



May 24, 2017

## Press Release

Company name: ITOCHU Techno-Solutions Corporation  
Representative: Satoshi Kikuchi, President & CEO  
(Code No.: 4739 TSE 1<sup>st</sup> Section)  
Contact: Junji Hirooka  
Executive Officer, General Manager,  
Corporate Planning Department  
(TEL +81-3-6203-5000)

### CTC Introduces Performance-Based Stock Award Plan

ITOCHU Techno-Solutions Corporation (Satoshi Kikuchi, President & CEO; headquartered in Chiyoda-ku, Tokyo; hereinafter “CTC”) announces that a meeting of the Board of Directors held this day resolved to introduce a new performance-based stock award plan, Board Benefit Trust (BBT), (hereinafter the “Plan”) and refer the proposal for the Plan to the 38th Fiscal Year Annual General Meeting of Shareholders to be held on June 21, 2017 (hereinafter the “Meeting”). Details are as follows.

#### 1. Background and Purpose of Introduction

The Board of Directors of CTC decided to introduce the Plan subject to approval for executive compensation by the shareholders at the Meeting for the purpose of increasing awareness of contributing to improved business results over the medium to long terms and increasing corporate value. This is to be achieved by clarifying the link between compensation for directors and executive officers (other than part-time directors, outside directors and domestic non-residents; hereinafter the “Directors, etc.”) and business results and the share value of CTC and sharing with shareholders not only the benefits of share price increases but also the risk of share price falls. The Board of Directors then decided to refer the proposal for the Plan to the Meeting.

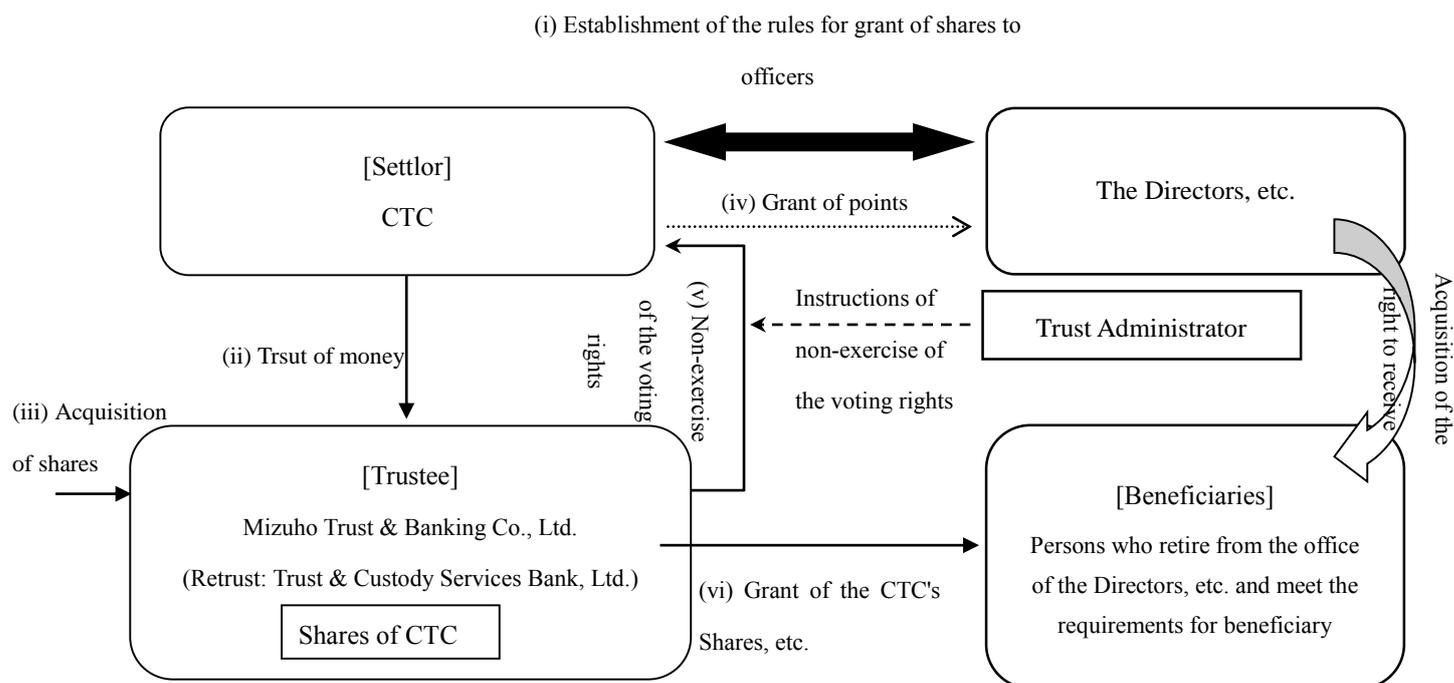
In addition, the Plan will replace a monetary bonus of part of the amount calculated according to the calculation formula for the existing “performance-based bonus.”

## 2. Outline of the Plan

### (1) Outline of the Plan

The Plan is a performance-based stock award plan under which the shares of CTC are acquired through a trust (the trust established under the Plan shall hereinafter be referred to as the “Trust”) with the funds that CTC contributes and the shares of CTC and cash equivalent to the market value of the shares of CTC calculated according to the rules for the granting of shares to officers which CTC establishes (hereinafter the “CTC's Shares, etc.”) are granted and paid to the Directors, etc. through the Trust. The timing for the granting of CTC's Shares, etc. to the Directors, etc. is at the time when they retire as Directors, etc., in principle.

<Scheme of the Plan>



- (i) CTC will establish the “rules for the granting of shares to officers” within the scope approved at the Meeting, and with the approval of the proposal for executive compensation under the Plan at the Meeting.
- (ii) CTC will place money in trust to the extent approved by resolution at the Meeting as described in (i) above.
- (iii) The Trust will acquire the shares of CTC with the funds placed in trust as described in (ii) above through the trading market or by assuming the disposal of treasury shares of CTC.
- (iv) CTC will grant points to the Directors, etc. according to the “rules for the granting of shares to officers.”
- (v) The Trust will not exercise the voting rights represented by the shares of CTC within the account of the Trust according to the instructions of the trust administrator who is independent from CTC.
- (vi) The Trust will grant the shares of CTC to the persons who retire as Directors, etc. and meet the requirements for beneficiary set forth in the “rules for grant of shares to officers” (hereinafter the “Beneficiaries”) according to the number of points granted to the relevant Beneficiaries; provided, however, that when the Directors, etc. meet the requirements set forth in the “rules for the granting of shares to officers,” cash equivalent to the market value of the shares of CTC will be paid for a certain percentage of points.

(2) Persons Eligible for the Plan

Directors and executive officers (other than part-time directors, outside directors and domestic non-residents; corporate auditors shall not be eligible for the Plan.)

(3) Trust Period

From August 2017 (scheduled) to the termination of the Trust (The trust period of the Trust shall continue as long as the Plan continues without specific date of expiry. The Plan shall be terminated upon delisting of

the shares of CTC and abolition of the rules for the granting of shares to officers, among other events.)

(4) Amount of Money in Trust

Subject to approval of the introduction of the Plan at the Meeting, CTC will adopt the Plan for the three fiscal years from the fiscal year ending on March 31, 2018 to the fiscal year ending March 31, 2020 (the period of these three fiscal years shall be referred to as the “Initial Relevant Period” and the Initial Relevant Period and each period of three fiscal years starting after the expiry of the Initial Relevant Period shall be respectively referred to as the “Relevant Period”) and each of the Relevant Periods thereafter and will contribute the following amount of money to the Trust as funds for the acquisition of the shares of CTC by the Trust for the purpose of granting CTC’s Shares, etc. to the Directors, etc.

First, CTC will contribute up to 390 million yen (including 180 million yen for directors) to the Trust as the necessary funds for the Initial Relevant Period at the time when the trust period described in (3) above starts.

After the expiry of the Initial Relevant Period, CTC will make an additional contribution to the Trust of up to 390 million yen (including 180 million yen for directors) for each Relevant Period, in principle, until the Plan is terminated. However, in the case of such additional contribution, the sum of any remaining shares of CTC (at the market value on the last day of the latest Relevant Period) and cash within the trust property (other than the shares of CTC corresponding to the number of points granted to the Directors, etc. which are yet to be granted to the Directors, etc.) (hereinafter the “Remaining Shares, etc.”) and the additional contribution shall be limited to 390 million yen (including 180 million yen for directors) at maximum. When CTC decides to make an additional contribution, it shall be announced at an appropriate time in an appropriate manner.

(5) Method of Acquisition of the CTC's Shares and Number of the Shares to Be Acquired

The Trust will acquire the shares of CTC with the funds contributed as described in (4) above through the trading market or by assuming the disposal of treasury shares of CTC. For the Initial Relevant Period, the Trust shall acquire up to 252,000 shares of CTC without delay upon establishment thereof.

The details about the acquisition of the shares of CTC by the Trust will be announced in a timely and appropriate way.

(6) Calculation Method of Number of the CTC's Shares to Be Granted to the Directors, etc.

The Directors, etc. shall be granted the number of points determined by dividing the funds for distribution depending on the achievement of business results and other factors by a certain stock price for each fiscal year according to the rules for the granting of shares to officers. The total number of points granted to the Directors, etc. per fiscal year shall be limited to 84,000 points (including 39,000 points for the directors). The said maximum number of points is decided upon comprehensive consideration of the current level of executive compensation payable, change in the number of the Directors, etc. and future prospects, among other factors and was thus judged to be reasonable.

In granting CTC's Shares, etc. as described in (7) below, one (1) point granted to the Directors, etc. shall

be converted into one (1) common share of CTC (provided, however, that in the case of a stock split, an allotment of shares without contribution or stock consolidation involving the shares of CTC after approval of the Plan by the shareholders at the Meeting, the maximum number of points and the number of points already granted or the conversion ratio shall be adjusted according to the ratio of such stock split, etc. in a reasonable way).

The number of points for the Directors, etc. based on which the CTC's Shares, etc. are granted as described in (7) below shall be the number of points granted to the relevant Directors, etc. until they retire as Directors, etc., in principle (the points calculated in such way shall be hereinafter referred to as "Determined Number of Points").

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

When Directors, etc. retire from their office and meet the requirements for the Beneficiaries set forth in the rules for the grant of shares to officers, upon taking the designated procedures for determination of the Beneficiaries, the said Directors, etc. shall be granted by the Trust the shares of CTC corresponding to the "Determined Number of Points" determined according to the description in (6) above after they retire from their office, in principle; provided, however, that when the requirements set forth in the rules for grant of shares to officers are met, the Directors, etc. shall be paid cash equivalent to the market value of the shares of CTC for a certain percentage in lieu of the grant of the shares of CTC. In this regard, for the purpose of cash payment, the Trust may sell the shares of CTC.

(8) Exercise of the Voting Rights

The voting rights represented by the shares of CTC within the account of the Trust shall not be exercised uniformly according to the instructions of the trust administrator. This method is intended to ensure independence of the management of CTC with respect to exercise of the voting rights represented by the shares of CTC within the account of the Trust.

(9) Treatment of Dividends

Dividends for the shares of CTC within the account of the Trust shall be paid to the Trust and be appropriated to payment of the price for acquisition of the shares of CTC and the trust fees for the trustee of the Trust, among others. Upon termination of the Trust, dividends, etc. remaining within the Trust shall be paid to the Directors, etc. who maintain their status as Directors, etc. at that time in proportion to the number of points which they respectively hold according to the provisions of the rules for grant of shares to officers.

(10) Treatment upon Termination of the Trust

Upon delisting of the shares of CTC and abolition of the rules for the grant of shares to officers, among other events, the Trust shall be terminated. All shares of CTC included in the residual property of the Trust upon termination of the Trust will be acquired by CTC without consideration and cancelled by resolution of the Board of Directors. Cash included in the residual property of the Trust upon termination of the Trust will be paid to the Directors, etc. and the remaining cash after payment to the Directors, etc. will be paid to CTC.

[Outline of the Trust]

- (i) Name: Board Benefit Trust (BBT)
- (ii) Settlor: CTC
- (iii) Trustee: Mizuho Trust & Banking Co., Ltd.  
(Trustee of retrust: Trust & Custody Services Bank, Ltd.)
- (iv) Beneficiaries: Persons who retire as Directors, etc. who meet the requirements for Beneficiaries set forth in the rules for grant of shares to officers
- (v) Trust administrator: A third party having no interest with CTC to be selected
- (vi) Type of trust: Trust of money other than money trust (third-party benefit trust)
- (vii) Date of execution of the agreement for the Trust: August 2017 (scheduled)
- (viii) Date when money is placed in trust: August 2017 (scheduled)