

July 11, 2019

Company name: Morinaga Milk Industry Co., Ltd.  
5-33-1 Shiba, Minato-ku, Tokyo  
Representative: Michio Miyahara, President &  
Representative Director  
(Code: 2264 First Section of the Tokyo Stock Exchange)

### Notice Regarding Issuance of New Shares as Restricted Stock Compensation

Morinaga Milk Industry Co., Ltd (hereafter, “the Company”) hereby announces that the Board of Directors, at its meeting held on July 11, 2019, resolved to issue new shares (hereafter, the “Issuance of New Shares”) as restricted stock compensation, of which details are as follows.

#### 1. Outline of the issuance

(1) Payment date	August 1, 2019
(2) Class and number of shares to be issued	13,400 shares of common stock of the Company
(3) Issue price	4,355 yen per share
(4) Total value of shares to be issued	58,357,000 yen
(5) Scheduled allottees	Eight (8) Directors of the Company (*) 13,400 shares * Excluding External Directors
(6) Other	The Securities Registration Statement regarding the Issuance of New Shares has been filed in accordance with the Financial Instruments and Exchange Act.

#### 2. Purpose of and reasons for the issuance

At the meeting of its Board of Directors held on April 26, 2018, the Company passed a resolution to introduce a restricted stock compensation plan under which restricted shares are allotted to the Directors of the Company (excluding External Directors) (hereafter, “the Plan”), the aim of which is to promote the sharing of merits and risks of stock price fluctuations between the Directors of the Company (excluding External Directors) and the shareholders, and to provide the same with greater incentive than in the past to contribute to the rise of the Company’s stock price and enhancement of its corporate value. Additionally, at the 95th Annual General Meeting of Shareholders held on June 28, 2018, it was approved, among other things, that the total amount of monetary compensation claims to be granted to the Directors of the Company (excluding External Directors) based on the Plan shall not exceed ¥120 million per annum, that the total number of restricted stock to be allotted to the Directors of the Company (excluding External Directors) each fiscal year shall not exceed 15,000 shares, and that the transfer restriction period of the restricted stock shall be a period of twenty (20) to thirty (30) years, which shall be determined by the Board of Directors of the Company.

Based on the resolution passed at its meeting of the Board of Directors held on July 11, 2019, the Company resolved to allot 13,400 shares of the Company’s common stock as restricted stock, by

granting the Eight (8) Directors of the Company (excluding External Directors) (hereafter, the “Eligible Officer[s]”) monetary compensation claims of 58,357,000 yen as restricted stock compensation for the period from the 96th Annual General Meeting of Shareholders of the Company to the 97th Annual General Meeting of Shareholders of the Company scheduled to be held in June 2020, and the Eligible Officers making in-kind contribution of all such monetary compensation claims. The amount of monetary compensation claims to each Eligible Officer shall be determined by taking various factors comprehensively into consideration, including the level of each Eligible Officer’s contribution to the Company. Furthermore, said monetary compensation claims shall be granted subject to certain conditions, including conclusion of an allotment agreement for restricted stock between each Eligible Officer and the Company (hereafter, the “Allotment Agreement”) which contains substantially the following terms.

With respect to the transfer restriction period, a period of thirty (30) years is set in consideration of the purpose of introducing the Plan, which is to promote the sharing of the merits and risks of share price fluctuations with the shareholders and to provide greater incentive than in the past to contribute to the rise of the Company’s stock price and enhancement of its corporate value.

### 3. Outline of the allotment agreement

#### (i) Transfer restriction period

August 1, 2019 – July 31, 2049

The Eligible Officers shall not transfer to a third party, create a pledge, create a security interest, make an inter vivos gift, make a bequest, or otherwise dispose of the relevant restricted shares allotted during the transfer restricted period as specified above (hereafter, “the Transfer Restricted Period”).

#### (ii) Acquisition of restricted shares at no cost

In the event an Eligible Officer retires at any time between the date of the commencement of the Transfer Restriction Period and the day immediately preceding the first subsequent Annual General Meeting of Shareholders of the Company, the Company shall as a matter of course acquire at no cost the restricted shares allotted to said Eligible Officer (hereafter, “the Allotted Shares”) at the time of said retirement except where there is a reason which the Board of Directors of the Company deems to be justifiable (expiration of his/her term of office, etc.).

Furthermore, in the event any part of the Allotted Shares is still subject to transfer restriction pursuant to the provisions in (iii) below regarding circumstances for the removal of transfer restriction at the time of the expiration of the Transfer Restriction Period (hereafter, the “Expiration Date”), the Company shall automatically acquire at no cost said shares at a point in time immediately after the Expiration Date.

#### (iii) Removal of transfer restriction

On the condition that an Eligible Officer has remained in the position of Director of the Company continuously during the period from the start of the Transfer Restriction Period to the date of the first subsequent Annual General Meeting of Shareholders of the Company, the Company shall remove as of the Expiration Date transfer restriction on all of the Allotted Shares held by the Eligible Officer as of said date. However, in the event that an Eligible Officer retired prior to the expiration of the Transfer Restriction Period for a reason which the Board of Directors of the

Company deems to be justifiable (expiration of his/her term of office, etc.), transfer restriction shall be removed at a point in time immediately after said retirement with respect to the Allotted Shares the number of which shall be obtained by dividing by twelve (12) the number of months passed from July 2019 up to and inclusive of the month of retirement from the office of Director of the Company (however when the resulting number is more than one [1], the number shall be set at one [1]), and then multiplying this value by the number of Allotted Shares held by the relevant Eligible Officer at such point in time (any fractions less than one resulting from the calculation shall be rounded down).

(iv) Rules on the administration of shares

The Eligible Officers shall complete procedures for opening an account at SMBC Nikko Securities Inc. in the manner as designated by the Company for stating or recording matters related to the Allotted Shares, which shall be kept and maintained in said account until such time that the transfer restriction has been removed.

(v) Treatment in case of organizational restructuring, etc.

If, during the Transfer Restriction Period, any matter relating to a merger agreement in which the Company becomes the dissolving company, a share exchange agreement, or share transfer plan in which the Company becomes a wholly-owned subsidiary, or other organizational restructuring is approved at a General Meeting of Shareholders of the Company (or, if an approval at a General Meeting of Shareholders of the Company is not required regarding the above mentioned organizational restructuring, etc., then the approval of the Board of Directors of the Company), pursuant to the resolution of the Board of Directors of the Company, the transfer restriction on the Allotted Shares of a number obtained by dividing by twelve (12) the number of months passed from July 2019 up to and inclusive of the month in which said approval was given (however when the resulting number is more than one [1], the number shall be set at one [1]), and then multiplying this value by the number of Allotted Shares held by the relevant Eligible Officer as of the date of said approval (any fractions less than one [1] resulting from the calculation shall be rounded down), shall be removed immediately prior to the business day preceding the effective date of such organizational restructuring, etc.

In such a case, pursuant to the provisions mentioned above, all Allotted Shares on which transfer restriction has not been removed as of the business day immediately preceding the effective date of the organizational restructuring, etc. shall be acquired as a matter of course by the Company at no cost on said date.

4. Basis of calculation of the payment amount and specific details thereof

To eliminate arbitrariness in the determination of the issue price, said price shall be set at 4,355 yen, which is the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors of the Company (July 10, 2019). As this is the market price of the day immediately preceding the day of resolution of the Board of Directors of the Company, we believe it is reasonable and does not represent a particularly favorable price.

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