

To whom it may concern:

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Notice regarding Introduction of Restricted Stock Compensation Plan

TOHO HOLDINGS CO., LTD. (hereinafter, the “Company”) hereby announces that its Board of Directors at a meeting held today resolved to introduce a restricted stock compensation plan (hereinafter, “Plan”) in place of its existing stock-based compensation stock options plan after reviewing its executive remuneration plan and to submit a proposal concerning the Plan to the 69th Annual General Meeting of Shareholders scheduled to be held on June 29, 2017 (hereinafter, “General Meeting of Shareholders”) as described below.

1. Purpose of and conditions for introduction of the Plan

(1) Purpose of introduction of the Plan

The aim of the Plan is to give even more incentive for Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members; hereinafter, “Eligible Directors”) to undertake sustainable enhancement of the Company’s corporate value and to further promote value-sharing with shareholders.

The Plan reflects the introduction of tax measures related to taxable periods for income tax of executives and other personnel and the transfer of costs related to provision of services by executives and others for corporations when shares of stock with restrictions on transfer during a certain period of time and other restrictions are issued as compensation for the price of services provided by corporate executives and other personnel under the Japan’s tax reform in 2016.

(2) Conditions for introduction of the Plan

Since under the Plan monetary receivables for the granting of restricted stock will be provided as the compensation to Eligible Directors, introduction of the Plan is conditional on shareholder approval of compensation in the General Meeting of Shareholders.

It was approved by the resolution at the 68th Annual General Meeting of Shareholders held on June 29, 2016, that the amount of remuneration, etc., to the Company’s Directors (excluding those who are Audit and Supervisory Committee Members) shall be no more than 700 million yen per year (out of this amount, the amount of remuneration, etc., to Outside Directors shall be no more than 50 million yen per year; provided, however, that the amount shall not include amount of employee salaries payable to Directors who are also employees) and that, to the extent of said amount of remuneration, etc., the amount of remuneration, etc., to the Company’s Directors (excluding those who are Audit and Supervisory Committee Members) in the form of stock-based compensation stock options shall be no more than 55 million yen per year (out of this amount, the amount of remuneration, etc., to Outside Directors in the form of stock-based compensation stock options shall be no more than 5 million yen per year). Plans call for requesting the approval of shareholders in the General Meeting of Shareholders for introducing the new Plan to replace the aforementioned remuneration, etc. in the form of stock-based compensation stock options and establishing a compensation limit for Eligible Directors under the Plan.

In addition, if the introduction of the Plan is approved by the General Meeting of Shareholders, plans call for abolition of the stock option plan for Eligible Directors and discontinuation of the subsequent issue of stock options to Eligible Directors.

2. 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 ordinary shares of the Company to be issued or disposed of.

Under the Plan, the total amount of monetary compensation receivables to be provided to the Eligible Directors shall be no more than 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; provided, however, that the amount shall not include amount of employee salaries payable to Directors who are also employees), to the extent of the amount of remuneration, etc., to Directors (excluding those who are Audit and Supervisory Committee Members). The specific timing of the provision and the allocation to each Eligible Director shall be determined at a meeting of the Board of Directors of the Company.

The total number of the ordinary shares of the Company to be issued or disposed of shall be no more than 55,000 shares per year; provided, however, that if on or after the date of the resolution of the General Meeting of Shareholders, the Company performs a share split (including an allotment of its ordinary shares without contribution) or a reverse share split of its ordinary shares, or any other reason arises necessitating an adjustment to the total number of such ordinary shares of the Company as restricted shares, such total number of ordinary shares shall be adjusted to the extent deemed reasonable. The amount to be paid per ordinary share shall be determined at a meeting of the Board of Directors of the Company based on the closing price of the Company's ordinary shares 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) or any other amount to the extent that the amount will not be particularly favorable to the Eligible Directors for whom the Company's ordinary shares are to be issued or disposed of.

In addition, the aforementioned monetary compensation receivables shall be provided subject to the conclusion of a restricted share allotment agreement between the Company and each Eligible Director which includes: (i) the prohibition of transfer to third parties, pledging as collateral, and any other disposal of the ordinary shares for a fixed period of time and (ii) the ability of the Company to acquire the relevant ordinary shares without contribution under certain conditions. The relevant ordinary shares will be managed in special-purpose accounts Eligible Directors opened with Nomura Securities Co., Ltd. to ensure that they cannot be transferred to third parties, pledged as collateral, or disposed of in any other ways during the Transfer RestrictionPeriod.

The restricted stock compensation similar to that provided to Eligible Directors will be provided to Corporate Officers and employees of Company and to Directors, Corporate Officers, and employees of Company subsidiaries in addition to Eligible Directors under the Plan through a resolution of the Board of Directors and the Company will issue and dispose of the ordinary shares.