

May 13, 2016

Company name: Ashikaga Holdings Co., Ltd.  
Representative: Masanao Matsushita, President  
and Chief Executive Officer  
(Code number: 7167 First  
Section, Tokyo Stock Exchange)

**Notice Regarding Abolition of the Executive Retirement Benefits Program,  
and Introduction of Stock Options as Stock-based Compensation**

Ashikaga Holdings Co., Ltd. (“the Company”) resolved at the board of directors today as follows to submit a proposal for introduction of stock options as stock-based compensation (“the Stock Options”) for the Company's directors after the business integration between the Joyo Bank, Ltd. (“Joyo”) and the Company (“the Business Integration”) to the ordinary general meeting of shareholders to be held on June 28, 2016, while to abolish the executive retirement benefits program.

In addition, the Business Integration is subject to obtaining resolution at the ordinary general meeting of shareholders scheduled to be held on June 28, 2016 and approval, etc. of the relevant authorities.

Description

1. Abolition of the Executive Retirement Benefits Program

The Company will abolish the executive retirement benefits program upon the close of the ordinary general meeting of shareholders to be held on June 28, 2016. It is to be noted that the retirement benefits for such executives' work during their years of service, up to the close of the ordinary general meeting of shareholders shall be paid in a lump sum at the time of retirement of respective executive.

2. Outline of the Stock Options as Stock-based Compensation

The Company will fulfill the Business Integration with Joyo through a share exchange and transition to the company with audit and supervisory committee on October 1, 2016, subject to the approval, etc. of the general shareholders meeting to be held on June 28, 2016.

The Company will allot the Stock Options which exercise price is 1 yen for directors (except directors who are the audit and supervisory committee members) after the Business Integration, to increase their motivation and morale for improvement of the stock price and performance, and to further promote management with an emphasis on shareholder value and corporate value. The proposals for amount of compensation and contents concerning the Stock Options will be submitted to the ordinary general meeting of shareholders to be held on June 28, 2016.

Details of stock acquisition right as the Stock Options are shown in the attachment.

End

<Contacts for inquiries regarding this notice>

Ashikaga HD

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**Attachment: Details of the Stock Options for Directors (except Directors who are the Audit and Supervisory Committee Members) after the Business Integration**

(1) Total Number of Stock Acquisition Rights and the Type and Number of Shares to be Objective

A. The total number of stock acquisition rights

The maximum number of stock acquisition rights shall be allotted within one (1) year after the date of each ordinary general meeting of shareholders shall not exceed 100,000 in total.

B. Type and number of shares to be objective

The maximum number of the Company's common stock shall be objective of stock acquisition rights shall be allotted within one (1) year after the date of each ordinary general meeting of shareholders shall not exceed 100,000 shares in total. The number of shares shall be objective of one (1) stock acquisition right ("Number of Granted Shares") shall be one (1) common stock.

In the event that the Company conduct mergers, corporate separations, stock free allocation, stock split or reverse stock split, etc., if it is appropriate to change the Number of Granted Shares, the Company shall appropriately adjust the Number of Granted Shares deemed necessary.

(2) Amount to be Paid upon Allotment of the Stock Acquisition Rights

The Amount to be paid upon allotment of each stock acquisition rights shall be the fair value that was calculated by the "Black-Scholes model" on the date of allotment of the stock acquisition rights.

It should be noted that the person who is allotted stock acquisition rights shall offset the amount to be paid upon allotment of the stock acquisition rights and the compensation claims to the Company.

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

The amount of assets to be contributed upon exercise of stock acquisition rights shall be the amount obtained by multiplying the amount to be paid-in per share to be issued or transferred upon exercise of such stock acquisition rights, which shall be one (1) yen, by the Number of Granted Shares.

(4) Period during which Stock Acquisition Rights May be Exercised

The period during which stock acquisition rights may be exercised shall begin from the following day of the allotment date and end 30 years from such date.

(5) Main Conditions for the Exercise of Stock Acquisition Rights

Any holder of stock acquisition rights may exercise collectively such stock acquisition rights as long as until 10 days of the expiration from the following day when he/she loses the status of the Company's director.

(6) Restrictions on the Acquisition of Stock Acquisition Rights through Transfer

The acquisition of stock acquisition rights through transfer shall require the approval by a resolution of the Board of Directors of the Company.

(7) Other Conditions of the Stock Acquisition Rights

Details of above from (1) to (6) and other conditions for the stock acquisition rights shall be determined by the Board of Directors of the Company.

End