

## FOR IMMEDIATE RELEASE

May 13, 2019

Listed Company Name:	Eisai Co., Ltd.
Representative:	Haruo Naito Representative Corporate Officer and CEO
Headquarters:	4-6-10 Koishikawa, Bunkyo-ku, Tokyo
Securities Code:	4523
Listed Locations:	First Section of the Tokyo Stock Exchange
Inquiries:	Masatomi Akana Vice President, Corporate Affairs Phone 81-3-3817-5120

### **Notification Regarding the Continuation of the Performance-Related Stock-Based Compensation System**

At a meeting of the Compensation Committee of the Board of Directors of Eisai Co., Ltd. (Headquarters: Tokyo, Representative Corporate Officer and CEO: Haruo Naito, hereinafter “the Company”) held on May 13, 2019, a resolution was adopted to continue the Performance-Related Stock-Based Compensation System for Corporate Officers that was introduced in the 2013 fiscal year, and partially revised in the 2016 fiscal year (hereinafter the “System”) as a component of the compensation system for such Corporate Officers. In addition, at the meeting of the Board of Directors held on the same day, a resolution was adopted for the disposal of treasury stock in accordance with the continuation of the System. Please refer to “Notification Regarding the Disposal of Treasury Stock through Third-Party Allotment in Accordance with the Continuation of the Performance-Related Stock-Based Compensation System,” which was announced today, for details regarding the disposal of treasury stock.

#### Remarks:

##### 1. Continuation of the System

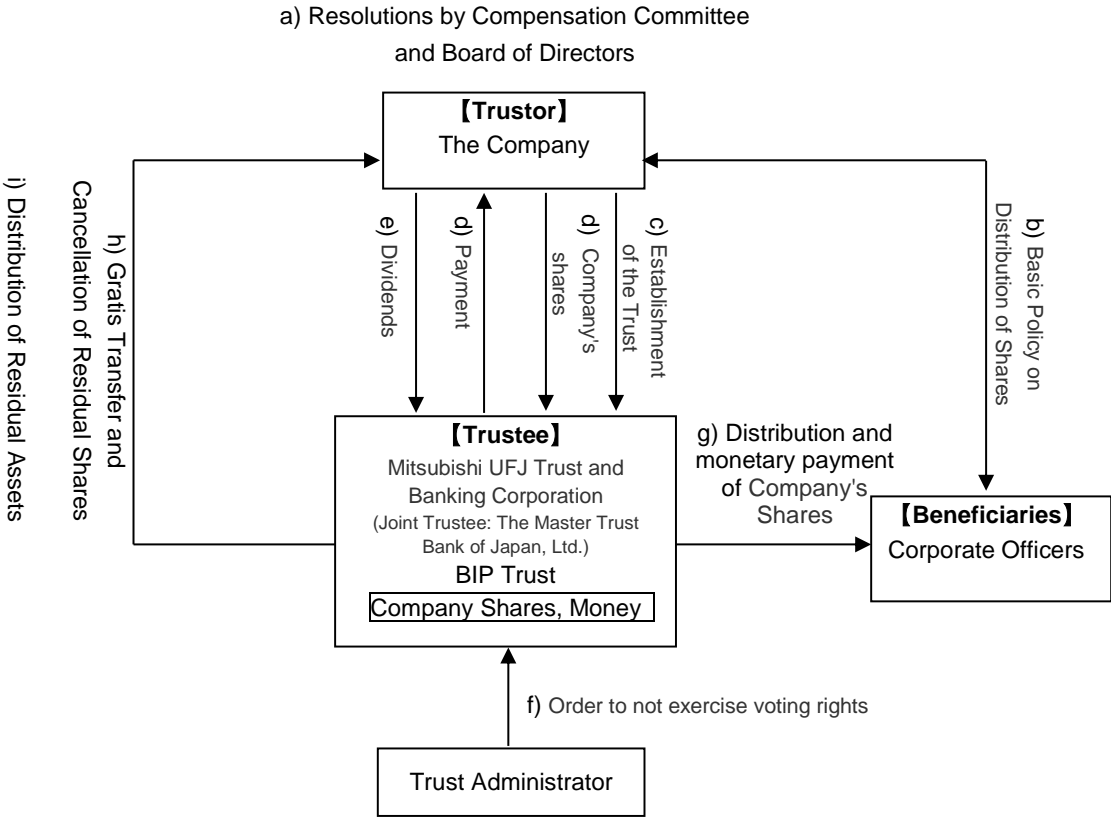
(1) The Company has adopted a Company with a Nomination Committee, etc. system and the Board’s Compensation Committee determines the compensation and related issues with respect to the Directors and Corporate Officers. At the Compensation Committee meeting held on May 13, 2019, the Compensation Committee, with the purpose of achieving higher motivation for the Corporate Officers’ execution of their duties and increasing the motivation of Corporate Officers to enhance the Company’s medium- to long-term corporate value, decided to continue the System that was introduced in the 2013 fiscal year, and partially revised in the 2016 fiscal year. Through this decision, the compensation system for Corporate Officers will continue to be composed of “basic compensation,” a “bonus” (being performance-related), and “stock compensation.”

(2) The System adopts a system referred to as the Officers’ Compensation BIP (Board Incentive Plan)

Trust (hereinafter the "BIP Trust"). In continuing the System from the 2019 fiscal year, the trust period of the established BIP Trust will be continued.

- (3) The BIP Trust is an Officers' incentive plan which is, in essence, the Japanese version of a "Performance Share" arrangement, with reference to the performance share system and restricted stock compensation system in the United States, and it is a type of compensation for Officers in which the Company's shares and a monetary amount equivalent to the Company's shares converted into cash (hereinafter the "Company's Shares, etc.") are distributed and paid to the Corporate Officers based on the degree of attainment of performance objectives (hereinafter the "Distribution, etc."). It represents a mid- to long-term incentive plan in which the Company shares are distributed to the Corporate Officers based on the degree of attainment of performance objectives each year, and it is intended to motivate the Corporate Officers to share a common sense of interest with all shareholders and to achieve higher corporate performance and stock price from the mid- to long-term perspectives of corporate management.
- (4) Such shares will be distributed to the Corporate Officers each July during the term of the BIP Trust. Furthermore, it is provided that the Corporate Officers of the Company cannot sell or purchase the Company's shares during their term of office and until one year passes after leaving office. They will continue to hold the Company's shares they receive by distribution through the System during their term of office and until one year passes after leaving office.

2. Outline of the System



- a) Since the Company has adopted a Company with a Nomination Committee, etc. system, the Compensation Committee first adopted a resolution to continue the System, and then the Board of Directors adopted a resolution to dispose of treasury stock in accordance with the System.
- b) In continuing the System, the Company has established the Basic Policy on Distribution of Shares related compensation of Corporate Officers.
- c) The Company will extend the trust period of the trust which will appoint as beneficiaries those Corporate Officers who meet the beneficiary requirements (such trust hereinafter the "Trust" and such beneficiaries hereinafter the "Beneficiaries") in accordance with the resolutions of the Compensation Committee and the Board of Directors as described in item a), and thereafter the Company will entrust additional money.
- d) In accordance with the instructions of the Trustee, the Trust will receive the allotment of the Company's shares (disposal of treasury stock) by the money additionally entrusted in accordance with item c) and the money that remains in the existing Trust. The number of shares the Trust is to acquire shall be set by way of resolution of the Board of Directors in accordance with the resolution of the Compensation Committee as described in item a).
- e) Distributions of dividends with respect to the Company's shares within the Trust will be made similar to other shares.
- f) Voting rights for the Company's shares within the Trust shall not be exercised during the Trust Period.
- g) In July of each year during the Trust Period, the Corporate Officers who meet the beneficiary requirements will receive a certain proportion of the Company's shares and the monetary amount equivalent to the shares converted to cash that can be obtained by converting a certain proportion of the Company's shares, based on Company-wide performance attainment for each fiscal year.
- h) If there are any residual shares at the expiration of the trust period due to Company-wide performance objectives not being attained during the trust period, etc., the Trust will continue to be used as the System or an incentive plan similar thereto by extending the trust agreement and making additional trusts, or such shares will be transferred, gratis, from the Trust to the Company, and will be cancelled by way of a resolution of the Board of Directors.
- i) Upon the termination of the Trust, the residual assets, after the distribution to the Beneficiaries is completed to the extent that trust expense reserves remain after deducting the stock acquisition funds from the trust money, will belong to the Company. In addition, any amount in excess of the trust expense reserves will be donated to organizations which have no conflict of interest with the Company or the Company's Directors or Corporate Officers.

(Note) If there are no longer any Company's shares in the Trust due to the distribution of the Company's shares or payment of the monetary amounts equivalent to the shares converted for cash to Corporate

Officers that meet the Beneficiaries requirements, the Trust will end before the trust period expires. Furthermore, the Company may entrust additional money to the Trust acquire additional Company shares or trust compensation and to meet Trust expenses.

(1) Outline of the System

After extension, the System allows the Company to annually make Distributions, etc. of the Company's Shares, etc. to the Corporate Officers as compensation in accordance with the degree of attainment of Company-wide performance objectives set each fiscal year. The term of the System is for three years from the fiscal year ending on the last day of March 2020 and continuing to the fiscal year ending on the last day of March 2022.

(2) Resolution by the Compensation Committee and Resolution of the Board of Directors relating to the continuation of the System

Since the Company has adopted a Company with a Nomination Committee, etc. system, the compensation of Directors and Officers is determined through the Compensation Committee. Therefore, for the continuation of the System, the Compensation Committee adopted a resolution to extend the Trust, and, thereafter, the Board of Directors also adopted the necessary resolutions to determine the amount of money to be contributed to the Trust, the number of shares to be acquired by the Trust, and other necessary matters.

(3) Subjects of the System (Beneficiary Requirements)

The subjects of the System are the Corporate Officers of the Company, and by completing the prescribed procedures to confirm their status as Beneficiaries, they are eligible to receive the Company's Shares, etc. each July during the Trust Period on the condition that the following Beneficiary requirements have been met:

- a) During the Trust Period, the Corporate Officer must be a party to an engagement contract with the Company;
- b) The Corporate Officer must not retire or resign from the Company during the term set forth in the Articles of Incorporation;
- c) The number of shares to be distributed is determined by the Compensation Committee through the calculation formula set forth in item (5) below; and
- d) The Corporate Officer must not commit certain types of misconduct.

(4) Post-extension Trust Period

After extension, the Trust Period that will be subject to the System will be three years, from August 1, 2019 (scheduled) to the end of July 2022 (scheduled).

At the end of the Trust Period, the System can be continued by extending the Trust Period and adding trusts, in accordance with a resolution of the Company's Compensation Committee and Board of Directors.

Further, in the case of adding trusts, any of the Company's shares (excluding shares scheduled to be allotted to Corporate Officers, which have not yet been completely allotted; hereinafter "Residual Shares") and money (hereinafter "Residual Money") remaining in the Trust assets on the final day of the Trust Period prior to extension (such shares and money hereinafter referred to collectively as "Residual Shares, etc.") shall be succeeded by the BIP Trust that is extended.

- (5) Number of shares to be distributed to the Corporate Officers (including the number of shares subject to conversion to cash)

The number of shares to be distributed to the Corporate Officers (including the number of shares subject to conversion to cash) is to be determined by the Compensation Committee based on the attainment of Company-wide performance objectives for each fiscal year, ending at the end of March, during the Trust Period, in accordance with the following formula:

(Formula) Number of shares distributed (per year)

Number of shares distributed (per year) = Base number of shares distributed by position (A) x Degree of attainment of Company-wide performance objectives (B)

(A) "Base number of shares distributed by position" shall be calculated by dividing 10% of the total compensation for the particular Corporate Officer's position as determined by the Compensation Committee by the higher of (i) the average closing price for normal transactions (hereinafter the "Closing Price") of the Company's shares on the Tokyo Stock Exchange on each day (except for days on which there were no transactions) belonging to the month of the additional entrustment date of the year the system is extended (May 30, 2019 (scheduled)) (rounded down to the nearest yen), or (ii) the Closing Price on the day of the additional entrustment of the year the System is extended (if there is no Closing Price on such day, the Closing Price on the most recent prior transaction date).

(B) "Degree of attainment of Company-wide performance objectives" shall be evaluated and calculated by the Compensation Committee by looking at the total amount of evaluation points calculated based on the achievement of the Company's consolidated sales revenue, consolidated operating profit, consolidated profit for the year (attributable to the parent company), and consolidated return on equity (consolidated ROE) each fiscal year. As a result, the number of shares to be distributed will be determined within the range of 0-150% of the "Base number of shares distributed by position".

- (6) Amount of trust money to be additionally entrusted to the Trust and the number of shares to be additionally acquired by the Trust

The amount of trust money to be additionally entrusted to the Trust and the number of shares to be additionally acquired by the Trust shall be calculated as follows.

Amount of trust money to be additionally entrusted to the Trust:

JPY 332,430,000 (\*)

\*The amount of the total of the above additional trust amount and the Residual Money

succeeded from the existing BIP Trust will be allocated to the funds for acquiring shares for the Trust, Trust compensation, and Trust expenses.

Number of shares to be additionally acquired by the Trust:

54,000 Shares (\*)

\*The number of shares of the total of the above number of shares to be additionally acquired by the Trust and the Residual Shares to be succeeded from the existing BIP Trust will be the number of shares of the Company's Shares, etc., for which the Distribution, etc., to Corporate Officers is expected during the Trust Period of the Trust.

The amount of money to be additionally entrusted to the Trust will be calculated taking into consideration the amount of compensation of the Corporate Officers as well as the Trust compensation and Trust expenses.

The number of shares to be additionally acquired shall be set to the level required for distributions in the event of the highest attainment of Company-wide performance objectives, with reference to the present stock price level and the present composition of the Corporate Officers.

(7) The method of acquiring the Company's shares through the Trust

After extension, the acquisition of the Company's shares by the Trust is scheduled to be conducted by way of the disposal of the Company's treasury stock, in accordance with the number of additionally acquired shares and amount of money for the share acquisitions stipulated in item (6) above.

(8) The method and period of the Distribution, etc. of the Company's Shares, etc. to the Corporate Officers

"Distribution, etc. of the Company's Shares, etc." means to receive the distribution of shares from the Trust for half the number of the Company's shares distributed to the Corporate Officers (provided that shares representing less than one unit will be converted within the Trust and the payment of the monetary amount equivalent to such shares converted to cash will be received), and, for the remaining half the number of the Company's shares, to receive payment of the monetary amount equivalent to the shares converted to cash after they are converted within the Trust.

Corporate Officers who fulfill the Beneficiary Requirements shall receive the Distribution, etc. of the Company's Shares, etc. in July of every year during the Trust Period. Furthermore, it is provided that the Corporate Officers of the Company cannot sell or purchase the Company's shares during their term of office and until one year passes after leaving office. They will continue to hold the Company's shares they receive by distribution through the System during their term of office and until one year passes after leaving office.

If a Corporate Officer dies during the Trust Period, in principle, with respect to the number of all of the Company's shares for which the Distribution, etc. was determined at such time, the heirs of such Corporate Officer shall receive payment from the Trust of the monetary amount equivalent to the shares converted to cash after they are converted within the Trust.

(9) Exercise of voting rights with regard to the Company's shares within the Trust

In order to ensure the neutrality of the Trust's management, the voting rights of the Company's shares in the Trust are not to be exercised during the Trust Period.

(10) Handling of the dividends relating to the Company's shares within the Trust

The dividends for the Company's shares in the Trust shall be received by the Trust, and shall be allocated towards the Trust compensation and Trust expenses.

(11) Handling of the Trust at its expiration

If there are any Residual Shares at the expiration of the Trust Period due to Company-wide performance objectives not being attained during the Trust Period or for other reasons, the Trust will continue to be used as the System or an incentive plan similar thereto by extending the trust agreement and making additional trusts. If the Trust will end due to the expiration of the Trust Period, as a means for sharing and boosting the earnings per share for the shareholders, a gratis transfer of such Residual Shares shall be conducted from the Trust to the Company and the Company is scheduled to cancel the Residual Shares in accordance with a resolution of the Board of Directors.

Furthermore, the balance of the dividends related to the Company's shares within the Trust that exist at the expiration of the Trust Period will be utilized as share acquisition funds if the Trust will continue to be used, but if the Trust will be terminated due to the expiration of the Trust Period, the amount that exceeds the Trust expense reserves are expected to be donated to organizations which have no conflict of interest with the Company or the Company's Directors or Corporate Officers.



**(Reference)**

**【Details of Trust Agreement】**

- a) Type of trust: Monetary Trust other than a specified solely administered monetary trust (Third Party Beneficiary Trust)
- b) Purpose of trust: Granting incentives to the Corporate Officers of the Company
- c) Trustor: The Company
- d) Trustee: Mitsubishi UFJ Trust and Banking Corporation  
(Joint Trustee: The Master Trust Bank of Japan, Ltd.)
- e) Beneficiaries: Corporate Officers satisfying the requirements to become Beneficiaries
- f) Trust Administrator: A third party having no conflict of interest with the Company  
(Certified Public Accountant)
- g) Trust Agreement Date: May 29, 2013 (scheduled to be changed as of May 30, 2019)
- h) Trust Period: From May 29, 2013 to July 31, 2019 (scheduled to be extended until the end of July 2022 by a change to the trust agreement dated May 30, 2019)
- i) Post-extension System Commencement Date: August 1, 2019 (scheduled)
- j) Exercise of Voting Rights: No voting rights shall be exercised
- k) Types of Shares Acquired: Company's common stock
- l) Amount added to the Trust JPY 332,430,000 (including trust compensation and trust expenses)
- m) Share Acquisition Date: May 31, 2019 (scheduled)
- n) Method of acquiring shares: By way of disposal of the Company's treasury stock
- o) Rights Holder: The Company
- p) Residual Assets: The residual assets that may be received by the Company, which is the rights holder, shall be within the trust expenses reserves equal to the trust money minus the amount for the share acquisition.

**【Details of the Trust and Company Share Related Administration】**

a) Trust Related Administration: Mitsubishi UFJ Trust and Banking Corporation shall be the trustee of the Trust BIP and shall conduct Trust related administration.

b) Company Share Related Administration: Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. will conduct the administration related to the distribution of the Company shares to the beneficiaries based on an administration services agreement.

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