



February 23, 2017

Company: LINE Corporation

Representative: Takeshi Idezawa, CEO

Stock Code: 3938 (First section of the Tokyo Stock Exchange)

Notice Regarding the Issuance of Stock Options (Warrants)

LINE Corporation (Headquarters: Shibuya-ku, Tokyo, Japan; President & CEO: Takeshi Idezawa; hereinafter “the Company”) announces that it passed a resolution during its board meeting held on February 23, 2017 to discuss as an agenda item the proposal detailed below relating to the introduction of issuance of stock options as remuneration to directors (excluding outside directors and part-time directors) at the 17th Ordinary General Meeting of Shareholders (“this ordinary general meeting of shareholders”) scheduled for March 30, 2017.

1. Reason for issuance of stock options (warrants) to be paid as remuneration to directors

A resolution was passed at the 15th Annual General Meeting of Shareholders held on March 31, 2015, to limit the annual total remuneration of the Company’s directors (including outside directors) to 1 billion yen, which is still in effect today. In this new proposal, the Company requests that its shareholders approve the allotment of warrants in the 18th term (from January 1, 2017 to December 31, 2017) as described below that is separate from the above-mentioned remuneration amounts to directors of the Company (excluding outside directors and part-time directors; the same exclusion applies throughout this proposal) in the form of stock options for the purpose of providing the directors of the Company with an incentive to improve corporate earnings and enhance corporate value, and to set a maximum limit on the amount of remuneration, etc. relating to the warrants at 3.0 billion yen.

The said warrants are allotted for the purpose of giving the grantees an incentive to improve the Company’s operating performance and boost its corporate value. They have been introduced based on a comprehensive set of considerations of various matters including the director’s contribution to the Company, and their details are considered to be appropriate.

Also, in lieu of the Directors paying for the warrants in the form of stock options (“stock options (warrants)”) allotted to them at an amount determined on the basis of fair value, such payment is planned to be made by means of offsetting the Directors’ claim to remuneration that is based on remuneration, etc. relating to the stock options (warrants) proposed in this proposal.

If the candidates for director are elected as originally proposed at this ordinary general meeting of shareholders, the number of directors of the Company subject to this proposal will be four, excluding outside directors and part-time directors.

2. Specific details of stock option (warrant) issuance

(1) Total number of warrants and class and number of shares subject thereto

(a) Total number of warrants

A total of 13,125 units shall be the limit on the number of warrants of the Company to be allocated within one year after the day of this ordinary general meeting of shareholders.

(b) Class and number of shares to be issued upon exercise of warrants

The class of shares to be issued upon exercise of warrants shall be shares of common stock of the Company and the number of shares to be issued upon exercise of a single warrant unit (hereinafter referred to as "Number of Allotted Shares") shall be 100 shares. However, if it is appropriate to adjust the Number of Allotted Shares because of a share split (including gratuitous allotment of shares of common stock of the Company, which is deemed to be part of the description of a share split throughout this document) or share consolidation, etc. of shares of common stock of the Company after the date of the resolution of this proposal, the Company shall adjust the Number of Allotted Shares as necessary to a reasonable extent.

(2) Amount of payments for warrants

The amount of payment for one warrant unit (issue price) shall be the amount determined by the board of directors on the basis of fair value of the warrants, which is computed by a fair value calculation method including the Black-Scholes model, upon the allotment of the warrants.

(3) Value of assets to be contributed upon exercise of warrants

The value of assets to be contributed when warrants are exercised shall be the Number of Allotted Shares multiplied by the amount paid per share that can be delivered by exercise of warrants (hereinafter "Exercise Price").

The Exercise Price shall be obtained by multiplying 1.05 by the average closing price in ordinary trading of the Company's shares of common stock on the Tokyo Stock Exchange for each day (excluding any day on which no trade is executed) of the month preceding the month in which the day that the warrants were allotted (hereinafter "Allotment Date"), and any fraction less than 1 yen arising from such calculation will be rounded up; provided, however, that when the amount of the Exercise Price calculated this way is less than the closing price (or closing price of the immediately preceding trading day when there is no closing price) of the shares of the Company's common stock on the Allotment Date, the Exercise Price shall be the closing price on the Allotment Date of the warrants. If it is appropriate to adjust the Exercise Price because of a merger, an issuance of shares for subscription, a share split or share consolidation, etc., the Company shall adjust the Exercise Price as necessary to a reasonable extent.

(4) Exercise period for warrants

The exercise period for warrants shall be from the day exactly one year following the Allotment Date until the day exactly ten years after one year after the Allotment Date.

(5) Conditions for exercise of warrants

The recipients of warrants must be in a position of director of the Company or its subsidiaries at the time of exercising the warrants; provided, however, that this condition does not apply in cases of retirement of a director of the Company or its subsidiaries due to the expiration of his or her term of office, or other cases acknowledged to have a valid reason by the Company's board of directors.

Other conditions for exercise of warrants shall be determined at the meeting of the Company's board of directors determining the subscription requirements of the warrants.

(6) Restriction on acquisition of warrants by transfer

Acquisition of warrants by transfer shall be subject to approval by resolution of the Company's board of directors.

(7) Other matters concerning warrants

Other matters concerning warrants shall be determined at the meeting of the Company's board of directors determining the subscription requirements of the warrants.

Note: This proposal is subject to approval and adoption of the proposal, "Determination of Amounts and Details of Stock Options (Warrants) to Be Paid as Remuneration, etc. to Directors" at this ordinary general meeting of shareholders.