



May 28, 2015

For Immediate Release

2-7-1 Yurakucho, Chiyoda-ku, Tokyo
Park24 Co., Ltd.
Koichi Nishikawa
President and Representative Director
(First Section of TSE; Code: 4666)
Contact
Full name Kenichi Sasaki
Title Director, Corporate Officer,
General Manager of Management
Planning Department
Tel. +81-3-3213-8910.

Notice of Issuance of Stock Acquisition Rights for Subscription
(Performance-Linked Stock Options for Value)

PARK 24 Co., Ltd. (hereinafter the “Company”) announces that its Board of Directors, at a meeting held on May 28, 2015, resolved to issue stock acquisition rights to directors ,corporate officers and employees of the Company and the Company’s subsidiaries as stock options in accordance with the provisions of Articles 236, 238 and 240 of the Companies Act.

Moreover, because these stock acquisition rights are issued to persons who subscribe to the stock acquisition rights for value at fair prices, under conditions that are not particularly favorable, they will be issued without obtaining approval at the meeting of shareholders.

In addition, if all the stock acquisition rights are exercised, it will cause a dilution of 0.9% at most for 145,429,204 shares outstanding as of the date of resolution regarding the issuance. If the total of the number of the unexercised (as of May 28, 2015) stock acquisition rights already issued and all the stock acquisition rights hereunder is exercised, it will cause a dilution of 2.1% at most for 145,429,204 shares outstanding as of the date of resolution regarding the issuance. However, as described below, achieving income targets that have been determined in advance is a condition for exercising the rights, and achieving such targets will contribute to improvements in the Company’s corporate value and shareholder value, which are therefore believed to contribute to the profits of the existing shareholders. Consequently, the scale of the dilution of shares as a result of the issuance of the stock acquisition rights is believed to be within the scope of a rational scale.

I. Objectives and reasons for the solicitation of the stock acquisition rights

The stock acquisition rights will be issued for value under an incentive plan for the purpose of achieving the performance targets set out in the Company's medium term management plan for 2015, 2016, and 2017, encouraging the directors, corporate officers, and employees of the Company and the Group to participate in and contribute to the business and boosting their morale, and promoting mission cohesion within the Group, thereby aiming not only to further increase corporate value as a company but also to achieve the maximum profit distribution to stakeholders.

While the directors, corporate officers, and employees of the Company and the Group who have received allotments of the stock acquisition rights will acquire the stock acquisition rights for value, these stock acquisition rights will be exercisable only when the performance targets specified by the Company in the medium term management plan in advance are satisfied as stipulated in the "terms and conditions of the exercise of stock acquisition rights provided in the issuance guidelines on the issue of the stock acquisition rights," which require the directors, corporate officers, and employees of the Company and the Group to commit to the performance targets.

II. Issuance guidelines on the issue of the stock acquisition rights

1. Name of the stock acquisition rights

The name of the stock acquisition rights will be "2015 Performance-Linked Stock Options for Value."

2. Persons who receive the allotment of the stock acquisition rights, and number

Directors of the Company and its subsidiaries:

10 people; 4,130 units

Corporate officers of the Company and its subsidiaries:

16 people; 2,460 units

Employees of the Company and its subsidiaries:

168 people; 5,650 units

3. Number of stock acquisition rights

12,240 units

The total number of shares that can be issued through the exercise of the stock acquisition rights shall be 1,224,000 shares of the common shares of the Company, and, if the number of shares granted in relation to the stock acquisition rights is adjusted in accordance with 5. (1) below, the total number shall be the number calculated by multiplying the number of the stock acquisition rights by the number of shares granted after adjustment.

4. Payment of money in exchange for the stock acquisition rights

The issue price of one unit of the stock acquisition rights shall be 1,742 yen.

The Company has requested the calculation of the price of the stock acquisition rights by taking various conditions that are set forth in the issuance guidelines for the stock acquisition rights to an independent

calculation agent, Varick Investment Advisory Inc. (Representative Director Osamu Obata; Address: 19th floor Anzen Building Residence, 1-6-2 Motoakasaka, Minato-ku, Tokyo). In determining the calculation method that was used for the calculation of the price, after comparing and examining other calculation methods, including the Black-Scholes equation in which prices are analytically identified based on boundary conditions and the lattice model that adopts the finite difference method, the calculation agent calculated the stock acquisition rights by using the numerical method based on the general Black-Scholes equation among other general calculation methods as a calculation method in which the exercise conditions (performance conditions) of the stock acquisition rights that were set forth in the issuance guidelines were appropriately reflected in the calculation results.

The numerical method based on the general Black-Scholes equation is a method in which, under the assumption that the price of shares, the underlying assets of stock acquisition rights, fluctuates through the probability process that is defined in the general Black-Scholes equation, by repeatedly generating standard regular random numbers that are included in the probability process, as well as by repeatedly generating different standard regular random numbers based on the probability distribution of the future business performance, the probability of achieving performance conditions, conditions for the exercise of the stock acquisition rights, is calculated. Several arbitrary trials of the future price path of the shares are obtained by referring to the results of the probability as described above, and the present value of the payoff that takes place in each path as a result of the exercise of the stock acquisition rights is obtained. Based on the average value of the present value, a theoretical price is obtained.

The calculation agent used a numerical method based on the general Black-Scholes equation, a common model for calculating stock acquisition rights, to calculate a price for the stock acquisition rights based on the final price (2,342 yen per share) of the shares of the Company on the Tokyo Stock Exchange, Inc. (hereinafter the "TSE") as of the business day immediately preceding the date of the meeting of the Board of Directors at which matters related to the issuance of the stock acquisition rights were resolved, and a share price volatility of 33.6% (annual rate), a dividend yield of 2.1% (annual rate), and a risk free rate of 0.2% (annual rate), as well as the terms and conditions set forth in the issuance guidelines of the stock acquisition rights (an exercise price of 2,342 yen per share; a period to maturity of 7.7 years, and the exercise conditions linked with accumulated recurring profits). The probability of achieving performance targets in relation to the exercise conditions linked with accumulated recurring profits was calculated from the estimated recurring profits for the future based on performance forecast models and the probability distribution based on historical data.

In determining the issue price of the stock acquisition rights, the subject calculation agent has taken into consideration events that may impact on the calculation as preconditions (exercise conditions linked with accumulated recurring profits), and has used a calculation method that is generally used for the calculation of stock acquisition rights. Consequently, by referring to the calculation results of the subject calculation agent, the Company also carried out examinations. As a result, the Company judged that the amount paid and the calculation value were the same and the amount is not applicable to a particularly beneficial amount, and, for these examinations, the issue price of the stock acquisition rights was determined.

5. Details of the stock acquisition rights

(1) Type and number of shares subject to the stock acquisition rights

The number of shares subject to each stock acquisition right (hereinafter the “Number of Shares Granted”) shall be 100 common shares of the Company.

However, the Number of Shares Granted shall be adjusted with the use of the following formula when the Company performs a share split (including the allotment of common shares of the Company without contribution; hereinafter the same) or a reverse share split after the allotment date for the stock acquisition rights. This adjustment shall be performed only on the number of shares subject to the stock acquisition rights for which the rights remain unexercised at the time of adjustment. Fractions of less than one share that result from such adjustment shall be omitted.

Number of Shares Granted after adjustment = Number of Shares Granted before adjustment x Ratio of share split (or reverse share split).

Moreover, when the Company performs a merger, corporate spin-off or capital reduction and when the adjustment of the Number of Shares Granted is required for other reasons after the allotment date for the stock acquisition rights, the Company shall adjust the Number of Shares Granted appropriately.

(2) Value of assets contributed for the exercise of the stock acquisition rights and the calculation method

The value of assets contributed for the exercise of the stock acquisition rights shall be the amount obtained by multiplying the amount paid per share (hereinafter the “Exercise Price”) by the Number of Shares Granted.

The Exercise Price shall be 2,342 yen.

Moreover, the Exercise Price shall be adjusted with the use of the following formula when the Company performs a share split or a reverse share split after the allotment date for the stock acquisition rights. In these cases, fractions of less than one yen that result from the adjustment shall be rounded up to the nearest one yen.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of share split (or reverse share split)}}$$

The Exercise Price shall be adjusted with the use of the following formula when the Company issues shares or disposes of treasury shares pertaining to the Company’s common shares at prices below their market value after the allotment date for the stock acquisition rights (excluding cases of the issuance of new shares or the disposal of treasury shares as a result of the exercise of the stock acquisition rights and the transfer of treasury shares as a result of the share swap). In these cases, fractions of less than one yen that result from the adjustment shall be rounded up to the nearest one yen.

$$\begin{array}{rcl}
 \text{Exercise Price after adjustment} & = & \frac{\text{Exercise Price before adjustment} \times \left(\frac{\text{Number of outstanding shares}}{\text{Number of issued shares} \times \text{Amount paid per share}} \right) + \text{Market value per share before share issuance}}{\text{Number of outstanding shares} + \text{Number of issued shares}}
 \end{array}$$

The “number of outstanding shares” appearing in the above formula shall be the number of shares calculated by deducting the number of treasury shares related to the Company’s common shares from the number of outstanding shares related to the Company’s common shares. The “number of issued shares” shall be replaced by the “number of treasury shares for disposal” when the Company disposes of treasury shares related to the Company’s common shares.

Moreover, in addition to the cases described above, the Company may adjust the Exercise Price in an appropriate manner within the scope deemed to be reasonable when the Company performs a merger with other companies, when the Company conducts a corporate spin-off, and when the adjustment of the Exercise Price is required for other reasons, after the allotment date for the stock acquisition rights.

(3) Exercise period for the stock acquisition rights

The period during which the stock acquisition rights may be exercised (hereinafter the “Exercise Period”) shall be from February 1, 2018 to January 31, 2023 (or the preceding business day if January 31, 2023 falls on a bank holiday).

(4) Items related to increases in capital stock and capital legal reserve

- (i) The amount of any increase in capital stock due to the issue of shares as a result of the exercise of the stock acquisition rights shall be the amount corresponding to 50% of the maximum amount of the increase in capital stock and the like calculated in accordance with Paragraph 1, Article 17 of the Corporate Calculation Regulations. Fractions of less than one yen that arise as a result of the calculation stated above shall be rounded up to the nearest one yen.
- (ii) The amount of any increase in capital legal reserve due to share issuance as a result of the exercise of the stock acquisition rights shall be the amount calculated by deducting the amount of any increase in capital stock prescribed in paragraph (i) above from the maximum amount of the increase in capital stock and the like stated in the same paragraph.

(5) Conditions for the exercise of the stock acquisition rights

- (i) Parties receiving the stock acquisition rights (hereinafter “Holders of the Stock Acquisition Rights”) can exercise the stock acquisition rights within the limit of the ratios specified in the following items if the accumulated amounts of recurring profits for the business years ending October 2015, October 2016, and October 2017 are established based on the performance targets set out in the medium term business plan by the Company and described in the Company’s audited consolidated loss and profit statements shown in the securities reports to be filed by the Company for each of the business

years. In this case, if the number of the exercisable stock acquisition rights that is calculated based on such ratios includes fractions of less than one stock acquisition right, only the number of the stock acquisition rights after omitting such fractions may be exercised. If significant changes occur to the concept of recurring profit that is used as a reference due to the application of the International Financial Reporting Standards or other reasons, other indicators that are used as a reference shall be separately determined at a meeting of the Board of Directors.

- a) Ratio of the stock acquisition rights exercisable when accumulated recurring profits for the period from the fiscal year ending October 2015 to October 2017 are 56 billion yen or higher: 30%
 - b) Ratio of the stock acquisition rights exercisable when accumulated recurring profits for the period from the fiscal year ending October 2015 to October 2017 are 60 billion yen or higher: 60%
 - c) Ratio of the stock acquisition rights exercisable when accumulated recurring profits for the period from the fiscal year ending October 2015 to October 2017 are 62 billion yen or higher: 80%
 - d) Ratio of the stock acquisition rights exercisable when accumulated recurring profits for the period from the fiscal year ending October 2015 to October 2017 are 64 billion yen or higher: 100%
- (ii) Parties receiving the stock acquisition rights (hereinafter “Holders of the Stock Acquisition Rights”) must occupy the position of director, executive officer, corporate auditor, corporate officer, employee, advisor or senior advisor at the Company or any of its subsidiaries (hereinafter the “Eligibility for the Exercise of Rights”) at times when they exercise the stock acquisition rights. However, when the Holders of the Stock Acquisition Rights lose eligibility to exercise the stock acquisition rights by retiring from their position due to term expiration or age limit on or after the first day of the Exercise Period, they may exercise the stock acquisition rights that are exercisable on the date of such loss until the day that occurs one year after the loss of eligibility to exercise the rights. (The period for such exercise shall, however, be limited to the Exercise Period.)
- (iii) Heirs to the Holders of the Stock Acquisition Rights shall not be permitted to exercise the stock acquisition rights if the holders die. However, heirs to the Holders of the Stock Acquisition Rights may exercise the Stock Acquisition Rights that are exercisable on the date when the holders die up until one year after death, if the holders were eligible to exercise the rights on the first day of the Exercise Period and at the time of their death, and when such holders die on or after the first day of the Exercise Period. (The period for such exercise shall, however, be limited to the Exercise Period.) (However, opportunities for exercising the stock acquisition rights shall be limited to only once for a group that consists of all the heirs who inherited such rights from their holders.)
- (iv) The Holders of the Stock Acquisition Rights may not exercise the stock acquisition rights after the emergence of any of the conditions that the Board of Directors of the Company stipulates as being unsuitable for such exercise in light of the objective of granting the stock acquisition rights, including serious acts in violation of the Articles of Incorporation or internal regulations of the Company (including, but not limited to, guilty verdicts for acts subject to penal punishment, obligations to compensate the Company for damages under the provisions of Article 423 of the Companies Act, and disciplinary dismissal) and the assumption of office as a director, corporate officer, corporate auditor, employee, temporary employee, advisor or consultant of any company that has a

competitive relationship with the Company.

- (v) The Holders of the Stock Acquisition Rights may exercise the stock acquisition rights granted to them, in whole or in part, with a single procedure. However, the holders may not partially exercise any single stock acquisition right.

(6) Restrictions on the acquisition of stock acquisition rights by transfer

The approval of the Board of Directors of the Company will be required in order for any person to acquire the stock acquisition rights by transfer.

(7) Matters concerning the acquisition of stock acquisition rights

- (i) If a resolution to approve a merger agreement under which the Company will cease to exist, an absorption-type company split agreement or an incorporation-type company split plan under which the Company will be the splitting company, or a share exchange agreement or share transfer plan under which the Company will become a wholly owned subsidiary, is passed at a General Meeting of Shareholders of the Company (or if such a resolution is passed at a meeting of the Board of Directors in cases where the approval of a General Meeting of Shareholders is not required), the Company may acquire the stock acquisition rights free of charge on a date to be specified separately by the Board of Directors.
- (ii) If a Holder of the Stock Acquisition Rights becomes unable to exercise all or part of his or her stock acquisition rights under the provisions of section 5.(5) above prior to exercising the stock acquisition rights, the Company may acquire all of such stock acquisition rights free of charge as of a date to be specified separately by the Board of Directors.

(8) Handling of stock acquisition rights at points when acts of organizational restructuring are performed

If the Company undergoes a merger (limited to cases when it will cease to exist as a result of the merger), an absorption-type or incorporation-type company split, a share exchange or a share transfer (hereinafter collectively referred to as the "Acts of Organizational Restructuring"), the stock acquisition rights of a company that falls under any of sub-items (a) through (e) in Item 8, Paragraph 1, Article 236 of the Companies Act (hereinafter the "Company Subject to Restructuring") will be issued to each of those who hold remaining unexercised stock acquisition rights (hereinafter the "Remaining Stock Acquisition Rights") at the time when such Acts of Organizational Restructuring come into effect, in accordance with the conditions set forth below. In this case, the Remaining Stock Acquisition Rights will lapse. When the Company performs a merger (limited to cases when it ceases to exist as a result of the merger), a divestiture for business succession, a divestiture for corporate establishment, a share exchange or a share transfer (hereinafter collectively referred to as the "Acts of Organizational Restructuring"), the Company shall issue the stock acquisition rights for joint stock companies stated in items (a) through (e), Subparagraph viii, Paragraph 1, Article 236 of the Companies Act (hereinafter the "Companies Subject to Restructuring") to the Holders of the Stock Acquisition Rights at points when the Acts of Organizational Restructuring take effect, based on the following conditions. However, this rule shall be valid only when the issue of the stock acquisition rights for the Companies Subject to Restructuring in accordance with the following conditions is prescribed in merger agreements for business succession, merger agreements for corporate establishment, divestiture agreements for business succession, divestiture plans for

corporate establishment, share exchange agreements or share transfer plans.

(i) Number of stock acquisition rights issued for the Companies Subject to Restructuring

The Company Subject to Restructuring will issue the same number of stock acquisition rights as the number of stock acquisition rights held by the holder of the Remaining Stock Acquisition Rights.

(ii) Type of shares in the Companies Subject to Restructuring subject to the stock acquisition rights

The type of shares in the Companies Subject to Restructuring subject to the stock acquisition rights shall be common shares of the Companies Subject to Restructuring.

(iii) Number of shares in the Companies Subject to Restructuring subject to the stock acquisition rights

The number of shares in the Companies Subject to Restructuring subject to the stock acquisition rights shall be determined in consideration of the conditions for the Acts of Organizational Restructuring, in accordance with the rules prescribed in 3. (1) above.

(iv) Value of assets contributed for the exercise of the stock acquisition rights

This will be decided mutatis mutandis in accordance with section 5.(2) above, taking the terms and conditions of the Acts of Organizational Restructuring into consideration.

(v) Period during which the stock acquisition rights can be exercised

The period will commence on either the first day of the exercise period stipulated in section 5.(3) above or the date on which the Acts of Organizational Restructuring come into effect, whichever is later, and will end on the expiration date of the exercise period stipulated in section 5.(3) above.

(vi) Conditions for the exercise of the stock acquisition rights

Conditions for the exercise of the stock acquisition rights shall be determined in accordance with the rules set out in 5. (5) above.

(vii) Items relating to increases in capital stock and capital legal reserve due to the issue of shares as a result of the exercise of the stock acquisition rights

Items relating to increases in capital stock and capital legal reserve due to the issue of shares as a result of the exercise of the stock acquisition rights shall be determined in accordance with the rules prescribed in 5. (4) above.

(viii) Restrictions on the acquisition of stock acquisition rights by means of assignment

Restrictions on the acquisition of the stock acquisition rights by means of assignment shall be approved by the resolution of the Companies Subject to Restructuring.

(ix) Provisions for acquiring stock acquisition rights

These provisions will be determined mutatis mutandis in accordance with section 5.(7) above.

(9) Any fractional numbers of shares to be issued to the Holders of Stock Acquisition Rights upon the exercise of the stock acquisition rights will be rounded down.

(10) Stock acquisition rights certificates

The Company shall not issue stock acquisition rights certificates.

6. Application date

June 19, 2015

7. Date of payments in exchange for the stock acquisition rights

June 22, 2015

8. Allotment date for stock acquisition rights

June 22, 2015