



MEMBERSHIP

February 28, 2020

To whom it may concern

Company: Teijin Limited  
Stock code: 3401 (First Section, Tokyo Stock Exchange)  
Representative: Jun Suzuki, President and CEO  
Contact: Tomoko Torii, General Manager,  
Investor Relations Department  
Tel: +81-3-3506-4395

## Notice Regarding the Issuance of Stock Acquisition Rights as Stock Options

Teijin Limited (“the Company”) has announced that at a meeting held today, its Board of Directors passed a resolution to issue stock acquisition rights as stock options to the Directors and Corporate Officers, as detailed below.

### 1. Reason for the issuance of stock acquisition rights as stock options

The purpose of the issuance of stock acquisition rights is to provide stock options that will incentivize the Directors and Corporate Officers of the Company to help further increase Teijin’s corporate value by reinforcing their level of engagement in the management of the Company and the Teijin Group as a whole and by providing additional motivation and morale to enhance business performance. For this purpose, the Company will issue stock acquisition rights to the Directors and Corporate Officers of the Company, the eligible recipients, with the amount of 1 yen to be paid-in upon the exercise of each stock acquisition right.

### 2. Terms and conditions of the issuance of stock acquisition rights

(1) Name of stock acquisition rights

Teijin Limited 18th Series of Stock Acquisition Rights

(2) Number of stock acquisition rights to be issued

266

(3) Issue price (the amount to be paid-in in exchange for one stock acquisition right)

The issue price shall be the amount obtained by multiplying the option price per share by the number of shares to be granted, where the option price per share is calculated in accordance with the Black-Scholes model using the basic parameters below.

$$C = Se^{-qT} N(d) - Xe^{-rT} N(d - \sigma\sqrt{T})$$

and

$$d = \frac{\ln\left(\frac{S}{X}\right) + \left(r - q + \frac{\sigma^2}{2}\right)T}{\sigma\sqrt{T}}$$

- (i) Option price per share (C)
- (ii) Stock price (S): the closing price of shares of common stock of the Company in regular trading at the Tokyo Stock Exchange on March 16, 2020 (the allotment date) (If there is no closing price on that date, then the base price on the following trading day.)
- (iii) Exercise price (X): 1 yen
- (iv) Projected remaining time period (T): 5.5 years
- (v) Volatility ( $\sigma$ ): Stock price fluctuation rate calculated based on the closing prices of shares of common stock of the Company in regular trading on the Tokyo Stock Exchange every week for 5.5 years (from September 1, 2014 to February 28, 2020)
- (vi) Risk-free interest rate (r): The interest rate for Japanese government bonds with remaining terms corresponding to the projected remaining period.
- (vii) Dividend yield (q): Dividend per share of ¥70 (actual dividends paid out as of March and September 2019) ÷ stock price in (ii) above.
- (viii) Cumulative distribution function of standard normal distribution (N( · ))

Note: The Company shall pay monetary compensation equivalent to the total amount of the issue price of the stock acquisition rights to the eligible persons indicated in item (4) below. The right to claim this compensation will be offset against the obligation to pay the amount to be paid for the stock acquisition rights. Through this process, the eligible persons shall acquire the stock acquisition rights.

(4) Eligible recipients for the allotment of stock acquisition rights and the number of such recipients, and the number of stock acquisition rights to be allotted

Eligible recipients	Number of recipients	Number of stock acquisition rights to be allotted
Directors of the Company	5	83
Corporate Officers of the Company	22	183
Total	27	266

(5) Class and number of shares subject to the stock acquisition rights

The class of shares subject to the stock acquisition rights shall be shares of the Company's common stock and the number of shares subject to each stock acquisition right (hereinafter, the "Number of Shares to be Granted") shall be 200 shares. In the event that the Company conducts a stock split or stock consolidation of

the Company's common shares, the Number of Shares to be Granted shall be adjusted according to the following formula. Any fractions of less than one share arising from the adjustment shall be discarded.

Post-adjustment Number of Shares to be Granted = Pre-adjustment Number of Shares to be Granted x Stock split or stock consolidation ratio

In addition to the above, if circumstances arise in which the Number of Shares to be Granted must be adjusted for unavoidable reasons after the date of resolution, the Number of Shares to be Granted shall be adjusted within a reasonable range.

(6) Amount to be paid-in upon exercise of stock acquisition rights

The amount to be paid-in upon exercise of stock acquisition rights shall be the amount obtained by multiplying 1 yen per every share to be granted by exercising stock acquisition rights, by the Number of Shares to be Granted.

(7) Period for the exercise of stock acquisition rights

From March 16, 2020 to March 15, 2040

(8) Conditions for the exercise of stock acquisition rights

1) In the event that stock acquisition right holders cease to hold any positions as a Director of the Company, the Company's subsidiaries, or the Company's affiliates, and Corporate Officers during the period specified in item (7) above, they may exercise their stock acquisition rights during a limited period of five years from the time when they cease to hold the aforementioned positions (hereinafter, the "Rights Exercise Commencement Date").

2) Notwithstanding item 1) above, stock acquisition rights holders in the situations described in (a) or (b) below (Regarding (b), however, this excludes cases in which stock acquisition rights in restructured companies are granted to stock acquisition rights holders in accordance with item (14) below) may exercise stock acquisition rights during the limited periods specified by each of these items.

(a) The Rights Exercise Commencement Date of the stock acquisition rights holders has not arrived by March 15, 2039

During the period from March 16, 2039 to March 15, 2040

(b) The General Meeting of Shareholders of the Company approves a resolution regarding a merger contract providing for the Company to become a dissolved company or a share swap contract or a share transfer plan providing for the Company to become a wholly owned subsidiary (or if the approval of the General Meeting of Shareholders of the Company is not required, then when the Board of Directors of the Company passes a resolution).

15 days from the day following the approval or resolution

3) Other conditions for exercising stock acquisition rights shall be stipulated separately in the "FY2019 Stock Acquisition Right Allotment Agreement" to be concluded between the Company and the stock acquisition

rights holders. The stock acquisition rights holders must have entered into the “FY2019 Stock Acquisition Right Allotment Agreement” with the Company by the time they exercise their stock acquisition rights.

(9) Matters concerning increases in capital stock and capital surplus when stock is issued upon the exercise of stock acquisition rights

1) The increase in capital stock when stock is issued upon the exercise of stock acquisition rights shall be one half of the maximum value of the increase in capital, etc. calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Regulation, and when the results of calculations include fractions of yen, these fractional values shall be rounded up to the nearest yen.

2) The increase in capital surplus when stock is issued upon the exercise of stock acquisition rights shall equal the maximum value of the increase in capital, etc. shown in item 1) above, less the value of the increase in capital stock prescribed in item 1) above.

(10) Matters concerning the transfer of stock acquisition rights

Any acquisition of stock acquisition rights through a transfer shall require approval by resolution of the Board of Directors of the Company.

(11) Date of allotment of stock acquisition rights

March 16, 2020

(12) Date of monetary payment in exchange for stock acquisition rights

March 16, 2020

(13) Provisions for the acquisition of stock acquisition rights

In the case that the General Meeting of Shareholders of the Company approves one of the following resolutions 1), 2), 3), 4), 5), 6), or 7) (or if the approval of the General Meeting of Shareholders of the Company is not required, then in the case that the Board of Directors passes a resolution), on a date separately determined by the Board of Directors, the Company may acquire the stock acquisition rights at no charge.

1) A resolution to approve a merger contract providing for the Company to become a dissolved company

2) A resolution to approve a company split contract providing for the Company to become a splitting company or a resolution to approve a company split plan

3) A resolution to approve a stock swap contract providing for the Company to become a wholly owned subsidiary or a resolution to approve such a stock transfer plan

4) A resolution to approve a change to the Articles of Incorporation to require the Company’s approval for the acquisition of shares through a share transfer with respect to all of the shares issued by the Company

5) A resolution to approve a change to the Articles of Incorporation to require the Company’s approval for the acquisition of such classes of shares subject to the stock acquisition rights through a share transfer or to provide for the Company to acquire all such shares based on a resolution of the general meeting of

shareholders

6) A resolution to approve a stock consolidation with respect to such classes of shares subject to the stock acquisition rights (limited to cases where fractional trading units of shares less than 1.0 are obtained when multiplying the number of units of shares related to these shares by the stock consolidation ratio)

7) A resolution to approve a request for the sale of shares from special controlling shareholders.

(14) Policies for decisions regarding the annulment of stock acquisition rights due to organizational restructuring and the issuance of stock acquisition rights of a restructured company

In cases where the Company conducts a merger (only mergers that dissolve the Company), an absorption-type company split or incorporation-type company split, or a stock swap or stock transfer (all these situations are hereinafter referred to as “Organizational Restructuring”), the Company may arrange for the issuance of stock acquisition rights of the company corresponding to the joint stock company described in Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act (hereinafter “the Restructured Company”) to stock acquisition right holders who hold remaining stock acquisition rights (hereinafter, the “Remaining Stock Acquisition Rights”) immediately before the effective date of the Organizational Restructuring in each case. In this case, the Remaining Stock Acquisition Rights will be annulled and the Restructured Company will issue new stock acquisition rights. However, the rights may be issued only if provisions for issuing stock acquisition rights of the Restructured Company in accordance with the following conditions are included in the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, stock swap agreement, or stock transfer plan.

1) Number of stock acquisition rights of the Restructured Company to be issued

The numbers of stock acquisition rights to be issued shall be the same as the numbers of Remaining Stock Acquisition Rights held by the respective stock acquisition right holders.

2) Class of the Restructured Company’s shares subject to the stock acquisition rights

Shares of the common stock of the Restructured Company

3) Number of the Restructured Company’s shares subject to stock acquisition rights

To be determined in accordance with item (5) above, after considering the conditions of the Organizational Restructuring and other factors.

4) Amount of assets to be invested upon exercise of stock acquisition rights

The amount of assets to be invested upon exercise of the issued stock acquisition rights shall be the amount obtained by multiplying the exercise price after restructuring, determined as follows, by the number of the Restructured Company’s shares subject to the stock acquisition rights, as determined in 3) above. The exercise price after the restructuring shall be 1 yen for each share of the Restructured Company that can be issued through exercise of each issued stock acquisition right.

5) Period for the exercise of stock acquisition rights

The period for the exercise of stock acquisition rights shall begin on the starting date of the exercise period for stock acquisition rights stipulated in item (7) above or the effective date of the Organizational Restructuring, whichever is later, and shall continue until the final day of the period for the exercise of the stock acquisition rights stipulated in item (7) above.

6) Matters concerning increases in capital stock and capital surplus when stock is issued upon the exercise of stock acquisition rights

To be determined in accordance with item (9) above.

7) Restrictions on the acquisition of stock acquisition rights through transfers

Any acquisition of stock acquisition rights through a transfer shall require the approval by resolution of the Board of Directors of the Restructured Company.

8) Provisions for the acquisition of stock acquisition rights

To be determined in accordance with item (13) above.

9) Other conditions for the exercise of stock acquisition rights

To be determined in accordance with item (8) above.

(15) Treatment of fractions of less than one share arising upon the exercise of stock acquisition rights

Fractions of less than one share within the shares to be issued to stock acquisition right holders upon exercise of the stock acquisition rights are to be discarded.

- End -