

FOR IMMEDIATE RELEASE

May 13, 2016

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: Sayoko Sasaki
Vice President,
Corporate Affairs
Phone 81-3-3817-5120

Notification Regarding the Disposal of Treasury Stock through Third-Party Allotment in Accordance with the Continuation of Performance-Related Stock Compensation System

At the Board of Directors meeting held on May 13, 2016, Eisai Co., Ltd. (Headquarters: Tokyo, Representative Corporate Officer and CEO: Haruo Naito, hereinafter “the Company”) resolved to dispose of treasury stock (by means of third-party allotment) in accordance with the continuation of performance-related stock compensation system (hereinafter the “System”) for its Corporate Officers to be determined by the Compensation Committee of the Company.

1. Overview of the disposal

(1) Date of disposal	May 31, 2016
(2) Number of shares being disposed of	39,000 shares
(3) Disposal price	¥ 6,939 per share
(4) Total funds to be procured	¥ 270,621,000
(5) Disposal method	Third-party allotment
(6) Allottee	The Master Trust Bank of Japan, Ltd. (Trust Account for Officers' Compensation Board Incentive Plan (BIP))
(7) Other	This disposal of treasury stock shall be subject to the coming into force of the notification in accordance with the Financial Instruments and Exchange Act.

2. Purpose and reasons for the disposal

The Company is a company with a nominating committee, etc. and the Compensation Committee thereof determines the compensation, etc., of Directors and Corporate Officers. In the Compensation Committee meeting held on May 13, 2016, the Compensation Committee of the Company, with the purpose of achieving higher motivation for the Corporate Officers' execution of their duties and to increase the motivation of Corporate Officers to enhance medium to long-term corporate value, has decided to continue the System that has been introduced from the 2013 fiscal year.

With the above revision of the System, the compensation system for Corporate Officers will continue to be composed of “basic compensation,” a “bonus” (being performance-related), and “stock compensation.”

For a summary of the System, please refer to the “Notification Regarding the Continuation and Partial Revision of the Performance-Related Stock Compensation System,” which was announced today.

This disposal of treasury stock refers to the disposal thereof to The Master Trust Bank of Japan, Ltd. (Trust Account for Officers’ Compensation Board Incentive Plan (BIP)), which is a joint trustee of the Officers’ Compensation Board Incentive Plan (BIP) trust agreement executed by the Company with Mitsubishi UFJ Trust and Banking Corporation, by means of third-party allotment in accordance with the continuation of the System.

3. Amount, use, and scheduled timing for use of funds to be procured

(1) Amount of funds to be procured (estimated net amount after expenses, etc.)

Total Amount to Be Paid	¥ 270,621,000
Estimated Expenses	¥ -
Estimated Net Amount after Expenses	¥ 270,621,000

(2) Specific use of the funds to be procured

The funds to be procured through the disposal of the treasury stock will be appropriated in a lump sum by March 2017 for research and development expenses, etc., relating to pharmaceutical products for mainly cancer and nervous system diseases.

The funds will be managed in the Company's bank account until they are used for the above purpose.

4. View on reasonableness of use of funds

The Company believes that the planned use of the funds to be procured by disposal of the treasury stock is reasonable, as it will contribute to the operation of the Company's business.

5. Reasonableness of disposal terms and conditions

(1) Basis for calculation of disposal price

In view of the recent fluctuations in the stock price, in order to determine the disposal price in a non-arbitrary fashion, the Company will determine the disposal price as being the higher of either (i) the closing price of the Company's shares traded on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board of Directors meeting at which the resolution for this disposal has been made, or (ii) the average closing price of the Company's shares traded on the Tokyo Stock Exchange in the one-month period immediately preceding the date of the Board of Directors meeting at which the resolution for this disposal has been made (i.e., from April 13, 2016 to May 12, 2016).

As a result, the amount to be paid per share has been set at ¥ 6,939, being the average closing price of the Company's shares traded on the Tokyo Stock Exchange in the one-month period immediately preceding the date of the Board of Directors meeting (105% of the closing price (¥ 6,594) of the Company's shares traded on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board of Directors meeting).

The reason for adopting the disposal price, by comparing (i) the closing price of the Company's

shares traded on the Tokyo Stock Exchange on the business day immediately preceding the resolution at the Board of Directors meeting and (ii) the average closing price of the Company's shares traded on the Tokyo Stock Exchange in the one-month period immediately preceding the resolution at the Board of Directors meeting, is because the Company believes that adopting the disposal price by way of comparison with the average share price over a given period, rather than being based on the share price at one particular point in time, is a reasonable basis for calculation.

In addition, the relevant price per share represents a premium of +0% over the average closing price, rounded down to the nearest yen (¥ 6,921), on the Tokyo Stock Exchange in the three-month period immediately preceding the date of the resolution at the Board of Directors meeting (i.e., from February 13, 2016 to May 12, 2016), or a premium of -5% over the average closing price, rounded down to the nearest yen (¥ 7,304), on the Tokyo Stock Exchange in the six-month period immediately preceding the date of the resolution at the Board of Directors meeting (i.e., from November 13, 2015 to May 12, 2016). The Company therefore believes that the relevant disposal price is not especially favorable to the allottee.

The Audit Committee of the Company has expressed its opinion that the adoption of the disposal price, as the higher of either (i) the closing price of the Company shares traded on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution at the Board of Directors meeting, or (ii) the average closing price of the Company's shares traded on the Tokyo Stock Exchange in the one-month period immediately preceding the date of the resolution at the Board of Directors meeting (i.e., from April 13, 2016 to May 12, 2016), is a reasonable basis for calculating the disposal price, and that it is not especially favorable to the allottee.

(2) Basis of assessing that the number of shares being disposed of and level of share dilution are reasonable

The number of shares to be disposed of is the number of shares expected to be issued to the Corporate Officers of the Company during the trust period in accordance with the Basic Policy on Distribution of Shares (including paying the monetary amount equivalent to part of the shares converted to cash after the Company's shares are converted within the trust). The level of share dilution is equal to 0.01% of the issued and outstanding shares (rounded off to two decimal places, and 0.01% of the total voting right 2,856,134 units as of the end of March 2016), which is minimal.

In addition, as the shares of the Company allotted through this disposal of treasury stock shall in principle be issued to the Corporate Officers of the Company in accordance with the Basic Policy on Distribution of Shares, the Company believes that there will only be a minor effect on the secondary market.

Based on the above reasons, this is a reasonable decision as there will only be an extremely minor effect caused by the disposal of the treasury stock.

6. Reason for selection of allottee

(1) Overview of the allottee

1) Name: The Master Trust Bank of Japan, Ltd. (Trust Account for Officers' Compensation Board Incentive Plan (BIP))

2) Details of Trust Agreement:

Type of Trust: Monetary trust other than a specified solely-administered monetary trust (Third-Party Beneficiary Trust)

Purpose of Trust: Granting incentives to the Corporate Officers of the Company

Trustor: The Company

Trustee: Mitsubishi UFJ Trust and Banking Corporation

Beneficiaries:	(Joint Trustee: The Master Trust Bank of Japan, Ltd.) Corporate Officers meeting the requirements to become Beneficiaries
Trust Administrator:	A third party having no conflict of interest with the Company (Certified Public Accountant)
Trust Agreement Date:	May 29, 2013 (scheduled to be amended as of May 30, 2016)
Trust Period:	From May 29, 2013 to July 31, 2016 (scheduled to be extended until the end of July 2019 by the amended of the trust agreement dated May 30, 2016)
System Commencement Date:	The system will start from August 1, 2016 (scheduled)
Exercise of Voting Rights:	No voting rights shall be exercised

(Reference) Overview of the allottee

(1) Name	The Master Trust Bank of Japan, Ltd. (Trust Account for Officers' Compensation Board Incentive Plan (BIP))		
(2) Address	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo		
(3) Name and position of representative	Kaoru Wachi, Representative Director, President		
(4) Business description	Management services of securities, Management services and settlement services regarding asset management		
(5) Capital	10,000 billion yen		
(6) Date established	May 9, 2000		
(7) Number of shares issued	Common shares:120,000 shares		
(8) Fiscal year	March 31		
(9) Number of employees	775 (as of September 30, 2015)		
(10) Main business partners	Business corporations, financial institutions		
(11) Main banks	-		
(12) Major shareholders and shareholding ratio	Mitsubishi UFJ Trust and Banking Corporation	46.5%	
	Nippon Life Insurance Company	33.5%	
	Meiji Yasuda Life Insurance Company	10.0%	
	The Norinchukin Trust and Banking Co., Ltd.	10.0%	
(13) Relationship of the parties	Capital relationship: N/A		
	Personnel relationship: N/A		
	Business relationship: N/A between the Company and such company. However, there are trust banking transactions with Mitsubishi UFJ Trust and Banking Corporation, which is a principal investor of such company.		
	Ties to related parties: N/A		
(14) Business results and financial conditions over the last three fiscal years			
Fiscal year ended	March 31, 2013	March 31, 2014	March 31, 2015
Net assets (million yen)	20,339	20,829	21,233
Total assets (million yen)	471,798	602,241	1,450,058
Net assets per share (yen)	169,493.96	173,581.48	176,948.03
Ordinary revenue	23,897	23,258	21,913

(million yen)			
Ordinary income (million yen)	1,044	1,044	863
Net income (million yen)	631	626	522
Net income per share (yen)	5,260.98	5,221.55	4,355.17
Dividends per share (yen) (common stock)	1,315.00	1,305.00	1,088.00

*Furthermore, the Company has investigated in accordance with public information of the home page and disclosure journals with respect to the allottee or such allottee's officers or principal shareholders (principal investors) not having any relationships with anti-social forces and confirmed that there are no issues, and has submitted a confirmation letter to that effect to the Tokyo Stock Exchange, Inc.

(2) Reason for selecting the allottee

In accordance with the continuation of the System, the shares will be disposed to The Master Trust Bank of Japan, Ltd. (Trust Account for Officers' Compensation Board Incentive Plan (BIP)), which is a joint trustee of the Officers' Compensation Board Incentive Plan (BIP) trust agreement executed by the Company with Mitsubishi UFJ Trust and Banking Corporation.

(3) Allottee's policy on holding shares

In accordance with the above-mentioned Trust Agreement, the allottee, The Master Trust Bank of Japan, Ltd. (Trust Account for Officers' Compensation Board Incentive Plan (BIP)), will possess the shares of the Company allotted by means of the disposal of treasury stock in order to distribute the shares of the Company to the Corporate Officers of the Company during the Trust Period in accordance with the Basic Policy on Distribution of Shares.

Furthermore, if the allottee, The Master Trust Bank of Japan, Ltd. (Trust Account for Officers' Compensation Board Incentive Plan (BIP)), transfers all or part of the disposed-of shares within a two-year period from the allotment, a confirmation letter is expected to be received with respect to concluding a pledge agreement with the Company, under which the allottee shall immediately report to the Company, in writing, the purchaser's name and address, the number of shares transferred, the transfer date, transfer price, transfer reason, transfer method, etc., thereof, and the Company shall report the details of such report to the Tokyo Stock Exchange, Inc., and the details of such report shall be made available for public inspection.

(4) Confirmation that the allottee has the funds required for payment

The Company has confirmed through the above-mentioned Trust Agreement that, with respect to the monetary equivalent to the funds required for payment by the allottee, the residual money in the trust and the trust money to be contributed by the Company to the System will exist within the trust assets as of the disposal date.

7. Major shareholders and shareholding ratio following the disposal

Before disposal (as of March 31, 2016)		After disposal	
Japan Trustee Service Trust Bank, Ltd. (trust account)	10.66%	Japan Trustee Service Trust Bank, Ltd. (trust account)	10.66%
The Master Trust Bank of Japan, Ltd. (trust account)	7.70%	The Master Trust Bank of Japan, Ltd. (trust account)	7.70%
JP MORGAN CHASE BANK 385147	4.36%	JP MORGAN CHASE BANK 385147	4.36%
Nippon Life Insurance Company	4.14%	Nippon Life Insurance	4.14%
Saitama Resona Bank, Limited	2.52%	Saitama Resona Bank, Limited	2.52%

Mizuho Trust & Banking Co.,Ltd., retirement benefit trust, Mizuho Bank account, re-trust trustees, asset management service, Trust & Custody Services Bank,Ltd.	1.83%	Mizuho Trust & Banking Co.,Ltd., retirement benefit trust, Mizuho Bank account, re-trust trustees, asset management service, Trust & Custody Services Bank,Ltd.	1.83%
The Naito Foundation	1.41%	The Naito Foundation	1.41%
STATE STREET BANK AND TRUST COMPANY	1.35%	STATE STREET BANK AND TRUST COMPANY	1.35%
STATE STREET BANK WEST CLIENT – TREATY 505234	1.32%	STATE STREET BANK WEST CLIENT – TREATY 505234	1.32%
THE BANK OF NEW YORK MELLON SA/NV 10	1.17%	THE BANK OF NEW YORK MELLON SA/NV 10	1.17%

*1 The major shareholders and shareholding ratios following the disposal are based on the register of shareholders as of March 31, 2016.

*2 Treasury stock (3.56% before disposal) is excluded from the above table since they have no voting rights.

8. Matters relating to transactions with a controlling shareholder

This transaction does not constitute a transaction with a controlling shareholder.

9. Outlook for the future

There will be no impact on either the current accounting term or thereafter.

10. Procedures under the Business Code of Conduct

Since the stock dilution resulting from this transaction is less than 25%, and since this disposal does not cause a change in a controlling shareholder, it is not required to obtain an opinion from an independent third party and to confirm the intention of the shareholders as set forth in Rule 432 of the Securities Listing Regulations established by the Tokyo Stock Exchange, Inc.

11. Business results and equity finance position for the past three fiscal years

(1) Results for the past three years (Consolidated: International Financial Reporting Standards)

Fiscal year ended	March 31, 2014	March 31, 2015	March 31, 2016
Revenue	599,490 million yen	548,465 million yen	547,922 million yen
Operating profit	66,398 million yen	28,338 million yen	51,935 million yen
Profit for the year	38,501 million yen	43,453 million yen	55,045 million yen
Profit for the year attributable to owner of the parent	38,251 million yen	43,254 million yen	54,933 million yen
Earnings per share (Basic)	134.13 yen	151.57 yen	192.23 yen
Dividends per share	150.00 yen	150.00 yen	150.00 yen
Equity per share attributable to owner of the parent	1,845.06 yen	2,096.39 yen	2,006.22 yen

(2) Number of issued shares and number of potential shares (as of March 31, 2016)

	Number of shares	Ratio to number of issued shares
Number of issued shares	296,566,949	100.0%
Number of potential shares at current conversion price (strike price)	1,235,400	0.4%

Number of potential shares at lower limit conversion price (strike price)	-	-
Number of potential shares at upper limit conversion price (strike price)	-	-

(3) Recent stock prices

1) Most recent three years

Fiscal year ended	March 31, 2014	March 31, 2015	March 31, 2016
Opening price	4,165 yen	3,979 yen	8,400 yen
High	4,675 yen	9,756 yen	9,024 yen
Low	3,600 yen	3,800 yen	6,633 yen
Closing price	4,018 yen	8,535 yen	6,770 yen

2) Most recent six months

	November	December	January	February	March	April	May
Opening price	7,501 yen	7,931 yen	7,913 yen	7,177 yen	6,970 yen	6,760 yen	6,535 yen
High	8,244 yen	8,486 yen	8,039 yen	7,929 yen	7,326 yen	7,338 yen	6,737 yen
Low	7,294 yen	7,494 yen	6,785 yen	6,692 yen	6,633 yen	6,200 yen	6,457 yen
Closing price	7,997 yen	8,063 yen	7,190 yen	6,958 yen	6,770 yen	6,835 yen	6,594 yen

*The prices for May include the stock price (closing price) up to and including May 12.

3) Stock prices on the business day preceding the disposal resolution

	May 12, 2016
Opening price	6,586 yen
High	6,624 yen
Low	6,531 yen
Closing price	6,594 yen

(4) Equity finance position during the most recent three years

There are no applicable matters.

12. Overview of the disposal

- (1) Number of shares being disposed of: 39,000 shares
- (2) Disposal price: 6,939 yen per share
- (3) Total disposal price: 270,621,000 yen
- (4) Disposal method: To be transferred to The Master Trust Bank of Japan, Ltd. (Trust Account for Officers' Compensation Board Incentive Plan (BIP))
- (5) Paid-in date: May 31, 2016
- (6) Treasury stock following the disposal: 10,516,842 shares

(However, the purchase portion of shares of less than one unit and the exercise portion of stock options after April 1, 2016 are not included in the above.)
