



April 22, 2020

To whom it may concern,

Name of company: Nippon Paint Holdings Co., Ltd.
Representative: Masaaki Tanaka, Chairman of the Board,
Representative Executive Officer & CEO
(Securities Code: 4612, TSE 1st Section)
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Corporate Communications
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Notice regarding the Disposal of Treasury Shares for Restricted Stock Compensation

Nippon Paint Holdings Co., Ltd. (the “Company”) hereby announces that the Representative Executive Officer of the Company conducted a disposal of treasury shares under the authority by the Board of Directors meeting held today (hereinafter, the “Disposal of Treasury Shares” or the “Disposal”) as described below:

1. Overview of the Disposal

(1) Disposal date	May 21, 2020
(2) Class and number of shares to be disposed	Common shares of the Company: 15, 460 shares
(3) Disposal price	6, 090 yen per share
(4) Total disposal price	94, 151, 400 yen
(5) Recipients and the numbers thereof; number of shares to be disposed	Directors of the Board of the Company’s subsidiaries: 17 persons, 15, 460 shares
(6) Other	A securities notice in accordance with the Financial Instruments and Exchange Act has been submitted in relation to the Disposal of Treasury Shares.

2. Purpose of and Reason for the Disposal

The Representative Executive Officer of the Company made the decision under the authority by the Board of Directors meeting held on March 26, 2020 to introduce a restricted stock compensation plan for Directors of the Board of its subsidiaries. For details, please refer to “Notice regarding the Introduction of a Restricted Stock Compensation Plan for Subsidiaries” dated March 26, 2020.

At this point in time, in view of the total compensation amounts corresponding to the roles, responsibilities, and risks of positions served by the Directors of the Board (hereinafter, collectively the “Eligible Directors of the Board,”), and an appropriate ratio of stock compensation corresponding to the total amount, it has been decided by the Representative Executive Officer of the Company today that a total of 94,151,400 yen in monetary compensation claims (hereinafter, the “Monetary Compensation Claims”) and 15,460 common shares shall be granted as per the Plan. Furthermore, in order to realize the sharing of shareholder value over the medium-to-long term, which is the purpose of introducing the Plan, the restriction period has been set to 30 years.

In the Disposal of Treasury Shares, the 17 Eligible Directors of the Board, etc., who are scheduled to receive allocations shall provide all Monetary Compensation Claims to each subsidiary granted in accordance with this Plan as assets contributed in kind and shall dispose of the common shares of the Company (hereinafter, the “Allocated Shares”) in turn.

An outline of the restricted stock allocation agreement (hereinafter, the “Allocation Agreement”) signed between the Company and the Eligible Directors of the Board for the Disposal of Treasury Shares, is provided in 3. below.

3. Outline of the Allocation Agreement

(1) Restriction period: May 21, 2020 ~ May 21, 2050

(2) Conditions for canceling restrictions

The Company will cancel the restrictions on all the Allocated Shares of an Eligible Director of the Board, etc. 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 or Corporate Officer of the Company or a subsidiary, etc. of the Company 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 Director of the Board, etc. 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 Director of the Board, etc. leaves his or her position as Director of the Board, Executive Officer, or Corporate Officer of the Company or a subsidiary, etc. of the Company 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 Director of the Board, etc. In the event of retirement or resignation due to death, the restriction period will be canceled immediately after the death of the Eligible Director of the Board, etc.

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 Director of the Board, etc. during the restriction period (on a monthly basis) by 11 (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 Director of the Board, etc. In addition, the Eligible Directors of the Board, etc., 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 11 (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 fiscal year to which this disposal date belongs in accordance with the Plan. To eliminate any arbitrary decisions for the disposal price, it shall be 6,090 yen, the closing price of the Company's common shares on the First Section of the Tokyo Stock Exchange on April 21, 2020 (the business day preceding the decision made by the Representative Executive Officer of the Company). 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 decision.

The Company resolved today to introduce the Plan for the directors of the Company's subsidiaries as well in an aim to promote its objectives more effectively.

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