

May 8, 2018

To all parties concerned

Company Name: Asahi Net, Inc.
Representative: Jiro Hijikata, President
(Code Number: 3834,
Tokyo Stock Exchange,
First Section)
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Announcement Regarding Introduction of Restricted Stock Compensation Plan

Asahi Net, Inc. (hereinafter referred to as “the Company”) has reviewed its compensation plan in the meeting of the Board of Directors held on May 8, 2018, and passed a resolution on the introduction of restricted stock compensation plan (hereinafter referred to as “the Plan”). Proposal regarding the introduction of the Plan will be presented for discussion at the 28th General Meeting of Shareholders (hereinafter referred to as “the Shareholders’ Meeting”) scheduled on June 27, 2018. The details are as below.

1. Reasons for Introducing the Plan

The purpose of introducing the Plan is to provide incentives to the executive directors of the Company for continuous improvement of corporate value and to further develop shared values between the executive directors of the Company (excluding external directors) and the shareholders through possession of the Company’s shares by the executive directors by means of allocating restricted stocks to them.

2. Overview of the Plan

(1) Amount of compensation for executive directors and the number of new shares to be issued

In the Plan, monetary compensation receivables are granted to eligible executive directors (hereinafter referred to as “the Eligible Directors”) in order to allocate restricted stock to the Eligible Directors. The Eligible Directors will receive common stocks of the Company through issuance or disposal by the Company, by making an in-kind contribution of the relevant monetary compensation receivables. In the 8th General Meeting of Shareholders held on May 27, 1998, the amount of contribution of the executive directors of the Company has been approved to be 500 million yen or less per year (not including the employee salary of the executive director who concurrently serves as an employee.) However, for the purpose of issuing restricted stocks, the Company is planning to propose a payment of 50 million yen or less per year, separately from the aforementioned contribution. Details on the payment schedule and allocation of payment to each executive director will be determined in the meeting of the Board of Directors.

The total number of shares of common stocks of the Company to be issued or disposed under the Plan shall be 100,000 shares or less per year (however, in the event of stock split (including gratis allocation of common stocks of the Company) or stock consolidation of common stocks of the Company effective as of the day following the day this proposal is approved and adopted, the total number of shares will be adjusted as needed in a reasonable manner according to the split or consolidation ratio of the stock, on or after the effective date of the relevant stock split or stock consolidation.) Amounts to be paid per share will be the closing price of the Company's common stock on the Tokyo Stock Exchange for the business day preceding the day on which determination is made in the meeting of the Board of Directors (if there is no trade on that day, the closing price of the trading date immediately preceding that day.)

(2) Restricted Stock Allocation Agreement

For the issuance or disposal of the Company's common stock according to the Plan, Restricted Stock Allocation Agreement shall be concluded between the Company and the Eligible Directors. The main points of the agreement are as below.

- i. The Eligible Directors shall not transfer, create any security interest on, or dispose the allocated shares for a set period of time.
- ii. When certain grounds arise, the Company shall acquire the shares without consideration.

(Reference)

Under the condition that the Plan will be approved in the Shareholders' Meeting, the Company is planning to introduce restricted stock compensation plan similar to the Plan, to corporate officers of the Company.