



May 12, 2017

Name of Company: Meiji Holdings Co., Ltd.
Name of Representative: Masahiko Matsuo, President and Representative Director
Code Number: 2269, 1st Section, Tokyo Stock Exchange

Notice concerning introduction of a Restricted Stock Compensation Plan

Meiji Holdings Co., Ltd. (“the Company”) announced that its Board of Directors resolved at a meeting on May 12, 2017, to revise the remuneration system for Directors and Executive Officers and introduce a Restricted Stock Compensation Plan (the “Plan”). The motion for this is to be proposed to the Eighth Ordinary General Meeting of Shareholders (the “General Meeting of Shareholders”) scheduled on June 29, 2017.

1. Purpose and requirement for introduction of the Plan

1) Purpose of introduction of the Plan

The introduction of the Plan aims at incentive grants to increase the corporate value of the Company group and to share the corporate value more with our shareholders and Directors by paying Restricted Stock Compensation (the “Stock Compensation”) to the Company’s Directors (the “Directors Covered by the Plan” excluding the Outside Directors.).

2) Requirement for introduction of the Plan

The Plan grants monetary compensation claims in order to pay Stock Compensation to the Directors Covered by the Plan. Therefore, obtaining the approval of the shareholders at the General Meeting of Shareholders to pay the pertinent Stock Compensation is a condition for the introduction of the Plan.

An amount of compensation, etc. for the Company’s Directors of JPY 1 billion or less per year was approved at the First Ordinary General Meeting of Shareholders held on June 29, 2010. However, this amount does not include employee salaries of Directors who serve concurrently as employees. In the General Meeting of Shareholders scheduled on June 29, 2017, the Company plans to seek the approval of its shareholders to newly establish an amount for monetary compensation claims of JPY 200 million or less per year to grant in order to pay Stock Compensation, which is separate from the existing compensation.

2. Overview of the Plan

The Plan grants Directors Covered by the Plan monetary compensation claims to pay Stock Compensation, each business year in principle. And, by having the Directors Covered by the Plan make contribution in kind using all the monetary compensation claims as contributed assets, the Company shall issue or dispose of its common shares to the Directors Covered by the Plan, and allow them to hold such shares.

In addition, Stock Compensation is paid as part of the compensation for continuing to work in the year ahead. The transfer restriction period is set up as follows to realize the aim of introducing the Plan that is incentive grants to increase the corporate value of the Company group and to share the corporate value more with our shareholders and Directors.

The specific payment timing and payment amount of Stock Compensation will be decided by the Board of Directors in consultation with the Compensation Committee (comprised of more than four representatives including the President, the Representative Director, and where more than half the representatives are Independent Outside Directors). Furthermore, Stock Compensation will not be paid to the Outside Directors.

The total number of the Company's common shares to issue or dispose to the Directors Covered by the Plan based on the Plan shall be 20,000 shares or less per year. However, in the event or necessity of share splitting or reverse share splits of the Company's common shares occurring after the conclusion of the General Meeting of Shareholders, adjustments will be reasonably made to the total number of the shares depending on the proportion of share splitting or reverse share splits.

The amount paid in per share shall be the amount determined by the Board of Directors within the scope of an amount that is not particularly advantageous to the Directors Covered by the Plan who underwrite the common shares. It is based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day before the day of the relevant resolution of the Board of Directors. If no trading is reported on the day, it shall be the closing price on the immediately preceding day.

When issuing or disposing of the Company's common shares based on the Plan, the Company shall conclude a restricted stock allocation agreement ("the Allocation Agreement") with the Directors Covered by the Plan. With regard to the shares granted pursuant to the Allocation Agreement ("the Allocated Shares") the Directors Covered by the Plan are not allowed to transfer, set collateral rights for or otherwise dispose of them ("Transfer, etc") at will ("Restrictions") during a fixed period provided by the Allocation Agreement ("the Transfer Restriction Period"). An overview of the content provided in the Allocation Agreement is as follows.

I. The Transfer Restriction Period

The Transfer Restriction Period is a period predetermined by the Board of Directors of more than three years from the grant date of the Allocated Shares. During the period, the Directors Covered by the Plan must not Transfer, etc. with regard to the Allocated Shares.

II. Treatment in cases of loss of position

If, prior to the expiry of the Transfer Restriction Period, Directors Covered by the Plan lose any of the following positions: a Director or Executive Officer, upon the loss of position, with exception of cases recognized as legitimate by the Board of Directors such as expiration of term or death, the Company shall as a matter of course acquire all of the Allocated Shares free of charge.

III. Lifting of Restrictions, etc.

The Company shall lift the Restrictions on all of the Allocated Share at the expiry of the Transfer Restriction Period on the condition that the Directors Covered by the Plan were in any of the following positions: a Director or Executive Officer continuously during the Transfer Restriction Period.

If Directors Covered by the Plan lose any of the following positions: a Director or Executive Officer prior to the expiry of the Transfer Restriction Period through reasons recognized as legitimate by the Board of Directors such as expiration of term or death, then the Company shall lift the Restrictions at the point immediately after the loss of any of the positions. This will occur in relation to the number of the Allocated Shares (however, if a fraction less than one share arises as a result of calculations, the number will be rounded up) obtained by the calculation where the original number is multiplied by the number of the months from the month the Directors Covered by the Plan were appointed to the month of the loss of any of the positions divided by 12 (however, if the number exceeds one as a result of calculations, it will be one).

In addition, in the cases prescribed above, the Company shall as a matter of course acquire all of the Allocated Shares for which the Restrictions are not lifted free of charge immediately after the time Restrictions are lifted.

IV. Treatment of Allocated Shares upon reorganization, etc. of the Company

If, during the Transfer Restriction Period, a merger agreement in which the Company becomes a non-surviving company, a share exchange agreement or a share transfer plan under which the Company becomes a wholly-owned subsidiary of another company or any other matters related to reorganization, etc. are resolved at a General Meeting of Shareholders (or by the Board of Directors, if the approval of the General Meeting of Shareholders is not required), then the Company will reasonably adjust as necessary the number of the Allocated Shares for which Restrictions are to be lifted and the timing of the lifting of the Restrictions by resolution of the Board of Directors.

In addition, in the cases prescribed above, the company shall as a matter of course acquire all of the Allocated Shares for which the Restrictions are not lifted free of charge immediately after the time Restrictions are lifted.

V. Other matters determined by the Board of Directors

Aside from the above, the Allocation Agreement includes the declaration of intention and methods of notification for the Allocation Agreement, and methods of revision for the Allocation Agreement and other matters determined by the Board of Directors.

Reference

Provided that the General Meeting of Shareholders approves the introduction of the Plan, the Company also plans to introduce a restricted Stock Compensation Plan similar to the Plan to Executive Officers in the Company, the Board of Directors and Executive Officers in Meiji Co., Ltd. and Meiji Seika Pharma Co., Ltd.

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