

PRESS RELEASE

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President	M o t o n o b u N i s h i m u r a
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Notice Regarding Disposition of Treasury Shares as Restricted Stock Compensation

Mandom Corporation (the Company) hereby announces that, at the meeting of its Board of Directors held on June 20, 2019, the Directors passed a resolution on the disposition of treasury shares (hereinafter referred to as the “Disposition of Treasury Shares” or simply as “Disposition”) as stated below.

1. Outline of the Disposition

(1)	Date of the Disposition	July 19, 2019
(2)	Class and number of shares to be disposed of	1,600 shares of the Company common shares
(3)	Disposition price	2,675 yen per share
(4)	Total value of the shares to be disposed of	4,280,000 yen
(5)	Receivers and number thereof, and number of shares to be disposed of	Executive Officers: 2 persons, 1,600 shares

2. Purposes and Reasons for the Disposition

At the meeting of the Board of Directors of the Company held on April 27, 2018, the Directors decided to introduce a restricted stock compensation plan (hereinafter referred to as the “Compensation Plan”) with the aim of further promoting shared value with shareholders and to grant medium- to long-term incentives for the Company’s Directors, excluding Outside Directors (hereinafter referred to as the “Eligible Directors”) and Executive Officers of the Company who are not Directors (hereinafter collectively referred to as “Eligible Directors, etc.”). At the 101st Annual General Shareholders’ Meeting held on June 22, 2018 (hereinafter referred to as the “General Meeting of Shareholders”), a proposal was approved stating that monetary compensation receivables shall be paid to the Eligible Directors within 150 million yen per year as monetary

compensation for properties contributed in-kind in order to acquire restricted stocks (hereinafter referred to as the “Restricted Stock Compensation”) based on the Compensation Plan, and that the restriction period for transfer of the restricted stocks shall be 35 years.

Overview of the Compensation Plan and other matters are stated below.

[Overview of the Compensation Plan, etc.]

The Eligible Directors, etc. shall make in-kind contributions of all monetary compensation receivables to be granted by the Company according to the Compensation Plan, and shall, in return, receive the Company’s common shares that will be issued or disposed of by the Company. The total number of common shares to be issued or disposed of for the Eligible Directors under the Compensation Plan shall not exceed 39,000 shares per year, and the amount to be paid per share shall be the closing price of common shares of the Company on the First Section of the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution by the Board of Directors (or the closing price on the transaction day immediately prior thereto if no transaction is made on said business day).

When issuing or disposing of the Company’s common shares under the Compensation Plan, a restricted stock allocation agreement (the “Allocation Agreement”) shall be concluded between the Company and the Eligible Directors, etc., and the agreement shall include the following conditions: (1) Eligible Directors, etc. shall not transfer, have security interests established, or otherwise dispose of any of the Company’s common shares allocated in accordance with the Allocation Agreement for a specified period; and (2) the Company may acquire said common shares without contribution under specified circumstances. Restricted stocks for the subject period shall be paid in a lump sum in the first fiscal year of the Middle-Range Planning of the Company under the Compensation Plan, in principle; however, it will be provided to new executive officers, and since this is the third year of the Middle-Range Planning, “MP-12,” the subject period for payment shall be one year, and restricted stock compensation for one business years (fiscal years 2019 [from April 1, 2019 to March 31, 2020]) shall be paid this time.

In consideration of the purposes of the Compensation Plan, the current status of the Company, the scope of duties of the Eligible Directors, etc., and other circumstances, the Company decided to grant 4,280,000 yen in monetary compensation receivables (hereinafter referred to as the “Monetary Compensation Receivables”) in total and 1,600 common shares, to further improve the motivation of the Eligible Directors, etc. In addition, the transfer restriction period under the Compensation Plan shall be 35 years, to use the plan as an incentive for increasing company value from the long-term perspective.

When engaging in the Disposition of Treasury Shares, 2 Eligible Directors, etc. to whom the restricted stocks are scheduled to be allocated, shall pay to the Company all Monetary Compensation Receivables as an in-kind contribution according to the Compensation Plan, and will, in return, receive the Company’s common shares (hereinafter referred to as the “Allocated Shares”) that will be disposed of by the Company. An outline of the Allocation Agreement to be concluded between the Company and Eligible Directors, etc. under the

Disposition of Treasury Shares is provided in 3., below.

3. Outline of the Allocation Agreement

(1) Transfer restriction period

From July 19, 2019 until July 18, 2054

(2) Conditions for cancellation of restriction on transfer

The restriction on transfer of the restricted stocks shall be removed at the expiry of the transfer restriction period under the condition that the Eligible Director, etc. has continuously been the Director of the Company or of a subsidiary of the Company, an Executive Officer, Corporate Audit & Supervisory Board Member, or employee who is not a Director, or in a position equivalent thereto during the transfer restriction period.

(3) Treatment of cases in which the Eligible Director, etc. retires due to termination of his/her term, retirement age, or other justifiable grounds during the transfer restriction period

(i) Time of cancellation of transfer restriction

When the Eligible Director, etc. retires from or resigns as Director of the Company or subsidiary of the Company, Executive Officer, Corporate Audit & Supervisory Board Member, or employee who is not a Director, or any other positions equivalent thereto due to termination of his/her term, retirement age, or other justifiable grounds (excluding retirement or resignation due to death), the restriction on transfer shall be removed at the time immediately after retirement from or resignation as the Eligible Director, etc. In cases of death of the Eligible Director, etc., the restriction on transfer shall be removed at a time that is determined separately by the Board of Directors after the death of the subject Eligible Director, etc.

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

If the number of months from the date of the disposition until the date of retirement or resignation of the subject Eligible Director, etc. (hereinafter referred to the "Tenure") is less than 12 months, the number of shares shall be obtained by multiplying the number of Allocated Shares held by the subject Eligible Director, etc. at the time of said retirement or resignation set forth in (i), above, by the number that is obtained as a result of multiplying the number that is obtained by dividing the Tenure by 12, by 75% (however, if an odd number less than the number of share units arises as a result of the calculation, the odd number shall be rounded down to the nearest even number).

If the Tenure is 12 months or longer, the number of Allocated Shares shall be that held at the time of said retirement or resignation set forth in (i), above.

(4) Gratis acquisition by the Company

Business goals shall be established based on two indices, 90 billion yen of consolidated sales and 10% of consolidated operating profit margin in the fiscal year ending in March 2020, as the Company published as basic business goals in the Middle-Range Planning "MP-12"; and the Company shall be entitled to

acquire part of the Allocated Shares without compensation depending on the achievement level of the performance goal in the fiscal year ending in March 2020, at the time when said achievement level is determined. However, from the perspective of promoting the Eligible Directors, etc. to hold shares, the number of shares to be acquired without compensation depending on the achievement level of the performance goals shall be up to one half of the Allocated Shares.

In addition, the Company shall be entitled to acquire the Allocated Shares for which the restriction on transfer will not be removed, without compensation at the expiry of the transfer restriction period or the time of cancelling the restriction on transfer that is specified in (3), above.

(5) Management of shares

The Allocated Shares shall be managed in a dedicated account that the Eligible Directors, etc. open with Nomura Securities Co., Ltd. during the transfer restriction period, so that the Eligible Directors, etc. cannot transfer, have security interests established, or otherwise dispose of any of the Allocated Shares during the transfer restriction period. The Company has concluded an agreement with Nomura Securities Co., Ltd. in relation to management of the account of the Allocated Shares held by the Eligible Directors, etc. in order to secure the effectivity of restriction on transfer and other matters related to the Allocated Shares. Furthermore, the Eligible Directors, etc. shall agree with the details of the management of said account.

(6) Treatment of Allocated Shares under organizational structure, etc.

When the general shareholders' meeting of the Company (in cases in which approval of the general shareholders' meeting of the Company is not required in relation to said organizational restructure, etc., Board of Directors of the Company) approves a joint-venture agreement in which the Company becomes an absorbed company, share exchange agreement or share transfer plan in which the Company becomes a wholly-owned company, or other matters related to organizational restructuring, etc., during the transfer restriction period, the restriction on transfer shall be removed in accordance with the resolution of the Board of Directors of the Company at a time immediately before the business day that is immediately before the time at which the organizational restructuring, etc., comes into effect for the number of shares (if an odd number less than the number of share units arises as a result of the calculation, the odd number shall be rounded down to the nearest even number) obtained by multiplying the number of the Allocated Shares held at the time of said approval by the number that is obtained as a result of dividing by 12 the number of months from the date of the disposition until the month that includes the date of said approval (if the result exceeds one, it shall be deemed to be one). In addition, the Company shall be entitled to acquire the Allocated Shares for which restriction on transfer is not removed on the business day immediately before the date on which organizational restructuring, etc., comes into effect, without compensation.

4. Grounds for Calculation of Payment Amount and Details Thereof

The Disposition of Treasury Shares for receivers who are scheduled to receive Allocated Shares shall be conducted by the receivers making in-kind contributions of all monetary compensation receivables that are granted as restricted stock compensation in fiscal years 2019 (from April 1, 2019 until March 31, 2020) of the Company based on the Compensation Plan. In order to ensure fairness, the disposition value of the Disposition of Treasury Shares was determined to be 2,675 yen, which was the closing price of common shares of the Company on the First Section of the Tokyo Stock Exchange on June 19, 2019 (the business day immediately preceding the date of the resolution by the Board of Directors). This is the market share value on the business day immediately preceding the date of the resolution by the Board of Directors, and we therefore consider that it is reasonable and that it does not correspond to a particularly beneficial price.

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