

April 20, 2017

Attention: All concerned parties

Toyo Tanso Co., Ltd.

5-7-12 Takeshima, Nishiyodogawa-ku, Osaka 555-0011, Japan
(Stock Exchange Code: 5310, 1st Section, Tokyo Stock Exchange)

Notice Regarding Issuance of New Shares as Restricted Stock Compensation

At the meeting of its Board of Directors held on April 20, 2017, Toyo Tanso Co., Ltd. resolved to issue new shares (hereafter, “the New Share Issuance”), of which details are as follows.

1. Outline of the Issuance

(1)	Payment date	May 19, 2017
(2)	Class and number of shares to be issued	23,300 shares of the Company’s common stock
(3)	Issue price	¥1,661 per share
(4)	Total issuance amount	¥38,701,300
(5)	Method of offer or allotment	Allotment of restricted stock
(6)	Method of contribution	In-kind contribution of monetary compensation receivables
(7)	Eligible personnel and number thereof, number of shares to be allotted	4 Directors (excluding outside directors) 15,500 shares 6 Executive officers who do not concurrently serve as directors 7,800 shares
(8)	Others	The Company has filed a written notice of securities regarding the New Share Issuance pursuant to the Financial Instruments and Exchange Act.

2. Purposes and Reasons for the Issuance

At the Board of Directors meeting held on February 24, 2017, the Company resolved to introduce a restricted stock compensation system (hereafter, “the System”) for the Company’s directors (excluding outside directors; hereafter, “the Eligible Director(s)”) and executive officers who do not concurrently serve as the Company’s directors (collectively, “the Eligible Director(s) etc.”), with the purpose of offering them mid- to long-term incentives and enhancing benefits and welfare program, as well as further promoting value sharing between the Eligible Directors etc. and shareholders. Subsequently, at the 75th Ordinary General Meeting of Shareholders held on March 30, 2017, it was approved that an amount not exceeding ¥90 million per year be granted to the Eligible Directors etc. as monetary compensation to serve as invested assets to acquire the restricted shares under the System (hereafter, “the Restricted Stock Compensation), and that the restriction period on transfer of restricted shares shall be two to five years to be decided by the Board of Directors of the Company.

The outline of the System and other details are as follows.

[Outline of the System]

The Eligible Directors etc. will make in-kind contribution of all monetary compensation

receivables granted by the Company under the System, and will in return receive shares of the Company's common stock that will be issued or disposed of by the Company. The total number of shares of the Company's common stock to be issued or disposed of under the System for the Eligible Directors etc. will not exceed 50,000 shares per year, and the amount to be paid per share will be based on the closing price of the Company's common stock on the First Section of the Tokyo Stock Exchange on the business day immediately preceding the date of each Board of Directors resolution (or the closing price on the transaction day immediately preceding said business day if there was no trading of the Company's common stock on said business day).

In the issuance or disposal of shares of the Company's common stock under the System, the Company and each Eligible Director etc. will enter into an agreement on allotment of restricted stock (hereafter, "the Allotment Agreement"), the provisions of which include (1) the Eligible Directors etc. shall not transfer, create a security interest on, or otherwise dispose of the shares of the Company's stock allotted in accordance with the Allotment Agreement for a certain period of time, and (2) the Company shall acquire the allotted shares gratis if certain events should occur.

For this first issuance, in consideration of the purposes of the System, the performance and business plan of the Company, the scope of the responsibility of the Eligible Directors etc., and other circumstances, the Company decided to grant a total amount of ¥38,701,300 in monetary compensation receivables (hereafter, "the Monetary Compensation Receivables") and 23,300 shares of the Company's common stock, with the aim of promoting appointment of talented persons and further raising the motivation of the Eligible Directors etc. Additionally, as the System is introduced as an incentive to achieve higher mid- to long-term corporate value over the 3-year period envisaged in the medium-term business plan, etc., and given that it is launched this year, which marks the second year of the Company's three-year business reform plan, the transfer restriction period is set at two years.

In the New Share Issuance, the 10 Eligible Directors etc. who are expected to receive allotment will make an in-kind contribution of all Monetary Compensation Receivables and receive shares of the Company's common stock to be issued under the System.

3. Outline of the Allotment Agreement

(1) Transfer restriction period

May 19, 2017 – May 18, 2019

(2) Conditions for transfer restriction removal

The Eligible Directors etc. must have remained in office, continuously during the transfer restriction period, as director, executive member, executive officer who does not concurrently serve as director, auditor, employee, adviser, senior adviser, or any other equivalent position of the Company or its subsidiary.

(3) Treatment where an Eligible Director etc. retires due to expiration of the term of office, on reaching the retirement age, or for any other justifiable reason

(i) Timing of transfer restriction removal

Where an Eligible Director etc. retires or resigns from the position of director, executive member, executive officer who does not concurrently serve as director, auditor, employee, adviser, senior adviser, or any other equivalent position of the Company or its subsidiary due to expiration of the term of office, retirement age, or for any other justifiable reason (excluding retirement or resignation due to death), transfer restriction will be removed immediately after such retirement or resignation. In the event of retirement or resignation due to death, transfer restriction will be removed following the death, the timing of which to be decided separately

by the Board of Directors.

(ii) Number of shares subject to transfer restriction removal

This will be the number of shares calculated by multiplying the number of allotted shares held by the Eligible Director etc. at the time of retirement or resignation as defined in (i) by the number obtained from dividing the length of service (measured in months) falling under the transfer restriction period of the Eligible Director etc. by the number of months of the transfer restriction period related to the relevant shares (fractional shares are omitted).

(4) Acquisition of shares gratis by the Company

The Company shall automatically acquire all of the allotted shares gratis for which transfer restriction is not removed.

(5) Administration of the shares

To prevent the allotted shares from being transferred, security interest being created, or such shares being disposed of in any other way during the transfer restriction period, the allotted shares will be managed in a dedicated account opened by each Eligible Director etc. at Nomura Securities Co., Ltd. The Company entered into an agreement with Nomura Securities Co., Ltd. in relation to management of the account for the allotted shares held by each Eligible Director etc. in order to ensure the effectiveness of transfer restriction on the allotted shares. The Eligible Directors etc. agree with the content of the management of the relevant account.

(6) Treatment in the event of corporate reorganization, etc.

If, during the transfer restriction period, a merger agreement in which the Company is the dissolving company, a share exchange agreement, or a share transfer plan in which the Company becomes a wholly owned subsidiary, or other corporate reorganization event is approved at the general shareholders meeting of the Company (or by the Company's Board of Directors where such an event does not require the approval of the Company's general shareholders meeting), the Company will, by resolution of the Board of Directors, remove transfer restriction on the number of allotted shares (rounded down to the nearest whole share) calculated by multiplying the number of allotted shares held by each Eligible Director etc. on the day of the approval by the number of months counting from the first month of the transfer restriction period to the month up to and inclusive of the approval date of corporate reorganization divided by the number of months in the restriction period relating to the relevant allotted shares. Such removal of transfer restriction will be made immediately before the business day preceding the date of corporate reorganization or other such event becomes effective.

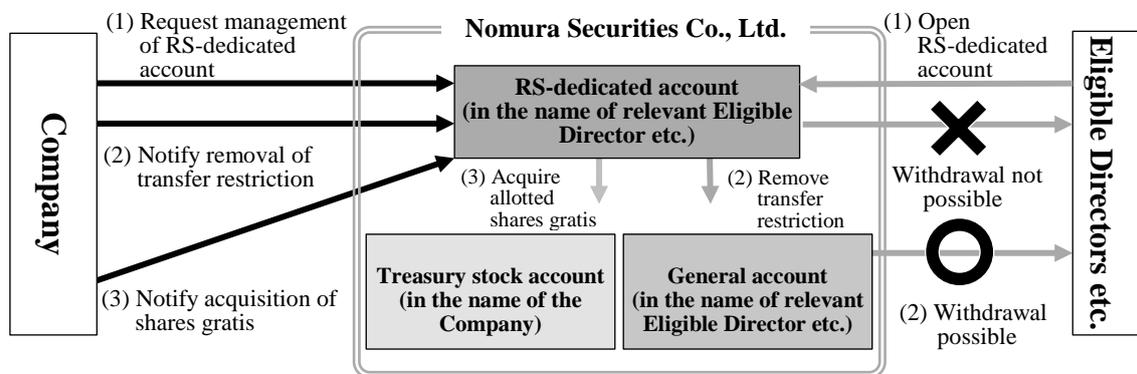
4. Basis of Calculation and Details of the Payment Amount

The New Share Issuance to the prospective allottees will be made by way of in-kind contribution of the monetary compensation receivables to serve as invested assets, granted as restricted stock compensation under the System for the Company's 76th and 77th business years. To eliminate arbitrariness in determining the issue price, it is set at ¥1,661, being the closing price of the Company's common stock on the First Section of the Tokyo Stock Exchange as of April 19, 2017 (the business day immediately preceding the date of the Board of Directors meeting where the resolution was made). This issue price is the market price immediately before the date of the Board of Directors meeting where the resolution was made, and the Company believes it to be valid. Furthermore, this price has a deviation of -6.84% (rounded to two decimal places; same in the deviation calculation below) from the simple average closing price of ¥1,783 (rounded to the nearest integer; same for simple average closing price below) for the preceding one month period (from March 21, 2017 to April 19, 2017) of the Company's common stock on the First Section of the

Tokyo Stock Exchange; a deviation of -11.18% from the simple average closing price of ¥1,870 for the preceding three-month period (from January 20, 2017 to April 19, 2017); and a -7.62% deviation from the simple average closing price of ¥1,798 for the preceding six-month period (from October 20, 2016 to April 19, 2017).

All three of the Company's Auditors (of whom, two are Outside Auditors) expressed their opinion to the effect that the price does not constitute one that affords any particular advantage. Additionally, the Company believes the aforementioned issue price to be valid as it represents the market price immediately before the date of the Board of Directors meeting where the resolution was made and does not constitute one that affords any particular advantage.

(Reference) [Restricted Stock (RS) Management Flow under the Restricted Stock System]



Please direct inquiries regarding the current situation to:

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