

NOTICE: For the convenience of capital market participants, NIPPON PAINT HOLDINGS CO., LTD. makes efforts to provide English translations of the information disclosed in Japanese, provided that the original Japanese version prevails over its English translation version in the case of any discrepancy found between the original and translation.

November 27, 2019

To whom it may concern,

Name of company: Nippon Paint Holdings Co., Ltd.
Representative: Tetsushi Tado, President & CEO
(Securities Code: 4612, TSE 1st Section)
Contact: Ryosuke Tanaka, General Manager of
Corporate Communications
(TEL: +81-6-6455-9140)

Notice regarding the Disposal of Treasury Shares for Restricted Stock Compensation

Nippon Paint Holdings Co., Ltd. (the “Company”) hereby announces that a resolution detailed below was passed at a Board of Directors meeting held today to conduct a disposal of treasury shares (hereinafter, the “Disposal of Treasury Shares” or the “Disposal”).

1. Overview of the Disposal

(1)	Disposal date	December 26, 2019
(2)	Class and number of shares to be disposed	Common shares of the Company: 3,000 shares
(3)	Disposal price	6,130 yen per share
(4)	Total disposal price	18,390,000 yen
(5)	Recipients and the numbers thereof; number of shares to be disposed	Executive Officers of the Company: 1 person, 3,000 shares
(6)	Other	A securities notice in accordance with the Financial Instruments and Exchange Act has been submitted for the Disposal

2. Purpose of and Reason for the Disposal

The Board of Directors of NPH approved a resolution on February 27, 2019 to establish a restricted stock compensation program as a new form of compensation for directors and executive officers to serve as a medium to long-term incentive and to enable these individuals to benefit from the growth of shareholder value. More information about this program is in the February 27, 2019 release titled “Notice regarding Introduction of a Restricted Stock Compensation Plan.”

NPH executive officers (“Eligible Executive Officers”) will receive monetary compensation claims of 18,390,000 yen and 3,000 shares of NPH common stock. This monetary compensation claims and stock compensation will be divided in a suitable manner based on the roles, responsibilities and risk exposure of each Eligible Executive Officer. The restriction period for the sale of this stock is 30 years in order to accomplish the plan’s objective of benefiting from the medium to long-term growth of shareholder value.

In accordance with this restricted stock compensation plan, Eligible Executive Officers will receive NPH common stock (“Allocated Shares”) obtained through the Disposal of Treasury Shares as payment in kind for the monetary compensation claims. Information about the allocation agreement for the restricted stock that Eligible Executive Officers sign is in the following section.

3. Outline of the Allocation Agreement

- (1) Restriction period: December 26, 2019 to December 26, 2049
- (2) Conditions for canceling restrictions

The Company will cancel the restrictions on all the Allocated Shares of an Eligible Executive Officer upon the expiration of the restriction period, provided that he or she has continuously retained his or her position as Director of the Board, Executive Officer not concurrently serving as Director of the Board, Audit & Supervisory Board Member, employee, Senior Advisor, Senior Counselor, or any equivalent thereof during the restriction period.

- (3) Treatment in the event an Eligible Executive Officer leaves during the restriction period due to the expiration of their term of office, retirement, or any other legitimate reason

①. When to cancel the restriction period

In the case that an Eligible Executive Officer leaves his or her position as Director of the Board, Executive Officer not concurrently serving as Director of the Board, Audit & Supervisory Board Member, employee, Senior Advisor, Senior Counselor, or any equivalent thereof due to expiration of his or her term of office, retirement, or any other legitimate reason (however, retirement or resignation due to death is excluded), the restriction period will be canceled immediately after the retirement or resignation of the Eligible Executive Officer. In the event of retirement or resignation due to death, the restriction period will be canceled at a time decided separately by the Board of Directors after the death of the Eligible Executive Officer.

②. Number of shares eligible for cancelling the restriction period

The final number of shares shall be decided by dividing the length of employment of the Eligible Executive Officer during the restriction period (on a monthly basis) by 4 (if that number exceeds one, it will be rounded down to one), and multiplying it by the number of Allocated Shares held at the time of retirement or resignation as described in ①.) (provided any fractional shares of less than one unit of stock resulting from the calculation shall be rounded down).

- (4) Company acquisition through gratis allotment

When the restriction period expires or is canceled in the case described in (3) above, the Company shall automatically acquire the Allocated Shares whose restrictions are not cancelled, without consideration.

- (5) Management of the shares

During the restriction period, the Allocated Shares shall be managed in exclusive accounts opened by the Eligible Directors of the Board, etc. with Nomura Securities Co., Ltd. so that no transfers, establishment of security rights, or other methods of disposal can be performed. In order to ensure the effectiveness of the restriction period, etc. of the Allocated Shares, the Company has signed an agreement with Nomura Securities Co., Ltd. related to the management of accounts for the Allocated Shares held by each Eligible Executive Officer. In addition, the Eligible Executive Officer shall agree to how these accounts will be managed.

- (6) Treatment in the event of organizational restructuring, etc.

If, during the restriction period, a merger agreement in which the Company will be the disappearing company, share exchange agreement or share transfer plan in which the Company will become a wholly owned subsidiary, or other item related to organizational restructuring, etc. is approved at a General Meeting of Shareholders of the Company (however, this shall be the Board of Directors of the Company in cases when the approval of the General Meeting of Shareholders of the Company is not required in regard to the organizational restructuring, etc.), the Company shall, by resolution of the Board of Directors, cancel restrictions on the business day preceding the effective date of the organizational restructuring, etc. for a number of Allocated Shares held at that time, determined by counting the number of months from the start of the restriction period to the month which includes the day the organizational restructuring, etc. is approved, and dividing that number by 4 (if that number exceeds one, it will be rounded down to one), and multiplying it by the number of shares (provided any fractional shares of less than one unit of stock resulting from the calculation shall be rounded down). Additionally, the Company shall automatically acquire all the Allocated Shares whose restrictions are not cancelled as of the time immediately after the restrictions are cancelled, without consideration.

4. Basis for calculating payment amount and the details thereof

The Disposal of Treasury Shares for the scheduled recipients of allocations shall be performed through monetary compensation claims treated as assets contributed in kind granted by the Company as the Restricted Stock Compensation for the 195th fiscal year in accordance with the Plan. To eliminate any arbitrary decisions for the disposal price, it shall be 6,130 yen, the closing price of the Company's common shares on the First Section of the Tokyo Stock Exchange on November 26, 2019 (the business day preceding the resolution by the Board of Directors). The Company believes that this price is reasonable and not particularly advantageous as it is the market share price on the day preceding the said resolution.

End