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November 20, 2019

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Tokyo Stock Exchange First Section)
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Notice of Introduction of Restricted Stock Compensation Plan

COLOPL, Inc. (the "Company") has revised the remuneration system for Directors and Officers and resolved at a meeting of the Board of Directors held on November 20, 2019 to submit a proposal regarding the introduction of a restricted stock compensation plan (the "Plan") to the 11th Ordinary Shareholders Meeting (the "Shareholders Meeting") scheduled to be held on December 20, 2019. Details are as follows.

1. Purpose, etc. of introduction of the Plan

(1) Purpose of introduction of the Plan

The Plan will be introduced as a compensation plan to allot restricted shares to Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members; hereinafter, "Eligible Directors") for the purpose of providing an incentive to sustainably improve the corporate value of the Company and facilitating their sense of sharing value with shareholders.

(2) Requirement for introduction of the Plan

Under the Plan, the Company will provide monetary compensation claims to Eligible Directors in order to grant them restricted shares as remuneration. Accordingly, obtaining the approval of shareholders at the Shareholders Meeting for the payment of the pertinent stock compensation is a condition for the introduction of the Plan.

At the 7th Ordinary Shareholders Meeting held on December 18, 2015, the amount of compensation for the Company's Directors (excluding Directors who are Audit and Supervisory Committee Members) was approved to be no more than 300 million yen per year (including the maximum amount of 20 million yen as compensation for Outside Directors; provided that this excludes the employee salary portion of compensation for Directors who concurrently serve as employees of the Company). The Company plans to seek the approval of shareholders at the Shareholders Meeting for the introduction of the Plan for Eligible Directors, outside the framework of the above-mentioned existing compensation.

2. Overview of the Plan

Eligible Directors will be granted monetary compensation claims for the allotment of restricted shares based on a resolution of the Company's Board of Directors each business year, in principle. By having Eligible Directors execute contributions in kind of all such monetary compensation claims to the Company, it will issue or dispose of shares of its common stock to Eligible Directors and allow them to hold such shares.

Under the Plan, the total amount of monetary compensation claims to be granted to Eligible Directors will be no more than 300 million yen per year. In addition, the total number of shares of common stock to be newly issued or disposed of by the Company will be no more than 500,000 shares per year (provided, however, in the event of a share split of the Company's common stock (including gratuitous allotment to shareholders), share consolidation of the Company's common stock or any other event equivalent thereto necessitating adjustments of the total maximum number of shares to be allotted, which may occur after the day when the relevant resolution is adopted at the Shareholders Meeting, adjustments may reasonably be made to the total maximum number of shares). The amount to be paid in per share will be the closing price of common stock of the Company on Tokyo Stock Exchange on the business day immediately preceding the date of each resolution of the Board of Directors (in a case where no transaction of the Company's stock is executed on that day, the closing price on the most recent trading day preceding that day). The specific timing of payment and allocation to each Eligible Director will be decided in a meeting of the Board of Directors.

When issuing or disposing of shares of common stock of the Company under the Plan, the Company will conclude a restricted stock allocation agreement ("Stock Allocation Agreement") with each Eligible Director, and the agreement shall include the following provisions:

(i) An Eligible Director may not conduct transfer of, attachment of security interest to and other dispositions of the shares of the Company's common stock allotted in accordance with the Stock Allocation Agreement for the period from the date of allotment until he/she leaves the post of Director of the Company;

(ii) The Company will acquire the allotted shares without consideration upon occurrence of a specified event; and

(iii) Contents, etc. of conditions for terminating transfer restrictions established in advance by the Company's Board of Directors.

To prevent the transfer of, attachment of security interest to and other dispositions of allotted shares during the period for transfer restrictions, the allotted shares will be managed in a dedicated account opened by each Eligible Director with a securities firm designated by the Company.

End.