



January 29, 2021

To whom it may concern,

Company: Nippon Paint Holdings Co., Ltd.
 Representative: Masaaki Tanaka, Chairman of the Board,
 Representative Executive Officer, President & CEO
 (Code No.: 4612; TSE 1st Section)
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 Investor Relations
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Notice Regarding Disposal of Treasury Shares as Restricted Stock Compensation

Nippon Paint Holdings Co., Ltd. (the “Company”) has decided today to conduct a disposal of treasury shares (the “Disposal of Treasury Shares” or the “Disposal”). The details are as follows.

1. Overview of the Disposal

(1) Disposal date	February 26, 2021
(2) Class and number of shares to be disposed	Common shares of the Company: 94,228 shares
(3) Disposal price	10,030 yen per share
(4) Total value of shares to be disposed	945,106,840 yen
(5) Recipients and the number thereof and the number of shares to be disposed	Executive Officers of the Company: 10 persons / 77,411 shares Corporate Officers of the Company: 7 persons / 4,592 shares Directors of the Board of the Company’s subsidiaries: 8 persons / 4,614 shares Corporate Officers of the Company’s subsidiaries: 10 persons / 7,611 shares
(6) Other	The Securities Registration Statement in relation to the Disposal has been submitted in accordance with the Financial Instruments and Exchange Act.

2. Purpose of and Reason for the Disposal

The Board of Directors of the Company approved a resolution on February 27, 2019 to establish a restricted stock compensation plan as a new remuneration program for the Directors of the Board and Corporate Officers of the Company. The plan serves as a medium to long-term incentive and enables these individuals to more greatly share the benefit from the growth of corporate value along with shareholders. The Company also decided to introduce a restricted stock compensation plan for the Directors of the Board of its subsidiaries on March 26, 2020, based on a decision made by the Representative Executive Officer and President of the Company. For more information about this plan, please refer to the press releases titled “Notice regarding Introduction of a Restricted Stock Compensation Plan” dated February 27, 2019 and

“Notice regarding the Introduction of a Restricted Stock Compensation Plan for Subsidiaries” dated March 26, 2020.

Based on the decisions made at the Remuneration Committee meeting held today and by the Representative Executive Officer and President of the Company, the Company has decided to provide monetary compensation claims of 945,106,840 yen (the “Monetary Compensation Claims”) and 94,228 shares of common stock of the Company based on this restricted stock compensation plan. The recipients will be the Executive Officers and Corporate Officers of the Company and the Directors of the Board and Corporate Officers of the Company’s subsidiaries (the “Qualified Persons”). The Monetary Compensation Claims and the Company’s common stock to be delivered will be divided appropriately in accordance with the roles, responsibilities and risk exposure of each Qualified Person.

For the Disposal of Treasury Shares, 35 Qualified Persons, who are the planned recipients, will make in-kind contributions of all the Monetary Compensation Claims to the Company or the Company’s subsidiaries according to the restricted stock compensation plan. In return, the Qualified Persons will receive shares of the Company’s common stock (the “Allocated Shares”) that will be disposed of by the Company. For the Disposal of Treasury Shares, the Company and each Qualified Person will enter into two types of restricted stock allocation agreements: Restricted Stock Compensation I and Restricted Stock Compensation II. For a summary of each stock allocation agreement, please see 3 as described below.

3. Summary of the Stock Allocation Agreement

<Restricted Stock Compensation I>

(1) Transfer restriction period: February 26, 2021 – February 26, 2051

(2) Conditions for the cancellation of transfer restrictions

The Company will cancel the transfer restriction on all Allocated Shares held by a Qualified Person upon the expiration of the transfer restriction period, provided that he or she has continuously retained his or her position as a Director, Executive Officer, Corporate Officer not concurrently serving as a Director, Audit & Supervisory Board Member, employee, or any equivalent position at the Company or the Company’s subsidiaries during the transfer restriction period.

(3) Treatment in the event that a Qualified Person leaves his or her position during the transfer restriction period due to death or any other legitimate reason

(i) Timing of the cancellation of transfer restrictions

In the event that a Qualified Person retires or resigns from his or her position as a Director, Executive Officer, Corporate Officer not concurrently serving as a Director, Audit & Supervisory Board Member, employee, or any equivalent position at the Company or the Company’s subsidiaries due to a legitimate reason (including the expiration of his or her term of office and mandatory retirement), the transfer restriction will be cancelled immediately after the retirement or resignation of the Qualified Person. In the event of death, the transfer restriction will be cancelled at a time decided separately by the Remuneration Committee of the Company after the death of the Qualified Persons.

(ii) Number of shares subject to the cancellation of transfer restriction

The number of shares obtained by dividing the number of months from the month in which the decision regarding the Disposal was made to the month in which the Qualified Person retired or resigned from his or her position (the “tenure of service”) by 36 (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 defined in (i). (However, any fractional shares of less than one unit of stock resulting from the calculation are omitted.)

(4) Acquisition of Allocated Shares by the Company without consideration

When the transfer restriction period expires or is cancelled in the case defined in (3) above, the Company will acquire without consideration the Allocated Shares whose transfer restrictions have

not been cancelled.

(5) Management of shares

During the transfer restriction period, the Allocated Shares are held in dedicated accounts at Nomura Securities Co., Ltd. that are opened by the Qualified Persons so that no transfer, establishment of security rights, or other methods of disposal can be performed. In order to ensure the effectiveness of transfer restrictions, etc. of the Allocated Shares, the Company has signed an agreement with Nomura Securities Co., Ltd. in relation to the management of accounts for the Allocated Shares held by each Qualified Person. The Qualified Persons consent to the terms regarding the management of these accounts.

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

If, during the transfer restriction period, a merger agreement in which the Company will be the dissolved company, a share exchange agreement or share transfer plan in which the Company will become a wholly owned subsidiary, or any other matter related to organizational restructuring, etc. is approved at a General Meeting of Shareholders of the Company (or the Board of Directors of the Company in cases when the approval of the General Meeting of Shareholders is not required for the organizational restructuring, etc.), the Company will, by resolution of the Board of Directors, cancel the transfer restriction, with respect to the number of shares determined by multiplying the number of the Allocated Shares held at that time by the number obtained by dividing the tenure of service by 36 (if that number exceeds one, it will be rounded down to one; however, any fractional shares of less than one unit of stock resulting from the calculation are omitted), on the business day preceding the effective date of the organizational restructuring, etc. Additionally, the Company will acquire without consideration the Allocated Shares whose transfer restrictions have not been cancelled immediately after the transfer restrictions are cancelled.

<Restricted Stock Compensation II>

(1) Transfer restriction period: February 26, 2021 – February 26, 2024

(2) Conditions for the cancellation of transfer restrictions

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

(3) Treatment in the event a Qualified Person leaves his or her position during the transfer restriction period due to death or any other legitimate reason

(i) Timing of the cancellation of transfer restrictions

In the case that a Qualified Person retires or resigns from his or her position as a Director, Executive Officer, Corporate Officer not concurrently serving as a Director, Audit & Supervisory Board Member, employee, Senior Advisor, Senior Counselor, or any equivalent position due to a legitimate reason (including expiration of his or her term of office and mandatory retirement), the transfer restrictions will be cancelled immediately after the retirement or resignation of the Qualified Person. In the event of death, the transfer restrictions will be cancelled at a time decided separately by the Board of Directors or the Representative Executive Officer and President of the Company after the death of the Qualified Person.

② Number of shares subject to the cancellation of transfer restrictions

The number of shares obtained by dividing the tenure of service period of the Qualified Person by 12 (if that number exceeds one, it will be rounded down to one) and multiplying it by the number of the Allocated Shares held at the time of retirement or resignation as defined in (i). (However, any fractional shares of less than one unit of stock resulting from the calculation are omitted.)

(4) Acquisition of Allocated Shares by the Company without consideration

When the transfer restriction period expires or is cancelled in the case defined in (3) above, the Company will acquire without consideration the Allocated Shares whose transfer restrictions are not cancelled.

(5) Management of shares

During the transfer restriction period, the Allocated Shares are held in dedicated accounts at Nomura Securities Co., Ltd. that are opened by the Qualified Persons so that no transfer, establishment of security rights, or other methods of disposal can be performed. In order to ensure the effectiveness of transfer restrictions, etc. with respect to the Allocated Shares, the Company has signed an agreement with Nomura Securities Co., Ltd. in relation to the management of accounts for the Allocated Shares held by each Qualified Person. The Qualified Person consent to the terms regarding the management of these accounts.

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

If, during the transfer restriction period, a merger agreement in which the Company will be the dissolved company, a share exchange agreement or share transfer plan in which the Company will become a wholly owned subsidiary, or any other matter related to organizational restriction, etc. is approved at a General Meeting of Shareholders of the Company (or the Board of Directors of the Company in cases when the approval of the General Meeting of Shareholders is not required for the organizational restructuring, etc.), the Company will, by resolution of the Board of Directors, cancel the transfer restrictions, with respect to the number of shares determined by multiplying the number of the Allocated Shares held at that time by the number obtained by dividing the tenure of service by 12 (if that number exceeds one, it will be rounded down to one; however, any fractional shares of less than one unit of stock resulting from the calculation are omitted), on the business day preceding the effective date of the organizational restructuring, etc. Additionally, the Company will acquire without consideration the Allocated Shares whose transfer restrictions have not been cancelled immediately after the transfer restrictions are cancelled.

4. Basis for calculating the payment amount and other information

The Disposal of Treasury Shares for the planned recipients of allocations will be performed by using the monetary compensation claims granted as the restricted stock compensation to these recipients as assets contributed in kind in accordance with the restricted stock compensation plan. To eliminate arbitrary decisions concerning the disposal price, this price will be 10,030 yen, which is the closing price of the Company's common stock on the First Section of the Tokyo Stock Exchange on January 28, 2021 (the business day preceding the decision by the Remuneration Committee meeting and the decision by the Representative Executive Officer and President). The Company believes that this price is reasonable and not particularly advantageous because it is the market share price on the day preceding the decision by the Remuneration Committee meeting and the decision by the Representative Executive Officer and President.

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