



May 12, 2016

To whom it may concern:

VITAL KSK HOLDINGS, INC.

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(Code number: 3151, Tokyo Stock Exchange, First Section)

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Notice Regarding the Introduction of a Board Benefit Trust (BBT)

VITAL KSK HOLDINGS, INC. (hereinafter the “Company”) hereby announces that the Company at the Board of Directors’ meeting held today resolved to introduce a new stock-based compensation system (Board Benefit Trust, or BBT) (hereinafter the “System”) for Directors, Executive Officers of the Company, and Directors and Executive Officers of the Company’s major Group companies (hereinafter the “Target Officers”), and will submit a proposal for the System to the 7th Annual General Meeting of Shareholders to be held on June 29, 2016 (hereinafter the “General Meeting of Shareholders”).

1. Background and purpose of the introduction of the System

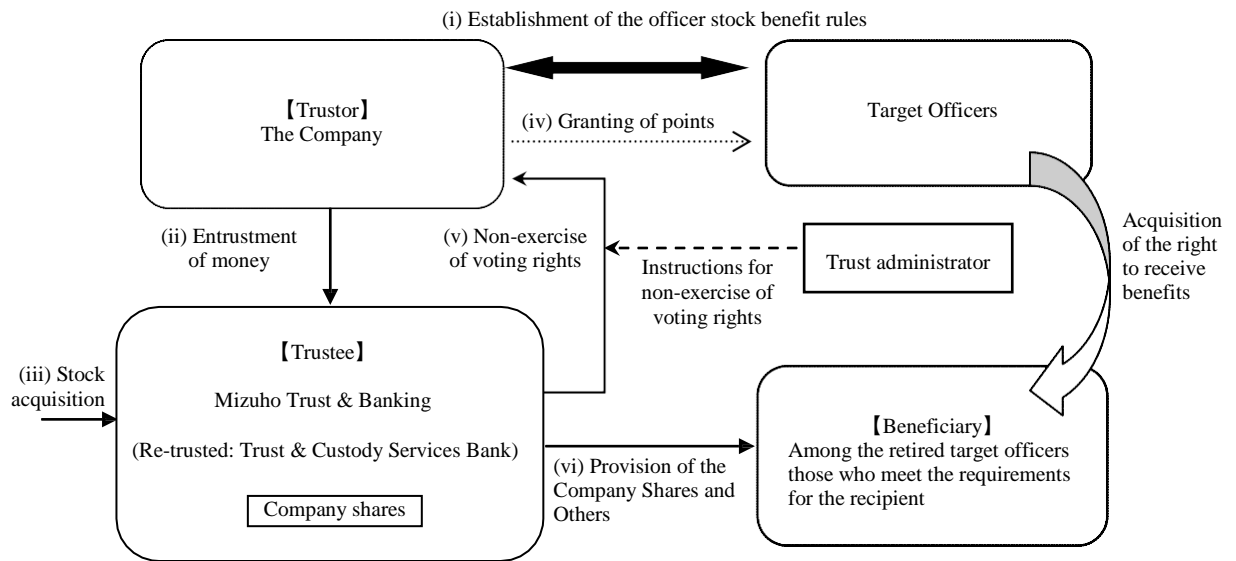
The Company seeks to strengthen the Target Officers’ awareness toward their contributions to the mid- to long-term improvement in corporate performance and value by further clarifying the link between corporate performance and the stock value of the Company and by sharing not only the benefits of higher stock prices but also the risks of lower stock prices among Target Officers and shareholders. In line with this, the Company’s Board of Directors resolved to introduce the System, subject to the approval of shareholders, and will accordingly submit a proposal for the System at the General Meeting of Shareholders.

2. Summary of the System

(1) Summary of the System

The System is a stock-based compensation system under which the Company shares are acquired by the trust (hereinafter the trust which is established based on the System is referred to as the “Trust”), using the money the Company contributes at first as the principal. The Company shares and the amount of cash equivalent to the market price of the Company shares as of the date of their retirement (hereinafter the “Company Shares and Others”) are then provided through the trust to the Target Officers in accordance with the performance-based officer stock benefit rules as stipulated by the Company and the Company’s major Group companies falling under the System. In principle, the Target Officers shall receive the Company Shares and Others upon retirement.

< Structure of the System >



- (i) The Company shall formulate the “officer stock benefit rules” within the framework approved at the General Meeting of Shareholders, following the resolution on the compensation of Directors for the System at the General Meeting of Shareholders.
- (ii) The Company shall entrust the money within the limit approved at the General Meeting of Shareholders as set forth in (i).
- (iii) The Trust shall acquire the Company shares through the stock market or by underwriting the disposition of the Company’s treasury stock, using the money entrusted in the manner set forth in (ii) as the principal.
- (iv) The Company shall grant points to the target officers based on the “officer stock benefit rules.”
- (v) In keeping with the instructions from the independent trust administrator, the Trust shall not exercise the voting rights concerning the Company shares in the Trust’s account.
- (vi) The Trust shall provide the Company shares to retired target officers who meet the requirements stipulated in the “officer stock benefit rules” (hereinafter the “Beneficiaries”), in proportion to the points granted to the said Beneficiaries. Provided, however, that, if the target officers meet the requirements separately stipulated in the “officer stock benefit rules”, they may receive an amount of cash, in lieu of the Company shares, which corresponds to a certain percentage of the points granted to them and is calculated using the market price of the Company shares as of the date of their retirement.

(2) Targets of the System

Directors, Executive Officers of the Company, and Directors and Executive Officers of the Company’s major Group companies (excluding outside Directors and non-executive Directors of the Company and the Company’s major Group companies).

(3) Period of the Trust

From September 2016 (tentative) until the Trust is terminated (no specific date has been set for the termination of the Trust; the Trust will continue as long as the System itself continues; however, the System will terminate if the shares of the Company are delisted or the officer stock benefit rules are repealed or otherwise discontinued).

(4) The amount of the Trust

Subject to approval of the introduction of the System at the General Meeting of Shareholders, the Company shall, in accordance with (6) and (7) below, establish the Trust by contributing at first the funds necessary for the Trust to acquire the number of shares which are reasonably expected to be necessary in providing the Company Shares and Others ahead of a certain period of time. As stipulated in (5) below, the Trust shall acquire the Company shares, using the money which is contributed at first by the Company as the principal.

Specifically, the Company shall establish the Trust by contributing the money with the upper limit of ¥135 million (¥30 million of which belonged to the Company's Directors) as the necessary funds for three fiscal years from the fiscal year ending March 31, 2017 to the fiscal year ending March 31, 2019 (hereinafter the "Initial Target Period").

After the elapse of the Initial Target Period, the Company shall make additional contributions to the Trust, with the upper limit of ¥135 million (¥30 million of which belonged to the Company's Directors), for the next three fiscal years (hereinafter the "Next Target Period") and in principle, the subsequent intervals of three fiscal years until the termination of the System. Provided, however, if at the time of such additional contributions, there are remaining Company shares (excluding the Company shares corresponding to the points granted to the Target Officers but not yet given to the Target Officers) and money (hereinafter the "Remaining Shares, etc.") in the trust assets on the date immediately before the start of the Next Target Period during which the said additional contributions are to be made, the Remaining Shares, etc. shall be allocated to the principal of the System for the Next Target Period, and the upper limit of the monetary amount which the Company may additionally contribute for the Next Target Period shall be calculated by deducting the monetary amount of the Remaining Shares, etc. (the shares shall be calculated by converting the monetary amount to the equivalent market value on the date immediately before the start of the Next Target Period) from ¥135 million (¥30 million of which belonged to the Company's Directors). When the Company determines additional contributions, we will make an appropriate disclosure in a timely manner.

For your reference, given a closing price of ¥955 on May 11, 2016, 141,300 shares were acquired using funds with an upper limit of ¥135 million contributed by the Company, for the purpose of acquiring shares to be given to Target Officers during the Initial Target Period.

(5) Methods of acquiring Company shares

The acquisition of Company shares through the Trust is done through the stock market or by underwriting the disposition of the Company's treasury stock, with the funds contributed in (4) above as

the principal. Details of the method for the acquisition of Company shares through the Trust, etc. shall be separately disclosed once confirmed.

(6) Details on the number of Company shares provided to Target Officers

For each fiscal year, Target Officers are given points according to their contribution to the business results of the Company and other factors, and in line with the officer stock benefit rules.

Each point given to the Target Officers can be converted into one share of the Company's common stock at the time of the provision of the Company shares, as explained in (7) below (provided, however, that, if, in regard to the Company shares, a share split, gratis allotment of shares, or consolidation of shares, etc., is carried out upon approval of the resolution by shareholders at the General Meeting of Shareholders, the conversion ratio shall be adjusted in a reasonable manner in proportion to the relevant ratio, etc. for the share split, gratis allotment of shares, or consolidation of shares, etc.).

The points for Target Officers which become the basis for the provision of the Company Shares and Others in (7) below shall be defined as the aggregate of the points given to Target Officers by the time of their retirement (hereinafter the "Defined Number of Points").

(7) Payment period of the Company Shares and Others

When a Target Officer who has fulfilled the beneficiary requirements stipulated in the officer stock benefit rules retires, the said Officer may receive Company shares corresponding to the number of their Defined Number of Points awarded as per (6) above through the Trust after carrying out the beneficiary certification procedures. However, in the event that the Officer fulfills requirements separately stipulated in the officer stock benefit rule in addition to the beneficiary requirements, the said Officer may receive an amount of cash, in lieu of the Company shares, which corresponds to a certain percentage of the points granted to them and is calculated using the market price of the Company shares as of the date of their retirement. The Trust may sell the Company shares in order to make the monetary provisions.

(8) Voting rights for shares in the Trust

In accordance with the instructions from the independent trust administrator, the Trust shall not exercise the voting rights concerning the Company shares in the Trust's account. It is intended, that by adopting this approach, neutrality can be ensured in regard to management of the Company.

(9) Treatment of dividends

The Trust will receive the dividends from the shares of the Company held in the Trust's account and allot them to the payment of the acquisition cost of shares of the Company and to the provision of trust fees to the trustee of the Trust. In the event the Trust is terminated, dividends remaining in the Trust at that time will be distributed to the incumbent Target Officers, in proportion to the number of points that each one of them holds.

(10) Treatment at the time of the termination of the Trust

The Trust will terminate in the event that the shares of the Company are delisted or the officer stock benefit rules are repealed or otherwise discontinued. It is envisioned that all shares of the Company in the residual assets of the Trust at the time of its termination will be acquired without consideration by the Company and retired in accordance with a resolution by the Board of Directors. Cash in the residual assets of the Trust at the time of its termination, except for cash to be distributed to the Target Officers as per (9) above, will be distributed to the Company.

[Overview of the Trust]

- (i) Name: Board Benefit Trust (BBT)
- (ii) Trustor: The Company
- (iii) Trustee: Mizuho Trust & Banking Co., Ltd. (Re-trusted to Trust & Custody Services Bank, Ltd.)
- (iv) Beneficiaries: Retired Target Officers who meet the beneficiary requirements of the officer stock benefit rules
- (v) Trust administrator: A third party having no conflict of interests with the Company to be chosen
- (vi) Type of trust: Money trust other than cash trusts (third-party benefit trust)
- (vii) Date of execution of the Trust Agreement: September 2016 (tentative)
- (viii) Date on which funds are entrusted: September 2016 (tentative)
- (ix) Period of the Trust: From September 2016 (tentative) until the Trust is terminated. (No specific date has been set for the termination of the Trust; the Trust will continue as long as the System itself continues.)