

July 19, 2019

To whom it may concern:

Company Name TOHO HOLDINGS CO., LTD.
Corporate Representative Norio Hamada, Chairman of the Board and Chief Executive Officer (CEO), Representative Director (First Section of Tokyo Stock Exchange Securities Code:8129)
Contact: Yoshiaki Mizusawa, General Manager, Administration Division (TEL: 81-3-3419-7893)

Notice Regarding Disposal of Treasury Stock as Restricted Stock Compensation

TOHO HOLDINGS CO., LTD. (hereinafter, the “Company”) hereby announces that its Board of Directors at a meeting held today resolved to dispose of treasury stock as restricted stock compensation (hereinafter, “Disposal of Treasury Stock”) as described below.

1. Outline of Disposal

(1)	Disposal date	August 16, 2019
(2)	Class and number of shares to be disposed	Common Stock of the Company 19,000 shares
(3)	Disposal value	2,436 yen per share
(4)	Total disposal value	46,284,000 yen
(5)	Acquirers of disposed shares and number of such acquirers, and number of shares to be disposed	The Company’s Directors (excluding those who are Audit and Supervisory Committee Members): 16 persons, 19,000 shares (Including Outside Directors: 3 persons, 1,500 shares)
(6)	Other	Regarding Disposal of Treasury Stock, the Company has submitted the written notice of securities in accordance with the Financial Instruments and Exchange Act.

2. Purpose and Reasons of Disposal

The Company resolved, at a meeting of its Board of Directors held on May 18, 2017, to introduce a restricted stock compensation plan (hereinafter, “Plan”) as a new remuneration plan for Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members; hereinafter, “Eligible Directors”) in order to give even more incentive to undertake sustainable enhancement of the Company’s corporate value and in order to further promote value-sharing with shareholders. Moreover at the 69th Annual General Meeting of Shareholders held on June 29, 2017, it was approved that monetary compensation not exceeding 55 million yen per year (out of this amount, the amount of compensation to Outside Directors shall be no more than 5 million yen per year) shall be paid to Eligible Directors as monetary compensation to serve as the property to be contributed for acquisition of shares with transfer and other restrictions (hereinafter, “restricted stock compensation”) pursuant to the Plan and that the transfer restriction period for restricted stock shall be the period specified by the Board of Directors of the Company, which is a period between three to five years from the day on which such shares are allotted.

An outline of the Plan and other relevant details are shown below.

【Outline of the Plan】

The Eligible Directors shall deliver, in accordance with the Plan, all monetary compensation receivables to be

provided in the form of property contributed in kind, and in return, receive the common stock of the Company to be issued or disposed of. The total number of shares of common stock in the Company to be issued or disposed of shall be no more than 55,000 shares per year, and the amount to be paid per share shall be the closing price of the Company's common stock at the First Section of Tokyo Stock Exchange on the business day immediately preceding the date of each resolution by the Board of Directors of the Company (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day).

On this occasion, the Company has decided to grant a total of 46,284,000 yen as the monetary compensation receivables (the "Monetary Compensation Receivables"), and 19,000 common stocks for 16 Eligible Directors in order to appoint capable personnel as directors and employees as well as to boost motivation of the Eligible Directors, after considering the purpose of the Plan, the contribution to the Company by each Eligible Director, the Company's performance, the scope of duties of each Eligible Director, and other factors.

With the Disposal of Treasury Stock, 16 Eligible Directors, the planned allottees of shares, shall pay in all monetary compensation receivables, which are claims against the Company, in the form of property contributed in kind, and shall receive the Disposal of common stock of the Company pursuant to the Plan.

The Monetary Compensation Receivables shall be provided subject to the conclusion of a restricted stock allotment agreement which includes following (hereinafter, the "Allotment Agreement") by and between the Company and each Eligible Director. In order to accomplish the purpose of introduction of the Plan to provide an incentive to sustainably increase the Company's corporate value and to further promote shared values with shareholders, the Company has decided the transfer restriction period to be three years.

3. Outline of the Allotment Agreement

(1) Transfer Restriction Period: August 16, 2019 to August 15, 2022

The Eligible Directors are prohibited from transferring, creating any security interest on, or otherwise disposing of the common stock of the Company allotted under the Allotment Agreement (hereinafter, "Allotted Stock") during the transfer restriction period (such restriction is hereinafter referred to as "Transfer Restriction").

(2) Treatment upon retirement

When an Eligible Director retires or resigns any position of Director or Corporate Officer of the Company or Director, Auditor, or Corporate Officer of the Subsidiaries before the expiration of the Restricted Period, the Company shall, by rights, acquire the Allotted Stock without contribution unless his/her retirement or resignation is due to the expiration of the term of his/her office, death, or any other reason deemed justifiable.

(3) Lifting of Transfer Restriction

Notwithstanding the provision of (1) above, the Company shall lift the Transfer Restriction of all of the Allotted Stock held by an Eligible Director upon the expiration of the transfer restriction period, provided that the Eligible Director has continuously held any position as set forth in (2) above during the transfer restriction period. However, if said Eligible Director resigns or retires the position as set forth in (2) above before the expiration of the transfer restriction period due to the expiration of the term of his/her office, death, or any other reason deemed justifiable as set forth in (2) above, the Company shall adjust the number of Allotted Stock for which the Transfer Restriction is to be lifted and the timing of such lifting by the following method.

(i) Timing of lifting transfer restrictions

In the event that an Eligible Director resigns or retires the position as set forth in (2) above during the transfer restriction period due to the expiry of term of office, attainment of retirement age, or other justifiable reason (excluding resignation or retirement by death), the transfer restrictions shall be lifted at the time immediately after the resignation or retirement. In the case of resignation or retirement by death, the transfer restriction will

be lifted at a time decided separately by the Board of Directors after the death.

(ii) Number of Allotted Stocks whose transfer restrictions are lifted

The number of the Allotted Stocks of the Eligible Directors whose transfer restrictions are lifted shall be calculated by multiplying the number resulting when the period of office of the Eligible Directors in the transfer restriction period (expressed in months) is divided by 36 by the number of Allotted Stocks held at the time of resignation or retirement prescribed in (1) above (provided, however, fractional shares less than one unit will be rounded down).

(4) Acquisition without contribution

Upon the expiration of the Transfer Restriction Period, the Company shall, by rights, acquire without contribution the Allotted Stock on which the transfer restriction has not been lifted in accordance with the provision set forth in (3) above.

(5) Management of stock

The Allotted Stock shall be managed in dedicated accounts at Nomura Securities Co., Ltd. opened by each Eligible Director to ensure it is not possible to transfer, create any security interest on, or otherwise dispose of the shares during the transfer restriction period. The Company has entered into an agreement with Nomura Securities Co., Ltd. concerning management of the accounts of the Allotted Stocks that are held by each Eligible Director to ensure the effectiveness of the transfer restrictions, etc. relating to the Allotted Stock. In addition, the Eligible Directors have agreed to the details of the management of the accounts.

(6) Treatment upon reorganization, etc.

Notwithstanding the provision set forth in (1) above, when a proposal for a merger agreement in which the Company would be the disappearing company, or a share exchange agreement or share transfer plan in which the Company would become a wholly-owned subsidiary of another company, or other matters concerning reorganization, etc., has been approved at a General Meeting of Shareholders of the Company (or by the Company's Board of Directors if approval for the said reorganization, etc., at the General Meeting of Shareholders is not required) during the Transfer Restriction Period, the relevant transfer restrictions will be lifted, based on the resolution of the Board of Directors, upon the time immediately before the preceding business day of the effective date of the reorganization, etc. on the number of shares calculated by multiplying the number resulting when the number of months from the starting month of the transfer restriction period through the month including the date of the relevant approval is divided by 36 by the number of the Allotted Stocks held at that time (provided, however, fractional shares less than one unit will be rounded down). In such a case, the Company shall, by rights, acquire without contribution, the Allotted Stock on which the transfer restriction has not been lifted upon the business day immediately preceding the effective date of the reorganization, etc., in accordance with the aforementioned provision.

4. Basis of Calculation and Specific Details of the Payment Amount

The Disposal of Treasury Stock to the planned allottees is carried out by using monetary compensation receivables provided to them as the restricted stock compensation for the fiscal year ending March 2020 of the Eligible Companies pursuant to the Plan, as property contributed in kind. To eliminate any arbitrariness in the disposal value, the closing price for common stock of the Company on July 18, 2019 (the business day immediately preceding the date of resolution by the Board of Directors) on the First Section of the Tokyo Stock Exchange of 2,436 yen is used as the disposal value. This value is deemed to be rational and not to be particularly favorable because it is the market share price on the day immediately preceding the date of resolution by the Board of Directors.

(Reference) 【Management Flow of Restricted Shares (RS) under the RS System】

