

May 21, 2013

To whom it may concern:

Company Name : TOHO HOLDINGS CO., LTD.
Representative : Norio Hamada /
President and Representative Director
(Securities Code: 8129 / First Section of Tokyo Stock Exchange)
Contact : Mamoru Ogino,
Corporate Officer and General Manager of Finance Division
(TEL: 03-4330-3735)

Introduction of Stock Compensation-type Stock Options

TOHO HOLDINGS CO., LTD. (hereinafter, the “Company”) hereby announces that at a meeting held today, the Board of Directors reviewed the director compensation system and resolved, as set out below, that it would propose the introduction of stock compensation-type stock options to the Directors of the Company for approval by the 65th Annual General Meeting of Shareholders scheduled for June 27, 2013.

For the purpose of having the Directors of the Company share with shareholders not only the benefits, but also the risks of stock price movements, and further motivating them to contribute to raising stock prices and the corporate value, the Company issues subscription rights to shares to them as stock compensation-type stock options, while the amount to be paid in upon the exercise of each stock acquisition right will be one yen per share. Specific details of the subscription rights to shares to be allotted to the Directors of the Company as stock compensation-type stock options are as follows:

(1) Limit on the compensation associated with the allotment of subscription rights to shares
Up to 50 million yen/year to the Directors

(2) Specific details of the subscription rights to shares

1) Class and number of shares subject to subscription rights to shares

The class of shares subject to subscription rights to shares shall be common stock of the Company. The number of shares to be granted upon the exercise of each stock acquisition right (the “Number of Shares Granted”) shall be 100. Regardless of the above, in cases where the Company implements a stock split (including an allotment of the Company’s common stock without receipt of monetary consideration; the same shall apply hereinafter in terms of the description of stock split) or a reverse stock split of the Company’s common stock on or after the date of this resolution (the “Resolution Date”), the Number of Shares Granted shall be adjusted using the following calculation formula and fractional shares resulting from the adjustment shall be rounded down:

Number of Shares Granted after adjustment = Number of Shares Granted before adjustment × Stock split or reverse stock split ratio

In addition to the above, on or after the Resolution Date, in the event where the Company conducts a merger or company split or if any other similar event arises where the Number of Shares Granted needs to be adjusted, the Company may adjust it as appropriate to a reasonable extent.

- 2) Total number of subscription rights to shares
The maximum total number of subscription rights to shares for allotment to the Directors in one business year shall be 700.
- 3) Amount to be paid in for subscription rights to shares
The amount to be paid in per stock acquisition right shall be set by the Board of Directors based on the fair value of the right to be calculated using a fair calculation method such as the Black-Scholes model at the time of allotment of the rights.
- 4) Value of the assets to be contributed upon the exercise of the subscription rights to shares
The value of the assets to be contributed upon the exercise of the subscription rights to shares shall be determined by multiplying one yen, the price paid per share issuable upon the exercise of each of such subscription rights to shares, by the Number of Shares Granted.
- 5) Period during which the subscription rights to shares can be exercised
This period shall start from the day following the date of the allotment of the subscription rights to shares and expire on a certain date that arrives within 30 years from the date following such an allotment date, which shall be determined by the Board of Directors.
- 6) Restriction on the acquisition of subscription rights to shares by transfer
Any acquisition of subscription rights to shares by way of transfer shall require the approval of the Board of Directors.
- 7) Conditions on the exercise of subscription rights to shares
Conditions on the exercise of subscription rights to shares, including any that those who are allotted subscription rights to shares may exercise the rights on or after the day following the day on which he/she loses his/her position as a Director, Auditor, or Corporate Officer of the Company, shall be set down by the Board of Directors.

(Reference)

The Company is planning to issue, at or after the end of the 65th Annual General Meeting of Shareholders of the Company, subscription rights to shares that are the same as the above subscription rights to shares in terms of the above items, (2)-1) and 3)-6), to the Corporate Officers of the Company as well as the Directors and Corporate Officers of TOHO PHARMACEUTICAL CO., LTD. and PharmaCluster Co., Ltd. in the number deemed by the Company as necessary and with the amount to be paid in to be determined by the Company based on the fair value of the said subscription rights to shares. The maximum total number of the said subscription rights to shares for allotment in one business year is 1,200.