

February 28, 2012

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Abolition of the Retirement Benefits System for Directors and Introduction of Stock-Compensation-Type Stock Options (Stock Acquisition Rights)

POLA ORBIS HOLDINGS INC. (the “Company”) hereby announces that it resolved, at a meeting of the Board of Directors held today, that the retirement benefits system for directors be abolished as part of reviewing its remuneration system for directors and that a proposal regarding the introduction of stock-compensation-type stock options (stock acquisition rights) as remuneration for directors be submitted to the 6th Annual Meeting of Shareholders to be held on March 29, 2012, as described below.

1. Purpose

The resolutions above have the purpose of enhancing directors’ motivation toward better medium- to long-term operating results and higher corporate value of the POLA ORBIS Group.

2. Details

(1) Abolition of the retirement benefits system for directors

The Company will abolish the retirement benefits system for directors of the Company as of the conclusion of the Annual Meeting of Shareholders to be held on March 29, 2012.

For directors who will remain in office after the conclusion of said Annual Meeting of Shareholders, final retirement benefits shall be paid in proportion to their respective tenures, and the timing of the payment thereof shall be at the retirement of the respective eligible directors from both the Company and any of its subsidiaries.

(2) Introduction of stock-compensation-type stock options

In line with the abolition of the previous retirement benefits system for directors, the Company has determined to allocate stock acquisition rights as stock-compensation-type stock options to the eligible directors of the Company and submit a proposal regarding the specific details of the stock acquisition rights as stock options to the Annual Meeting of Shareholders.

The specific details of the stock-compensation-type stock options for the directors are as follows:

1) Total number of the stock acquisition rights

The upper limit of the stock acquisition rights to be issued within one (1) year after the date of each annual meeting of shareholders in every year shall be 7,000 units.

2) Type and number of shares under the stock acquisition rights

The type of shares under the stock acquisition rights shall be the Company’s shares of common stock, and the number of shares for each stock acquisition right (the “Number of Granted Shares”) shall be ten (10).

Provided, however, that if the Company splits its shares (including the allotment of shares of common stock without contribution; hereinafter the same shall apply concerning the description of a stock split) or consolidates its shares of common stock on and after the next day of the date when the stock acquisition rights are allotted (the “Allotment Date”), the Number of Granted Shares shall be adjusted with regard to the stock acquisition rights unexercised at the time of said stock split or consolidation according to the following formula.

$$\begin{array}{l} \text{Number of Granted Shares} \\ \text{after adjustment} \end{array} = \begin{array}{l} \text{Number of Granted Shares} \\ \text{before adjustment} \end{array} \times \text{Ratio of split or consolidation}$$

In addition to the above cases, if any cause that unavoidably requires an adjustment of the Number of Granted Shares takes place, the Company may adjust the Number of Granted Shares to a reasonable extent deemed necessary at the Board of Directors of the Company.

Fractions below one (1) share resulting from such adjustment shall be rounded down.

- 3) The amount to be paid for the stock acquisition rights
The paid-in value for each stock acquisition right shall be the product of (i) the fairly evaluated per-share unit price of the stock options, which is calculated using the Black-Scholes model as of the Allotment Date, multiplied by (ii) the Number of Granted Shares for each stock acquisition right.
Persons to whom the stock acquisition rights have been allocated shall offset the claim for compensation held thereby toward the Company instead of payment of the aforementioned paid-in value without requiring payment of money.
- 4) Amount of assets to be contributed upon the exercise of the stock acquisition rights
The value of the property invested in exercising each stock acquisition right shall be the product of the subscription amount per share, which is assumed to be one (1) yen, for shares to be issued or transferred by the exercise of stock acquisition rights multiplied by the Number of Granted Shares.
- 5) The period during which the stock acquisition rights may be exercised
The period during which the stock acquisition rights may be exercised shall be within thirty (30) years from the next day of the Allotment Date.
- 6) Conditions for the exercise of the stock acquisition rights
 - (a) A person to whom the stock acquisition rights have been allocated shall be allowed to exercise the stock acquisition rights within a period of not later than fifteen (15) years having elapsed after the next day of the date when said person forfeits the director's position of both the Company and any of its subsidiaries. Provided, however, that if the date on which the 15 years have elapsed comes after the period set forth in 5) above, the exercisable period shall be by the end of the period set forth in 5).
 - (b) Other conditions for the exercise of the stock acquisition rights shall be determined by the Board of Directors of the Company prescribing the subscription requirements for the stock acquisition rights.
- 7) Restriction on the transfer of the stock acquisition rights
Acquisition of the stock acquisition rights through the transfer shall be subject to approval by the Board of Directors of the Company.
- 8) Details of other matters related to the stock acquisition rights
The details of items 1) through 7) and other matters regarding the stock acquisition rights shall be determined by the Board of Directors of the Company prescribing the subscription requirements for the stock acquisition rights.

(Reference)

On and after the conclusion of said Annual Meeting of Shareholders, the Company plans to similarly grant stock acquisition rights, which have the same content as that of the stock-compensation-type stock options described above, to certain directors of several major subsidiaries of the Company.

Moreover when the right for the stock options is exercised by any eligible directors, the Company intends to appropriate its treasury stock held thereby (2,000,000 shares as of December 31, 2011).

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