

Recruit Holdings Announces Introduction of Stock Options (Stock Acquisition Rights) for Board Directors

TOKYO, JAPAN (May 14, 2019) – Recruit Holdings Co., Ltd. (TSE 6098) (the “Company”) announced today that it resolved at its Board of Directors meeting held today to submit a proposal (the “Proposal”) regarding the determination of the amount and terms of the stock acquisition rights as stock option compensation for Board Directors (excluding External Board Directors; the same applies hereinafter) to the 59th Ordinary General Meeting of Shareholders (the “General Meeting”) scheduled for June 19, 2019.

1. Purpose to Introduce Stock Options (Stock Acquisition Rights) for Board Directors

The Company has implemented a stock incentive plan using the structure of a Board Incentive Plan for Board Directors and has designed a compensation system which is linked to mid to long term corporate value. In addition, the Company intends to introduce a stock option plan within the limit of 700 million yen per year as a remuneration which can be realized only when the stock price increases for the purpose of encouraging the commitment to stock price appreciation and corporate value expansion, as well as sharing the advantages and risks of stock price fluctuations with shareholders.

2. Details of Stock Options (Stock Acquisition Rights) for Board Directors

(1) Total Number of Stock Acquisition Rights

The maximum number of stock acquisition rights to be issued within one year from the Company’s Ordinary General Meeting of Shareholders for each business year is 9,000 stock acquisition rights.

(2) Class and Number of Shares to be Acquired upon Exercise of Stock Acquisition Rights

The class of shares to be acquired upon exercise of the stock acquisition rights shall be common stock of the Company, and the number of shares to be acquired upon exercise of one stock acquisition right (the “Number of Shares”) shall be 100 shares; provided, however, that if the Company carries out a stock split (including gratis allotment of common stock of the Company; the same applies hereinafter with respect to stock split) or stock consolidation after the allotment date of the stock acquisition rights (the “Allotment Date”), the Number of Shares will be adjusted in accordance with the following formula, and any fraction less than one share resulting from the adjustment shall be rounded down to the nearest whole share.

$$\begin{array}{ccccccc} \text{Number of} & & & & \text{Number of} & & \text{Ratio of stock} \\ \text{Shares after} & & & & \text{Shares before} & & \text{split} \\ \text{adjustment} & = & & & \text{adjustment} & \times & \text{/consolidation} \end{array}$$

If after the Allotment Date, the Company carries out a merger or company split, or any unavoidable circumstances that require an adjustment of the Number of Shares otherwise occur, the Company may adjust the Number of Shares to a reasonable extent.

(3) Amount to be Paid in for Stock Acquisition Rights

No cash payment is required to receive stock acquisition rights.

(4) Amount of Assets to be Contributed upon Exercise of Stock Acquisition Rights

The amount of assets to be contributed upon exercise of one stock acquisition rights shall be the amount calculated by multiplying the amount per share of the assets to be contributed upon exercise of the stock acquisition rights (the “Exercise Price”) by the Number of Shares.

The Exercise Price shall be the closing price of the Company’s shares of common stock in regular trading on the Tokyo Stock Exchange on the Allotment Date (or, if there are no transactions in relation to the Company’s shares on such date, the closing price on the trading day immediately before the Allotment Date).

If the Company carries out a stock split or stock consolidation after the Allotment Date, the Exercise Price will be adjusted in accordance with the following formula, and any fraction less than one yen resulting from the adjustment shall be rounded up to the nearest whole yen.

$$\begin{array}{rcccl} & & = & & \\ & \text{Exercise} & & \text{Exercise} & \times \\ & \text{Price after} & & \text{Price before} & \\ & \text{adjustment} & & \text{adjustment} & \\ & & & & \frac{1}{\text{Ratio of stock split /}} \\ & & & & \text{consolidation} \end{array}$$

In addition to the above, if after the Allotment Date, the Company carries out a merger or company split, or an event that requires an adjustment of the Exercise Price otherwise occurs, the Company may appropriately adjust the Exercise Price to a reasonable extent.

(5) Exercise Period of Stock Acquisition Rights

The exercise period shall be determined by the Company’s Board of Directors to be the period up to ten years from the Allotment Date.

(6) Conditions of Exercise of Stock Acquisition Rights

- (i) If a holder of the stock acquisition rights (the “Stock Option Holder”) loses all of his or her status as a Board Director and/or Corporate Executive Officer of the Company, such Stock Option Holder may exercise the stock acquisition rights only for the period up to the earlier of the day that is three years from the date of the retirement or the last day of the exercise period of the stock acquisition rights.
- (ii) Other conditions will be determined by the Company’s Board of Directors.

(7) Restrictions on Assignment of Stock Acquisition Rights

Assignment of the stock acquisition rights requires approval of the Company’s Board of Directors.

(8) Other Terms of Stock Acquisition Rights

Other matters relating to the stock acquisition rights will be determined by the Company’s Board of Directors.

Note: The descriptions above are subject to the approval and adoption of the “Determination of the Amount and Terms of the Stock Acquisition Rights as Stock Option Compensation for Board Directors (Excluding External Board Directors)” at the 59th Ordinary General Meeting of Shareholders scheduled to be held on June 19, 2019.



For Reference

1. If the Proposal is approved at the Ordinary General Meeting of Shareholders mentioned above, the Company plans to also introduce a similar stock option plan for Corporate Executive Officers who do not concurrently serve as Board Directors of the Company.
2. The allotment agreement to be executed with the person who receives an allotment of the stock acquisition rights will provide for a limit on the number of the stock acquisition rights that may be exercised for a certain period of time so that the plan may fully function as an incentive for stock price appreciation and corporate value enhancement.

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This announcement is intended only to notify shareholders of the intent of the Company to submit the Proposal to the Company's 59th Ordinary General Meeting of Shareholders and does not constitute an advertisement, or an offer or sale to any person of any stock acquisition rights or of any securities of the Company subject to any stock acquisition rights.