board of Directors meeting with respect to the introduction of the Scheme.
- 3) The Company establishes a trust (the Trust) with Board Directors, etc. who meet the beneficiary requirements as its beneficiary by entrusting money to the trustee within the limit as approved by the resolution of the General Meeting of Shareholders in 1).
- 4) The Trust follows the instruction of the trust administrator and acquires the Company's shares from the stock market using the money contributed in 3).
- 5) The Company's shares held in the Trust are entitled to receive dividends in the same manner as other Company's shares.
- 6) No voting rights shall be exercised on the Company's shares held in the Trust during the trust period.
- 7) During the trust period, a certain number of points are granted to Board Directors, etc. according to their individual rank and the level of attainment of performance targets. The grant, etc. of the Company's shares, etc. corresponding to the number of points are offered to Board Directors, etc. who meet certain beneficiary requirements, in principle, at the time of their retirement as described in 4. (6) below. (Board Directors, etc. are, in principle, granted 50% of the Company's shares corresponding to the points (fractional shares are omitted) in accordance with the provisions of the trust agreement, while the remaining Company's shares corresponding to the points are converted to money within the Trust and paid to Board Directors, etc. in money as described in 4. (6) below)
- 8) If there are residual shares at the expiry of the trust period, the Company will either continuously use the Trust for the Scheme, or as another incentive plan similar to the Scheme, by making amendments to the trust agreement and additionally contributing to the Trust by the resolution of the Board of Directors, or transfer the residual shares from the Trust to the Company without compensation, acquire them without compensation, and cancel them by the resolution of the Board of Directors.
- 9) At the termination of the Trust, residual assets remaining after the distribution to the beneficiaries will be attributable to the Company within the amount of reserve for trust expenses after deducting share acquisition fund from trust money. Any portion in excess of reserve for trust expenses will be donated to organizations with no interest in the Company.

(Note) If the Company's shares are exhausted within the Trust due to the grant, etc. of the Company's shares, etc. to Board Directors, etc., who meet the beneficiary requirements, the Trust shall be terminated prior to the expiry of the trust period. The Company may additionally entrust money to the Trust as an acquisition fund for the Company's shares, thereby having the Trust to additionally acquire the Company's shares within the limit of share acquisition fund as well as within the maximum number of shares to be granted (as defined in 4. (7) below) as approved by the resolution of the General Meeting of Shareholders.

4. Details of the Scheme

(1) Outline of the Scheme

The Scheme is an incentive plan that offers the grant, etc. of the Company's shares, etc. as officer remuneration to Board Directors, etc., in principle at the time of their retirement, according to their individual rank and the level of attainment of performance targets.

The Company establishes the Trust in implementing the Scheme from this fiscal year (the stock incentive system scheduled to be implemented under the Trust to be established during this fiscal year is hereinafter called the "Plan"), and intends to continuously implement an incentive plan similar to the Plan by newly establishing the Trust each year from the next fiscal year onward, or by making amendments to the existing Trust after the expiry of its trust period and making additional contribution to the Trust. Details of the incentive plan to be implemented from the next fiscal year onward will be decided by the resolution of the Board of Directors to the extent as approved by the General Meeting of Shareholders.

(2) Resolution of the General Meeting of Shareholders regarding the introduction of the Scheme

The maximum amount to be contributed to the Trust and other matters required to be determined are decided by the resolution of the General Meeting of Shareholders, and the Company operates the Scheme to the extent as approved by the General Meeting of Shareholders.

(3) Persons subject to the Scheme (beneficiary requirements)

Board Directors, etc. are eligible to receive the grant, etc. from the Trust for the number of the Company's shares, etc. corresponding to the accumulated number of points (as defined in (5) below) on the condition that they meet the beneficiary requirements.

The beneficiary requirements are as follows.

- 1) To hold office as Board Directors, etc. of the Company at the end of the performance assessment year (as described in (5) below) under the Scheme
- 2) To have retired from office as Board Directors, etc. (*1) (*2) (*3)
- 3) Neither resigned due to personal reasons or dismissal, nor committed certain illegal conducts during his/her term of office
- 4) The accumulated number of points (as defined in (6) below) has been determined
- 5) Other requirements considered necessary for fulfilling the purpose of the Scheme as a stock incentive plan

(*1) However, in the event of an extension of the trust period as described in Paragraph 3 of (4) below, and if the person covered under the Scheme remains to hold office as Board Directors, etc. at the expiry of the extension period, the Trust shall terminate at that point, and the person shall receive the grant, etc. of the Company's shares, etc. during his/her term of office.

(*2) In the event of death of Board Directors, etc. during his/her term of office, the Company's shares corresponding to the number of points accumulated up to the death (as defined in (6) below) shall be converted to money and paid to his/her heirs from the Trust.

(*3) Board Directors, etc., who were recruited based on the standards of markets with significantly different employment practice and laws and regulations, may receive the grant, etc. of the Company's shares, etc. corresponding to the points after the date of grant during his/her term of office as describe in (6) below.

(4) Trust period

Trust period of the Trust to be established based on the Plan shall be three years from August 10, 2016 (planned) to August 31, 2019 (planned). The Trust to be established during the next fiscal year onward shall also have the trust period of three years.

At the expiry of the trust period, the Company may continuously operate the Trust as an incentive plan similar to the Plan by making amendments to the trust agreement and making additional contribution to the Trust.

If Board Directors, etc. who may meet the beneficiary requirements remain in office at the expiry of the trust period, although no points shall be granted to them after the expiry, the trust period of the Trust may be extended for a period of up to ten years until the retirement of such Board Directors, etc. and the completion of grant, etc. of the Company's shares, etc. to such Board Directors, etc.

(5) Number of the Company's shares, etc. to be delivered as the grant, etc. to Board Directors, etc.

Number of the Company's shares, etc. to be delivered as the grant, etc. to Board Directors, etc. shall be determined as one share per one point in accordance with the number of points calculated by the following point calculation formula. In the event of an increase or decrease in the number of the Company's shares held in the Trust due to a share split, an allotment of shares without contribution or a share consolidation, etc., the Company will make an adjustment to the number of the Company's shares, etc. delivered as the grant, etc. for each point in accordance with the ratio of such increase or decrease.

(Point calculation formula)

Amount of stock remuneration (*4) ÷ Average acquisition unit price of the Company's shares held in the Trust (If the trust period is extended through amendments to the trust agreement or additional contributions to the Trust, this shall be the average acquisition unit price of the Company's shares acquired by the Trust after such extension of the trust period.)(truncated after decimal point)

(*4) Amount of stock remuneration shall, in principle, be calculated by multiplying the standard amount based on the individual rank of Board Directors, etc. by performance-linked factors, and determined by the Board of Directors based on deliberations and recommendations by the Remuneration Committee chaired by an External Board Director. The performance-linked factor is determined within the range of 0% to 150% in consideration of the level of attainment of performance target indicator against targets, etc. (which, for the purpose of the Plan, is EBITDA of the existing businesses) in the performance assessment year which is the fiscal year immediately preceding the establishment of the Trust or the extension of the trust period (which, for the purpose of the Plan, is the fiscal year ended March 31, 2016).

(6) Method and timing of the grant, etc. of the Company's shares, etc. to Board Directors, etc.

Board Directors, etc. meeting the beneficiary requirements shall receive the grant, etc. of the Company's shares, etc. based on the accumulated number of points calculated according to (5) above (hereinafter "accumulated number of points") at the time of their retirement, in principle. In such instance, Board Directors, etc. are granted 50% of the Company's shares corresponding to the accumulated number of points (fractional shares are omitted), while the remaining Company's shares corresponding to the points are converted to money within the Trust and paid to Board Directors, etc. in money. If Board Directors, etc. do not have securities transaction accounts that can handle Japanese shares, all the accumulated number of points are converted to money within the Trust and paid to such Board Directors, etc. in money.

In the event that the trust period has been extended as described in (4) above and the person covered under the Scheme still remain in office as Board Directors, etc. at the expiry of the extension period, in the event of death of Board Directors, etc. during his/her term of office, and in the event that Board Directors, etc. were recruited based on the standards of markets with significantly different employment practice and laws and regulations, provisions in the above (3) (*1) (*2) (*3) shall apply, respectively.

- (7) Trust money scheduled to be contributed to the Trust and the number of the Company's shares, etc. scheduled to be delivered as the grant, etc. from the Trust

The total trust money to be contributed to the Trust and the total number of the Company's shares, etc. to be delivered as the grant, etc. from the Trust during the trust period shall not exceed the following upper limit subject to the resolution of the Meeting.

The maximum total trust money to be contributed to the Trust: ¥2.5 billion (*5)

(*5) This is the total amount of the Trust's share acquisition fund and the trust fees and trust expenses during the trust period

The maximum total number of the Company's shares, etc. to be delivered as the grant, etc. from the Trust: 740,600 shares (*6)

(*6) The maximum total number of the Company's shares, etc. to be delivered as the grant, etc. are determined based on the maximum total trust money as described above with reference to the current stock price, among other factors.

- (8) Method for the acquisition of the Company's shares by the Trust

The Trust is scheduled to acquire the Company's shares from the stock market.

- (9) Exercise of voting rights for the Company's shares held in the Trust

For the purpose of ensuring neutrality in management, no voting rights shall be exercised for the Company's shares held in the Trust during the trust period.

- (10) Distribution of retained earnings associated with the Company's shares held in the Trust

The distribution of retained earnings associated with the Company's shares held in the Trust shall be received by the Trust and appropriated to the trust fees and trust expenses for the Trust. Residues, if any, at the eventual termination of the Trust after the aforementioned appropriation to the trust fees and trust expenses will be donated to organizations with no interest in the Company.

If the Trust is to be continuously operated after the expiry of the trust period, such residues are utilized as the share acquisition fund.

- (11) Treatment at the expiry of the trust period

In the case that residual shares remain at the expiry of the trust period due to reasons such as failure to attain performance targets, the Company may continuously operate the Trust as an incentive plan similar to the Plan by making amendments to the trust agreement and making additional contribution to the Trust. If it is decided to terminate the Trust at the expiry of the trust period, the Trust shall transfer the residual shares to the Company without compensation, and the Company plans to acquire them without compensation and cancel them by the resolution of the Board of Directors.

(Reference)

[Outline of the trust agreement of the Plan]

- | | |
|------------------------------------|--|
| 1) Type of trust | Monetary trust other than a specified solely-administered monetary trust (third-party benefit trust) |
| 2) Purpose of trust | Providing incentives to Board Directors, etc. of the Company |
| 3) Entruster | The Company |
| 4) Trustee | Mitsubishi UFJ Trust and Banking Corporation (planned)
(Joint Trustee: The Master Trust Bank of Japan, Ltd.) |
| 5) Beneficiary | Retired Board Directors, etc. who meet the beneficiary requirements |
| 6) Trust administrator | A third party with no interest in the Company |
| 7) Date of trust agreement | August 10, 2016 (planned) |
| 8) Trust term | August 10, 2016 (planned) to August 31, 2019 (planned) |
| 9) Commencement date of the scheme | August 10, 2016 (planned) |
| 10) Exercise of voting rights | Voting rights will not be exercised. |
| 11) Class of shares to be acquired | Common stock of the Company |
| 12) Amount of trust | ¥1.2 billion (planned) (including trust fees and trust expenses) |
| 13) Timing for acquiring shares | August 12, 2016 (planned) to September 9, 2016 (planned) |
| 14) Method of share acquisition | Acquisition from the stock market |
| 15) Rights holder | The Company |
| 16) Residual assets | The Company, as the rights holder, may receive residual assets within the scope of reserve for trust expenses after deducting share acquisition fund from trust money. |

(Note) The scheduled dates mentioned above may be changed to appropriate dates in light of applicable laws and regulations.

[Details of administration relating to the trust and shares]

- | | |
|---------------------------------|--|
| 1) Trust-related administration | Mitsubishi UFJ Trust and Banking Corporation and The Master Trust Bank of Japan, Ltd. are to be the trustees of the Trust and will conduct trust-related administration. |
| 2) Share-related administration | Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. will conduct administration related to the delivery of the Company's shares to beneficiaries based on the administration service agreement. |