

October 9, 2019

To all persons concerned:

NPC Incorporated  
1-7-5 Higashi-ueno, Taito-ku  
Tokyo 110-0015, Japan

## **Announcement on Introduction of Restricted Stock Compensation Plan**

NPC Incorporated (“the Company”), hereby announces that, by the resolution of the Board of Directors’ Meeting held on October 9, 2019, the Company resolved the introduction of the restricted stock compensation plan (the “Plan”) to be allotted to the Company’s Directors (the “Eligible Directors”), as a new incentive. The proposal related to this Plan will be discussed at the 27<sup>th</sup> Ordinary General Meeting of Shareholders scheduled to be held on November 28, 2019. Details are as follows:

### Descriptions

#### 1. Purpose and requirement for introduction of the Plan

##### (1) Purpose of introduction of the Plan

The purpose of the Plan is to provide incentive to Eligible Directors to continuously improve the corporate value of the Company and to further share more of that value with the shareholders.

##### (2) Requirement for introduction of the Plan

The Plan grants monetary compensation claims in order to pay restricted stock compensation to the Eligible Directors. Therefore, obtaining the approval of the shareholders at the Ordinary General Meeting of Shareholders to pay the pertinent stock compensation is a condition for the introduction of the Plan.

While remuneration for Directors was resolved at the 14th Ordinary General Meeting of Shareholders held on November 29, 2006, that the aggregate basic remuneration payable to all Directors shall be no more than 200 million yen per year (not including the employee salary for a Director serving concurrently as an employee), the Company will request shareholders’ approval of the introduction of the Plan, separate from the aforementioned Directors’ remuneration limitation, to set a compensation limitation to Eligible Directors under the Plan.

#### 2. Overview of the Plan

Under the Plan, all monetary compensation claims granted to Eligible Directors by the Company shall be delivered as property contributed in-kind, and Eligible Directors shall receive common stock of the Company that is issued or disposed of.

Total compensation amounts payable to Eligible Directors shall be no more than 40 million yen per year (not including the employee salary for a Director serving concurrently as an employee).

Total number of common stock of the Company to be issued or disposed of under the Plan shall not

exceed 150,000 shares per year (although, after the passage of this proposal, in the event of unavoidable grounds which requires adjustment of the number of shares such as a stock split of the Company's common stock (including a gratis allotment of shares of the Company's common stock) or reverse stock split, the total number of shares to be issued or disposed of may be adjusted within a reasonable range). The award amount per share will be based on the closing price of the Company's common stock at the Tokyo Stock Exchange on the trading day prior to the resolution of the Board of Directors regarding allocation of the shares (if transactions were not complete on the same day, the closing price of the most recent trading day preceding it). The amount will be decided by the Company Board of Directors within a scope that is not particularly advantageous to the Eligible Directors who will receive the restricted stocks.

In issuing and disposing of common shares under the Plan, the Company will conclude a restricted stock allocation agreement with Eligible Directors. An overview of the above-mentioned agreement is as follows:

- a. During the transfer restriction period, Eligible Directors shall not transfer, arrange security interests, or otherwise dispose of any of the shares allocated to them.
- b. The Company shall acquire free of charge the shares allocated if and when certain events occur.

To prevent Eligible Directors from transferring, arranging security interests, or otherwise disposing of any of the Company shares allocated to them, said shares will be controlled during the transfer restriction period, using dedicated accounts to be opened by Eligible Directors at Okasan Securities Co., Ltd.

END