

Final Update: August 1, 2014

Eisai Co., Ltd.

Haruo Naito, Representative Corporate Officer and CEO

Contact: Sayoko Sasaki, Vice President, Corporate Affairs

Securities Code: 4523

<http://www.eisai.com/>

The status of Eisai's corporate governance is described below.

I. Basic philosophy of corporate governance, capital structure, corporate profile, and other basic information

1. Basic philosophy

Eisai has adopted the following Corporate Philosophy and incorporated it into the Company's Articles of Incorporation as a commitment to our shareholders.

(Corporate Philosophy)

- (1) The Company's Corporate Philosophy is to give first thought to patients and their families, and to increase their benefits that health care provides. Under this Philosophy, the Company endeavors to become a *human health care (hhc)* company.
- (2) The Company's mission is the enhancement of patient satisfaction. The Company believes that revenues and earnings will be generated as a consequence of the fulfillment of the mission. The Company places importance on this positive sequence of the mission and the ensuing results.
- (3) Positioning compliance, the observance of legal and ethical standards, as a core in all business activities, the Company strives to fulfill corporate social responsibilities.
- (4) The Company's principal stakeholders are patients, customers, shareholders and employees. The Company endeavors to develop a good relationship with stakeholders and to enhance their value through making the following efforts:
 1. Satisfying unmet medical needs, ensuring stable supply of high quality products, and providing useful information of safety and

- efficacy.
2. Timely disclosure of corporate management information, enhancement of corporate value, and proactive return to shareholders.
 3. Ensuring stable employment, offering challenging and fulfilling duties, and providing full opportunities for the development and enhancement of employees' capabilities.

This corporate Philosophy is shared as common knowledge among Eisai's Japanese and overseas group companies (Eisai Network Companies).

While developing Eisai's global business through their respective separate operations, they work as one toward the realization of this Corporate Philosophy. To realize the corporate Philosophy, corporate measures and policies must be executed with long-term vision. Such implementation is made possible only with the trust of the Company's shareholders. Therefore the Company is always aiming for good corporate governance, and to continually achieve its fulfillment.

In considering respecting the rights of all our shareholders, and as the essence of corporate governance is to ensure fair and transparent management and to enhance corporate vitality, the Company aims to secure the trust of its shareholders. With such trust, our shareholders will be motivated to hold our shares with confidence for a long time in accordance with the following basic points of view:

- (1) Shareholder Relations:
 - The Company shall:
 - (i) Respect the rights of all shareholders.
 - (ii) Ensure the equality of all shareholders.
 - (iii) Structure favorable and smooth relations with the Company's stakeholders including all shareholders.
 - (iv) Disclose properly and ensure the transparency of Company information.
- (2) Corporate Governance System
 - (i) The Company has adopted a Company with Committees System.
 - (ii) The Board of Directors shall broadly delegate to the Corporate Officers the power of decision-making over business conduct to the extent permitted by the laws and regulations and shall exercise its management oversight function.

- (iii) The majority of the Board of Directors shall consist of independent Outside Directors.
- (iv) There shall only be one CEO (Representative Corporate Officer) who shall be a Corporate Officer and a Director concurrently.
- (v) To clarify the management oversight function, the Chair of the Board of Directors and the Representative Corporate Officer CEO shall be divided.
- (vi) The Nomination Committee and the Compensation Committee shall be entirely composed of Outside Directors, and the majority of the Audit Committee shall consist of Outside Directors.
- (vii) Each of the Chairs of the Nomination Committee, the Audit Committee and the Compensation Committee shall be appointed from the Outside Directors.
- (viii) The internal controls system shall operate properly to ensure the credibility of financial reports.

Detailed information regarding Eisai's corporate governance is available on the corporate website (<http://www.eisai.com/company/governance.html>) along with the Company's Corporate Governance guidelines, Rules of the Board of Directors, Rules of the Nomination Committee, Rules of the Audit Committee, and Rules of the Compensation Committee.

2. Capital structure

Percentage of Foreign Shareholders: From 20% to less than 30%

[Status of Major Shareholders]

| Name / Company Name | Number of Shares Owned | Percentage (%) |
|--|------------------------|----------------|
| Japan Trustee Services Bank, Ltd. (Trust Account) | 18,649,500 | 6.29 |
| Nippon Life Insurance Company | 14,845,445 | 5.01 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 13,659,600 | 4.61 |
| Saitama Resona Bank, Limited | 8,300,000 | 2.80 |
| JP Morgan Chase Bank, 385147 | 6,188,800 | 2.09 |
| Eisai Employee Shareholding Association | 5,640,360 | 1.90 |
| Mizuho Bank, Ltd. | 5,398,616 | 1.82 |

| Name / Company Name | Number of Shares Owned | Percentage (%) |
|--------------------------------------|------------------------|----------------|
| The Naito Foundation | 4,207,169 | 1.42 |
| State Street Bank West Client-Treaty | 3,902,551 | 1.32 |
| The Bank of New York, 133522 | 3,894,311 | 1.31 |

Predominant Shareholders: -----

Parent Company: Not exist

3. Corporate profile

Listed stock markets and market section: Tokyo, Section 1

Accounting period: March

Type of business: Pharmaceuticals

Employees (consolidated): 1,000 or more

Sales (consolidated): ¥100 billion or more, less than ¥1 trillion

Consolidated subsidiaries: 10 or more, less than 50

4. Indicator concerning strategy of protection of minority stockholders when having dealings with predominant stockholder.

5. Other circumstances that may significantly affect corporate governance

II. The status of management decisions, business management organization related to administration and oversight, and other corporate governance systems

1. Organizational composition and operation

Organization type: Company with a committees system

[Directors]

Number of directors on article of incorporation: 15

Term of office on article of incorporation: 1

Chair of Board of Directors: Outside director

Number of directors: 11

[Outside Directors]

Number of outside directors: 7

Number of independent directors who are outside directors: 7

Relationship to the company (1)

| Name | Characteristics | Relationship to the Company (*1) |
|-------------------|---------------------------|----------------------------------|
| Tokuji Izumi | Came from another company | h |
| Kiyochika Ota | Came from another company | h |
| Graham Fry | Came from another company | h |
| Osamu Suzuki | Came from another company | h |
| Patricia Robinson | Came from another company | h |
| Toru Yamashita | Came from another company | d, h |
| Ikuo Nishikawa | Came from another company | h |

*1 Types of relationship to the company

a Came from the parent company.

b Came from a related company other than the parent company.

c Is a major shareholder in the applicable company.

d Has additional duties as an outside director or outside corporate auditor for another company.

e Is a director with executive duties, a corporate officer, etc., of another company.

f Is the spouse, close relative, or has a similar relationship with a director with executive duties, a corporate officer, etc., of the applicable company or a specified company related to the applicable company.

g Receives compensation or other profit from assets for service as an officer of the parent company of the applicable company or a subsidiary of said parent company.

h Has entered into a contract with the applicable company limiting responsibilities.

i Other

Relationship to the company (2)

| Name | Supplementary Explanation of Conforming Items | Supplementary Explanation of Conforming Items |
|--|--|---|
| <p>Tokuji Izumi (Independent officer for notifications to stock exchanges)</p> | <p>Meeting “Requirements for the Independence and Neutrality of Outside Directors” that were stipulated by the Nomination Committee. (See the final page for details.)</p> | <p><Reason for Selection> Mr. Izumi is a legal specialist who has many years of experience serving as a judge. Although he has not been directly involved with corporate management, in regard to management supervision, his rich experience and knowledge give him the ability to make fair judgments that are not biased toward benefits of managers or specially interested parties. In addition to considering the need for the Board of Directors to be composed of diverse directors with a variety of specialized knowledge and experience, etc., the Nomination Committee has considered such factors as his (1) practical accomplishments as Chair of the Board of Directors (2) qualifications and capabilities as a director, (3) experience, and (4) age and length of time in office, etc. Having objectively determined that he is capable of executing his management oversight duties, the Nomination Committee has nominated him to continue from the previous year serving as an outside director.</p> <p><Policy for Independence and Neutrality> Because Mr. Izumi meets the conditions for outside directors stipulated by the Companies Act and meets the “Requirements for independence and neutrality” that the Nomination Committee of the Company has stipulated as a</p> |

| Name | Supplementary Explanation of Conforming Items | Supplementary Explanation of Conforming Items |
|------|---|--|
| | | <p>requirement for outside directors, the Nomination Committee has determined that he is sufficiently endowed with independence and neutrality as an outside director.</p> <p>Furthermore, although he is an advisor to TMI Associates (with which the Company conducts business transactions), he does not execute business related to management decisions of the law firm, nor is he an employee of the law firm. He does not handle legal issues for the Company. Additionally, although he served as a member of the Company's Compliance Committee in the past, in which capacity he provided counsel from a neutral standpoint regarding the improvement of the Company's compliance, the amount of compensation paid to him was less than ¥10 million, and he retired from the committee as of March 31, 2010.</p> <p>For the above reasons, the Nomination Committee has confirmed that there is no related obstacle, problem, or other circumstance that would impair his ability to execute his duties as an independent, neutral outside director.</p> <p>In addition, he does not fall under any of the requirements of Article 211 Clause 4 Item 5 of the Ordinance for Enforcement of Securities Listing Regulations.</p> |

| Name | Supplementary Explanation of Conforming Items | Supplementary Explanation of Conforming Items |
|---|--|--|
| <p>Kiyochika Ota (Independent officer for notifications to stock exchanges)</p> | <p>Meeting “Requirements for the Independence and Neutrality of Outside Directors” that were stipulated by the Nomination Committee. (See the final page for details.)</p> | <p><Reason for Selection> Mr. Ota has abundant experience as a manager in a company deploying consulting and IT solutions, as well as a high level of insight into management and excellent supervisory ability. In addition to considering the need for the Board of Directors to be composed of diverse directors with a variety of specialized knowledge and experience, etc., the Nomination Committee has considered such factors as his (1) practical accomplishments as a director, chair of the Nomination Committee, and a member of the Compensation Committee, (2) qualifications and capabilities as a director, (3) experience, and (4) age and length of time in office, etc. Having objectively determined that he is capable of executing his management oversight duties, the Nomination Committee has nominated him to continue from the previous year serving as an outside director.</p> <p><Policy for Independence and Neutrality> Because Mr. Ota meets the conditions for outside directors stipulated by the Companies Act and meets the “Requirements for independence and neutrality” that the Nomination Committee of the Company has stipulated as a requirement for outside directors, the Nomination Committee has determined that he is sufficiently endowed with</p> |

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| | | <p>independence and neutrality as an outside director.</p> <p>He has also served as an officer of Nomura Research Institute, Ltd. and Canon MJ IT Group Holdings Inc.</p> <p>Nomura Research Institute, Ltd. has a transactional partnership with the Company for systems-related business, etc., but the value of said partnership is negligible (less than 0.5% of the sales of said company).</p> <p>Companies associated with Canon MJ IT Group Holdings Inc. conduct transactions with the Company for office equipment, etc., but the value of said transactions are negligible (less than 0.05% of the sales of said company).</p> <p>For the above reasons, the Nomination Committee has confirmed that there is no related obstacle, problem, or other circumstance that would impair his ability to execute his duties as an independent, neutral outside director.</p> <p>In addition, he does not fall under any of the requirements of Article 211 Clause 4 Item 5 of the Ordinance for Enforcement of Securities Listing Regulations.</p> |
| Graham Fry (Independent officer for notifications) | Meeting “Requirements for the Independence and Neutrality | <p><Reason for Selection></p> <p>Sir Graham Fry served for many years as a diplomat in the British Diplomatic Service. Despite a lack of direct involvement in corporate management, he boasts</p> |

| Name | Supplementary Explanation of Conforming Items | Supplementary Explanation of Conforming Items |
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| to stock exchanges) | of Outside Directors” that were stipulated by the Nomination Committee. (See the final page for details.) | <p>far-reaching achievements and knowledge, including experience as the British Ambassador to Japan, that point to a familiarity with international matters, considerable management insight, and exceptional supervisory capabilities. In addition to composing the Board of Directors of diverse directors with a variety of specialized knowledge and experience, etc., the Nomination Committee has considered such factors as his (1) practical accomplishments as a director, member of the Nomination Committee, and member of the Compensation Committee, (2) qualifications and capabilities as a director, (3) experience, and (4) age and length of time in office, etc. Having objectively determined that Sir Graham Fry is capable of executing his management oversight duties and is suitable as a director of the Company, the Nomination Committee has nominated him to continue from the previous year serving as an outside director.</p> <p><Policy for Independence and Neutrality></p> <p>Because Sir Graham Fry meets the conditions for outside directors stipulated by the Companies Act and meets the “Requirements for independence and neutrality” that the Nomination Committee of the Company has stipulated as a requirement for outside directors, the Nomination Committee has determined that Sir Graham Fry is sufficiently endowed</p> |

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| | | <p>with independence and neutrality as an outside director.</p> <p>Sir Graham Fry had a government relations-oriented advisory agreement with the Company, but the amount of compensation paid to him under this advisory agreement was less than ¥10 million, and the agreement was terminated on May 31, 2012.</p> <p>For the above reasons, the Nomination Committee has confirmed that there is no related obstacle, problem, or other circumstance that would impair his ability to execute his duties as an independent, neutral outside director.</p> <p>In addition, Sir Graham Fry does not fall under any of the requirements of Article 211 Clause 4 Item 5 of the Ordinance for Enforcement of Securities Listing Regulations.</p> |
| Osamu Suzuki (Independent officer for notifications to stock exchanges) | Meeting “Requirements for the Independence and Neutrality of Outside Directors” that were stipulated by the Nomination Committee. (See the final | <p><Reason for Selection></p> <p>Mr. Suzuki is a legal and patent specialist. Although he has not been directly involved with management, he has served as an outside director for another company and has rich experience related to corporate law, giving him a high level of insight into management and excellent supervisory ability.</p> <p>In addition to considering the need for the Board of Directors to be composed of diverse directors with a variety of specialized</p> |

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| | page for details.) | <p>knowledge and experience, etc., the Nomination Committee has considered such factors as his (1) practical accomplishments as a director, member of the Audit Committee, and Chair of the Independent Committee of Outside Directors, (2) qualifications and capabilities as a director, (3) experience, and (4) age and length of time in office, etc. Having objectively determined that he is capable of executing his management oversight duties, the Nomination Committee has nominated him to continue from the previous year serving as an outside director.</p> <p><Policy for Independence and Neutrality> Because Mr. Suzuki meets the conditions for outside directors stipulated by the Companies Act and meets the “Requirements for independence and neutrality” that the Nomination Committee of the Company has stipulated as a requirement for outside directors, the Nomination Committee has determined that he is sufficiently endowed with independence and neutrality as an outside director.</p> <p>Although he currently serves as a Partner of YUASA and HARA, there is no transactional partnership between YUASA and HARA and the Company.</p> <p>For the above reasons, the Nomination Committee has confirmed that there is no related obstacle, problem, or other</p> |

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| | | <p>circumstance that would impair his ability to execute his duties as an independent, neutral outside director.</p> <p>In addition, he does not fall under any of the requirements of Article 211 Clause 4 Item 5 of the Ordinance for Enforcement of Securities Listing Regulations.</p> |
| <p>Patricia Robinson (Independent officer for notifications to stock exchanges)</p> | <p>Meeting “Requirements for the Independence and Neutrality of Outside Directors” that were stipulated by the Nomination Committee. (See the final page for details.)</p> | <p><Reason for Selection></p> <p>Ms. Robinson is a specialist in corporate strategy and corporate organizational theory. Although she has not been directly involved with management, she has a strong international perspective, a high level of insight into management, and excellent oversight skills.</p> <p>In addition to composing the Board of Directors of diverse directors with a variety of specialized knowledge and experience, etc., the Nomination Committee has considered such factors as her (1) practical accomplishments as a director and member of the Audit Committee, (2) qualifications and capabilities as a director, (3) experience, and (4) age and length of time in office, etc. Having objectively determined that she is capable of executing her management oversight duties and is suitable as a director of the Company, the Nomination Committee has nominated her to continue from the previous year serving as an outside director.</p> <p><Policy for Independence and Neutrality></p> <p>Because Ms. Robinson meets the conditions</p> |

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| | | <p>for outside directors stipulated by the Companies Act and meets the “Requirements for independence and neutrality” that the Nomination Committee of the Company has stipulated as a requirement for outside directors, the Nomination Committee has determined that she is sufficiently endowed with independence and neutrality as an outside director.</p> <p>She is not concurrently employed by any organization, etc., with a relationship of interest with the Company or its subsidiaries and associated companies. For the above reasons, the Nomination Committee has confirmed that there is no related obstacle, problem, or other circumstance that would impair her ability to execute her duties as an independent, neutral outside director.</p> <p>In addition, she does not fall under any of the requirements of Article 211 Clause 4 Item 5 of the Ordinance for Enforcement of Securities Listing Regulations.</p> |
| <p>Toru Yamashita (Independent officer for notifications to stock exchanges)</p> | <p>Meeting “Requirements for the Independence and Neutrality of Outside Directors” that were stipulated</p> | <p><Reason for Selection> Because Mr. Yamashita meets the conditions for outside directors stipulated by the Companies Act and meets the “Requirements for independence and neutrality” that the Nomination Committee of the Company has stipulated as a requirement for outside directors, the</p> |

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|------|---|---|
| | <p>by the Nomination Committee. (See the final page for details.)</p> | <p>Nomination Committee has determined that he is sufficiently endowed with independence and neutrality as an outside director.</p> <p>He is not concurrently employed by any organization, etc., with a relationship of interest with the Company or its subsidiaries and associated companies. For the above reasons, the Nomination Committee has confirmed that there is no related obstacle, problem, or other circumstance that would impair his ability to execute her duties as an independent, neutral outside director.</p> <p><Policy for Independence and Neutrality></p> <p>Because Mr. Yamashita meets the conditions for outside directors stipulated by the Companies Act and meets the “Requirements for independence and neutrality” that the Nomination Committee of the Company has stipulated as a requirement for outside directors, the Nomination Committee has determined that the is sufficiently endowed with independence and neutrality as an outside director.</p> <p>He has experience serving as an officer of NTT Data Corporation. Said company has a transactional partnership with the Company for systems-related business, etc., but the value of said partnership is negligible (less than 0.01% of the sales of said company).</p> |

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| | | <p>He serves as an outside director of Mitsui Fudosan Co, Ltd. There is a transactional partnership related to office buildings between Mitsui Fudosan and the Company, but the value of said partnership is negligible (less than 0.01% of the sales of said company).</p> <p>For the above reasons, the Nomination Committee has confirmed that there is no related obstacle, problem, or other circumstance that would impair his ability to execute his duties as an independent, neutral outside director.</p> <p>In addition, he does not fall under any of the requirements of Article 211 Clause 4 Item 5 of the Ordinance for Enforcement of Securities Listing Regulations.</p> |
| <p>Ikuo Nishikawa (Independent officer for notifications to stock exchanges)</p> | <p>Meeting “Requirements for the Independence and Neutrality of Outside Directors” that were stipulated by the Nomination Committee. (See the final page for details.)</p> | <p><Reason for Selection></p> <p>Mr. Nishikawa is a certified public accountant. He is a specialist in finance, accounting, and international accounting standards who has been involved in creating Japanese accounting standards for many years. Although he has not been directly involved with management, he has experience working abroad, a strong international perspective, a high level of insight into management, and excellent supervisory ability.</p> <p>In addition to considering the need for the Board of Directors to be composed of diverse directors with a variety of specialized</p> |

| Name | Supplementary Explanation of Conforming Items | Supplementary Explanation of Conforming Items |
|------|---|--|
| | | <p>knowledge and experience, etc., the Nomination Committee has considered such factors as his (1) qualifications and capabilities as a director, (2) experience, and (3) age, etc. Having objectively determined that he is capable of executing his management oversight duties, the Nomination Committee has nominated him for the position of outside director.</p> <p><Policy for Independence and Neutrality> Because Mr. Nishikawa meets the conditions for outside directors stipulated by the Companies Act and meets the “Requirements for independence and neutrality” that the Nomination Committee of the Company has stipulated as a requirement for outside directors, the Nomination Committee has determined that he is sufficiently endowed with independence and neutrality as an outside director.</p> <p>He is not concurrently employed by any organization, etc., with a relationship of interest with the Company or its subsidiaries and associated companies. For the above reasons, the Nomination Committee has confirmed that there is no related obstacle, problem, or other circumstance that would impair his ability to execute his duties as an independent, neutral outside director.</p> <p>In addition, he does not fall under any of the requirements of Article 211 Clause 4 Item 5</p> |

| Name | Supplementary Explanation of Conforming Items | Supplementary Explanation of Conforming Items |
|------|---|---|
| | | of the Ordinance for Enforcement of Securities Listing Regulations. |

[Individual Committees]

Committee composition and attributes of chair

| | All Members | Full-time Members | Inside Directors | Outside Directors | Committee Chair |
|------------------------|-------------|-------------------|------------------|-------------------|------------------|
| Nomination Committee | 3 | 0 | 0 | 3 | Outside director |
| Compensation Committee | 3 | 0 | 0 | 3 | Outside director |
| Audit Committee | 5 | 2 | 2 | 3 | Outside director |

[Corporate Officers]

Number of Corporate Officers: 22

Status of additional duties

| Name | Representative Authority | Additional Duties as Director | | | Additional Duties as Employee |
|-----------------|--------------------------|-------------------------------|-----------------------------|-------------------------------|-------------------------------|
| | | | Nomination Committee Member | Compensation Committee Member | |
| Haruo Naito | Yes | Yes | No | No | No |
| Hideki Hayashi | Yes | No | No | No | No |
| Yutaka Tsuchiya | Yes | No | No | No | No |
| Hajime Shimizu | Yes | No | No | No | No |
| Hideshi Honda | Yes | No | No | No | No |
| Takafumi Asano | No | No | No | No | No |
| Yasushi Okada | No | No | No | No | No |
| Kenta Takahashi | No | No | No | No | No |

| | | | | | |
|----------------------|----|----|----|----|-----|
| Edward Stewart Geary | No | No | No | No | No |
| Yuji Matsue | No | No | No | No | No |
| Gary Hendler | No | No | No | No | No |
| Ivan Cheung | No | No | No | No | Yes |
| Takashi Owa | No | No | No | No | No |
| Yasunobu Kai | No | No | No | No | Yes |
| Terushige Iike | No | No | No | No | Yes |
| Kenji Matsumae | No | No | No | No | Yes |
| Lynn Kramer | No | No | No | No | No |
| Ryohei Yanagi | No | No | No | No | Yes |
| Sayoko Sasaki | No | No | No | No | Yes |
| Junichi Asatani | No | No | No | No | Yes |
| Frank Ciriello | No | No | No | No | No |
| Shaji Procida | No | No | No | No | No |

[Auditing Structure]

Directors and employees responsible for assisting in execution of the duties of the Audit Committee: Yes

Independence of said directors and employees from corporate officers

The Management Audit Department has been established as a department specializing in assisting in execution of the duties of the Audit Committee, and maintains its independence from corporate officers through the following setup.

- The head and staff of the Management Audit Department shall perform their duties under the direction of the Audit Committee and Audit Committee members.
- The head and staff of the Management Audit Department shall be appointed and reassigned by CEO (Representative Corporate Officer) with the consent of the Audit Committee.
- The personnel evaluations of the head and staff of the Management Audit Department shall be conducted by the Audit Committee.

Status of link between the Audit Committee, Accounting Auditors and internal auditors

The Audit Committee conducted the following auditing activities in relation

to the accounting auditors.

- The Audit Committee confirmed the yearly accounting audit plans of the accounting auditors in advance and obtained a copy of the plan.
- The Audit Committee obtained and reviewed the auditing opinions and recommendations of the accounting auditors regarding quarterly and year-end financial statements (consolidated and non-consolidated).
- Of the individual accounting audits carried out by the accounting auditors, the Audit Committee obtained information regarding important audits.
- The Audit Committee obtained information concerning the internal control audits executed by the accounting auditors.
- The Audit Committee continuously confirmed the status of the internal control of the accounting auditors related to Article 131 of the Rules of Company Accounting.
- Based on the specific requests in Auditing Standards Committee Statement 260, a document issued by the Japanese Institute of Certified Public Accountants, the Audit Committee obtained reports on the responsibilities of the accounting auditors in relation to audits of financial statements, the scope and timing of planned audits, the independence of the accounting auditors, and other items, and discussed important findings concerning auditing matters.

The Audit Committee conducted the following auditing activities in relation to the corporate officer responsible for internal control, the Corporate Internal Audit* Department, and other related parties.

- The Audit Committee shared information related to internal control promotion activities and overall auditing activities through Audit Council meetings. Outside the Audit Council meetings, the Audit Committee also promptly shared information regarding matters of urgency related to internal audits.
- In order to determine the existence of any investigations that may aid in audit-related matters, the Audit Committee checked the internal audit plans (annual plans and individual plans) and obtained plan documents.
- The Audit Committee obtained, from the Corporate Internal Audit Department, copies of the annual audit plans and the results of individual audits carried out by the internal audit department of ENW*2

companies.

- The Audit Committee regularly obtained information concerning the status of internal control over financial reporting under the Financial Instruments and Exchange Act.
 - The Audit Committee regularly obtained reports regarding the status of efforts in internal control related to risk management.
- * Internal audits are optional audits that differ from audits by the Audit Committee and accounting audits in that they are carried out by the Corporate Internal Audit Department established in the operating division under the corporate officer responsible for internal control. Internal audits independently and objectively evaluate whether the business execution of each corporate officer is being carried out properly and efficiently on the basis of the hhc philosophy and compliance set forth in the Articles of Incorporation.

[Independent directors]

Number of independent directors: 7

Other matters regarding independent directors

Since Eisai's seven outside directors all conform to the provisions of the Companies Act relating to the requirements for independent directors and to the provisions of the "Requirements for the Independence and Neutrality of Outside Directors" prescribed by the Company's Nomination Committee (see the final page of this document), and since none of the characteristics specified in Item 5, Paragraph 4, Article 211 of the Enforcement Rules for Securities Listing Regulations apply to them, the seven outside directors have all been registered as independent directors.

[Incentives]

Status of the implementation of measures to give incentives to directors and corporate officers

Performance-based compensation system implemented.

Supplementary explanation of the above

The Corporate Officers are applied bonuses and stock-based compensation as

performance-based compensation.

The stock-based compensation system introduced in FY2013 is a medium-long term incentive plan granting the Company's shares to corporate officers through a trust based on the degree of achievement of the Company-wide performance objectives.

Process of determining bonuses and Stock-based compensation described in [Director/Corporate Officer Compensation].

Stock option recipients

Supplementary explanation of the above

[Director/Corporate Officer Compensation]

Disclose situation of compensation of Individual director: Not disclosed

Disclose situation of compensation of Individual Corporate Officer: only a part of compensation is disclosed

Supplementary explanation of the above

The Directors and Corporate Officers for whom consolidated compensation, etc., totaled ¥100 million or more in FY2013 are the following 3 individuals

| Name/ post | Company division | Amount of each compensation (millions of yen) | | | | | Total amount of compensation (millions of yen) |
|---|---------------------|---|-------|-----------------|---------------------|-----------------------|---|
| | | Basic compensation | Bonus | Stock Option | Retirement Bonus | Mid-term incentive | |
| Haruo Naito (President & CEO) | Eisai Co., Ltd. | 94 | 21 | 10 | 4 | - | 132 |
| Lonnell Coats (Executive Vice President) | Eisai Co., Ltd. | - | - | - | 1 | - | 195 |
| | Eisai, Inc. | 70 | 36 | - | - | 86 | |
| Lynn Kramer (Vice President) | Eisai Co., Ltd. | - | - | - | - | - | 139 |
| | Eisai, Inc. | 56 | 28 | - | - | 54 | |

(Note)

1. Lonnell Coats and Lynn Kramer receive compensation from the consolidated subsidiary Eisai Inc., and the total amount is shown above. Lonnell Coats retired from his position as Executive Vice President on March 31, 2014.
2. The amount of compensations paid to Lonnell Coats and Lynn Kramer from Eisai Inc. are disclosed as the cost appropriated during fiscal 2013 (converted to yen by Fiscal Year average rate ¥100.23/\$U.S.).

Policy regarding the determination of compensation and method of calculation

Existent

Disclosures of policy regarding the determination of compensation and method of calculation

- 1) Determination of Compensation, etc.

Compensation paid to directors and corporate officers is determined by the Compensation Committee. The 3 members of the Company's Compensation Committee including the chair are outside directors, and place emphasis on an objective perspective and transparency.

The Compensation Committee has the authority to determine the content of compensation of individual directors and corporate officers of the Company. It determines (1) policy concerning decisions on the content of compensation of individual directors and corporate officers, (2) the content of compensation of individual directors and corporate officers, and (3) the evaluation of the level of achievement of Company-wide performance targets and the individual performance targets of each corporate officer for the performance-based compensation of corporate officers.

2) Basic Policy Regarding the Determination of Compensation

The Compensation Committee has established the following Basic Policy concerning compensation paid to Directors and Corporate Officers in the Basic Rules on the Operation of the Compensation Committee.

- (1) Compensation shall be such that it enables the Company to attract excellent personnel to the Company's management cadre.
- (2) Compensation shall be reasonable and have a high level of fairness, and shall be such that it can be explained to shareholders and employees as fulfilling those requirements.
- (3) A different system shall be used for compensation for Directors who perform management supervisory functions and Corporate Officers who perform duties.
- (4) Director compensation shall be such that directors are able to properly perform the oversight functions of their duties.
- (5) Corporate officer compensation shall be such that it strongly motivates corporate officers in the performance of their duties, thereby contributing substantially to the Company.
- (6) Directors who serve concurrently as Corporate Officers shall receive only the compensation designated for Corporate Officers.
- (7) Corporate Officers who serve concurrently as employees shall receive the same compensation as Corporate Officers who do not serve concurrently as employees.

3) Process of Determining the Compensation System

The Compensation Committee examines various issues concerning the compensation paid to directors and corporate officers, confirms the level of compensation each year, and determines the compensation for the following year. The Compensation Committee actively incorporates and utilizes

opinions and data from outside specialized organizations when examining various issues related to compensation and investigating and examining the level of compensation.

4) Compensation System

The Company's Compensation Committee significantly revised the officer compensation system in FY2013 as a result of continuous consideration of an officer compensation system to contribute to medium-long-term improvement of corporate value by strongly motivating officers in the performance of their duties.

The key points of the revision are as follows:

- (1) Granting of stock options as director compensation has been abolished, and only a fixed compensation is provided.
- (2) The performance-based compensation (bonuses and stock-based compensation) of corporate officers has been expanded from 20% to 40%.
- (3) Granting of stock options as corporate officer compensation has been abolished, and a new system of stock-based compensation as performance-based compensation was introduced.

The stock-based compensation system* introduced in FY2013 is a medium-long term incentive plan granting the Company's shares to corporate officers through a trust based on the degree of achievement of the Company-wide performance objectives. It is designed to motivate the Company's corporate officers to share the profit-consciousness of shareholders, and to perform duties from a medium-long-term perspective on performance and stock prices.

a. Compensation System for Directors

Compensation paid to directors is only a fixed base compensation. The duty of directors is to supervise management, and a fixed rate not incorporating performance-based compensation is used to ensure that directors are able to properly perform their oversight functions. The level is intended to be set at the upper middle range for the industry.

[Director compensation] -----→ [Base compensation]

- Base compensation is a fixed amount.
- The chair of the Board of Directors and each Committee chair receive additional compensation for his or her service as Chair.

- Inside directors receive additional compensation for their service as full-time directors.

b. Compensation System for Corporate Officers

Compensation paid to corporate officers is made up of base compensation, bonuses and stock-based compensation. The duty of corporate officers is to execute business, and their compensation shall be such that it strongly motivates them to execute their duties as corporate officers and shall be determined with consideration given to their performance. The level of compensation paid to corporate officers is intended to be set at the upper middle range for the industry.

[Corporate officer compensation] -----> [Base compensation]
 -----> [Bonuses]
 -----> [Stock-based compensation]

- Base compensation is a fixed amount.
- Bonuses are paid within the range of 0-225% of the base amount of bonus by position according to the degree of attainment of the Company-wide performance objectives and the performance objectives of individual corporate officers.
- Stock-based compensation is granted within the range of 0-150% of the base number of shares granted by position according to the degree of attainment of the Company-wide performance objectives.

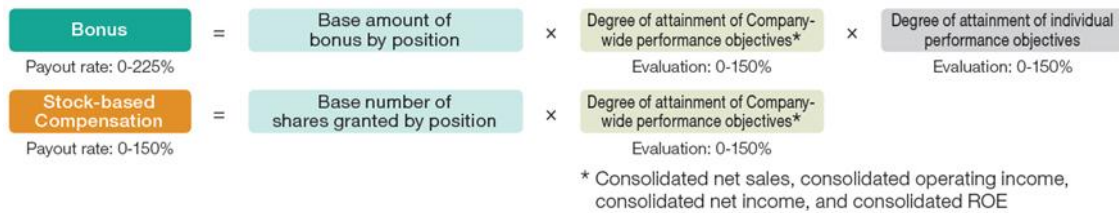


The compensation paid to corporate officers is made up of base compensation, bonus and stock-based compensation at a ratio of 6:3:1, and performance-based compensation accounts for 40% of total compensation.

In the event special measures are taken for corporate officers who are not residents of Japan or corporate officers who have qualifications in advanced specializations, the Compensation Committee determines the compensation paid to such corporate officers on an individual basis.

■ Process of Determining Corporate Officers' Performance-based Compensation

The Compensation Committee deliberates and determines the performance evaluations of corporate officers and the amount and number of shares granted to each person as performance-based compensation (bonus and stock-based compensation). The bonuses and stock-based compensation of corporate officers is calculated based on the degree of attainment of Company-wide performance objectives and the degree of attainment of individual performance objectives.



The degree of attainment of Company-wide performance objectives is determined based on an evaluation of consolidated net sales, consolidated operating income, consolidated net income, and consolidated ROE. As for the degree of attainment of individual performance objectives, the Compensation Committee approves the individual evaluations proposed by CEO after evaluation, in accordance with the degree of achievement of the individual performance objectives of each corporate officer. Further, each corporate officer assigns weighted points to concrete performance objectives in accordance with the priority of the objectives, then sets individual performance objectives through deliberation with CEO. The objectives are approved by the Compensation Committee after evaluation of their suitability. As a result, bonuses for corporate officers are paid in the range of 0 to 225%, with the bonus base value as 100%, and stock-based compensation is provided in the range of 0 to 150%, with the base number of granted shares as 100%.

5) Total Amount of Compensation Paid to Directors and Corporate Officers

The grand total of compensation paid to directors and corporate officers in FY2013 (from April 1, 2013, to March 31, 2014) was ¥1,253.65 million.

Total FY2013 Officer Compensation

| | Base compensation | | Performance-based compensation | | | | Stock options* | | Total (Millions of yen) |
|---------------------|----------------------|-----------------------------|--------------------------------|-----------------------------|--------------------------|-------------------------------------|----------------------|-------------------------------------|----------------------------|
| | | | Bonuses | | Stock-based compensation | | | | |
| | Number of recipients | Amount (Millions of yen) | Number of recipients | Amount (Millions of yen) | Number of recipients | Expense amount (Millions of yen) | Number of recipients | Expense amount (Millions of yen) | |
| Directors (inside) | 3 | 113.11 | 0 | 0 | 0 | 0 | 3 | 3.20 | 116.31 |
| Directors (outside) | 8 | 74.40 | 0 | 0 | 0 | 0 | 7 | 7.75 | 82.15 |
| Corporate officers | 20 | 716.68 | 20 | 224.57 | 20 | 83.10 | 20 | 30.84 | 1,055.19 |
| Total | 31 | 904.19 | 20 | 224.57 | 20 | 83.10 | 30 | 41.79 | 1,253.65 |

(Note)

1. As the compensation of directors also serving as corporate officers is only the compensation for corporate officers, the compensation of the Director, President (Representative Corporate Officer) is included in the amount for corporate officers.
 2. Figures for base compensation are the total figures for base compensation for service in FY2013 paid to directors and corporate officers in office as of March 31, 2014, and base compensation paid during the respective terms in FY2013 to 1 director (1 outside director) who retired at the end of the 101st Ordinary General Meeting of Shareholders held on June 21, 2013.
 3. Figures for bonus payments to corporate officers are the total figures representing the total value of planned bonus payments (reserve for bonus payments) to be paid in July 2014 to corporate officers in office as of March 31, 2014, for the period from April 2013 through March 2014, together with the total value of bonus payments paid in July 2013 to corporate officers in office as of March 31, 2013, for the period from April 2012 through March 2013, less the value of the reserve for bonus payments disclosed in the business report for FY2012.
 4. The stock-based compensation of corporate officers shows the total amount obtained by multiplying the total number of the Company's common stock to be granted in July 2014 to the relevant corporate officer by the stock price when the Company's shares are disposed of by a third party (¥4,535/share).
- * Stock options have been abolished since the transition to the new compensation system in June 2013, but the necessary expenses for

accounting in FY2013 of previous years' grant are shown as expenses. See page 90 to page 91 for details on the status as of the end of the fiscal year.

[Outside Director Support System]

Support Structure for the Board of Directors and Committees

(1) Board of Directors

The Board of Directors Secretariat is responsible for the following duties.

- a. Preparing agenda items and related materials for the Board of Directors and holding prior discussions with the Chair of the Board of Directors
- b. Providing information to directors in a prompt manner and explaining agenda items in advance

The Board of Directors Secretariat also organizes training sessions for outside directors on the Company's Corporate Philosophy, corporate culture, business environment, etc., visits major business locations, and plans and implements the provision of information pertaining to the Company.

(2) Audit Committee

The Company has established a Management Audit Department to provide support for the Audit Committee. The Management Audit Department ensures the objectivity of audits by guaranteeing its independence from operating divisions in relation to directions related to the execution of their duties and personnel evaluations, etc. As the secretariat for the Audit Committee, the Management Audit Department is responsible for the following duties.

- a. Preparing agenda items and related materials for the Audit Committee and holding prior discussions with the Chair of the Audit Committee
- b. Providing information to members of the Audit Committee in a prompt manner and explaining agenda items in advance
- c. Providing the necessary information on matters for deliberation by the Audit Committee to directors not on the Audit Committee

(3) Nomination Committee, Compensation Committee, and Independent Committee of Outside Directors

The Board of Directors Secretariat is responsible for the following secretariat duties for the Nomination Committee, Compensation Committee, and Independent Committee of Outside Directors.

- a. Preparing agenda items and related materials for the Committees and holding prior discussions with the Chairs of the Committees

- b. Explaining agenda items to members of the Committees in advance

2. Business execution, auditing/oversight, nomination, compensation determination, etc., functions

1) Overview of the Company's corporate governance system

The core aspect of Eisai's corporate governance is the clear separation between the management oversight function and the management implementation function, through which maximum benefit is obtained from Eisai's status as a company with a committee-type corporate governance structure. To ensure that this is carried out as thoroughly as possible, the Company appoints independent, neutral outside directors. That is to say, while the Board of Directors grants wide discretionary authority to the Company's Corporate Officers, in order to enhance the effectiveness and flexibility of operational execution, at the same time, while ensuring autonomy and enhancing management vitality through the establishment of internal controls by Corporate Officers, the whole of the execution of operation by the Corporate Officers is supervised by the Board of Directors (more than half of whose members are outside directors), which enjoys the trust of shareholders, thereby ensuring that management is conducted fairly through the best possible decision-making.

Please refer to the schematic diagram of Eisai's corporate governance system and the "Requirements for the Independence and Neutrality of Outside Directors" prescribed by the Company's Nomination Committee, which are presented on the final page of this document.

2) About the Company's corporate organs

As a company with a committee-type corporate governance structure, Eisai has established the Board of Directors and nomination, audit and compensation committees required by law, with the corporate officers required by law being appointed by the Board of Directors. Furthermore, although such a committee is not required by law, the Company has also established an Independent Committee of Outside Directors (ICOD), the membership of which is composed of the company's outside directors. The chairman of the company's Board of Directors and the chairs of the nomination, audit and compensation committees are all appointed from

among the outside directors, creating an organizational framework that permits highly transparent operation. The makeup and main responsibilities of the Company's corporate organs are as described below.

- (1) Board of Directors (11 directors (including 1 woman); 7 outside directors and 4 internal directors; the Chairman of the Board of Directors shall be appointed from among the outside directors, for a term of one year)
 - a. The Board of Directors shall aim for the realization of the Corporate Philosophy through the construction of good corporate governance. The Board of Directors shall fulfill oversight function and conduct the best decision-making through fair judgment.
 - b. The Board of Directors shall determine the material matters required by law, the Articles of Incorporation and the Rules of the Board of Directors, including basic management policies and the appointment of Corporate Officers.
 - c. In order to accelerate speed and increase flexibility of business execution and to enhance the vitality of management, the Board of Directors shall, except for the items provided in the preceding clause, delegate the decision-making function on business conduct to the Corporate Officers.
 - d. The Board of Directors shall oversee the execution of duties by the Directors and Corporate Officers on the basis of reports from the Nomination Committee, Audit Committee, the Compensation Committee and the Corporate Officers.
 - e. The Board of Directors will endeavor the realization of the Corporate Philosophy, the corporate value and the long-term enhancement of the common interests of the shareholders, and shall have the duty to make fair decisions and take actions on such conduct that may possibly damage such goals.
 - f. In order for CEO (Representative Corporate Officer) to be elected by the Board of Directors, all Directors shall share information related to the plan to develop the future CEO (Representative Corporate Officer).
 - g. The Board of Directors, together with the Nomination, Audit and Compensation Committees, shall execute their duties with consideration of each of their respective authority and without violating each other, and they shall have communication.

Directors and Corporate Officers, determine the content of proposals related to the election, dismissal and non-reappointment of Accounting Auditors to be submitted to the General Meeting of Shareholders, and conduct accounting audits and other matters stipulated by applicable laws and regulations.

- b. The Audit Committee shall strive to realize efficient and higher quality of auditing through such means as receiving timely and appropriate reports from Directors, Corporate Officers, employees and the Accounting Auditor related to necessary items for auditing of the execution of their duties and cooperating with the Accounting Auditor and internal audit department.
- c. The Audit Committee shall establish the basic policies, rules, procedures, etc., necessary for the execution of its duties.
- d. The independence of the Management Audit Department, which executes duties based on the resolutions of the Audit Committee and the instructions of the members of the Audit Committee, from the Corporate Officers regarding work instructions and orders, personnel evaluations, etc., shall be secured in order to ensure the objectivity of audits.

(5) Independent Committee of Outside Directors (ICOD)

(7 Members (including 1 woman), all of which shall be outside directors, appointed for terms of one year)

The ICOD shall carry out its operations in accordance with the “Policy for Protection of the Company’s Corporate Value and Common Interests of Shareholders” (hereafter referred to as “the Policy”). The Policy shall be reviewed on an annual basis, and a proposal submitted to the Board of Directors as to whether the Policy should be continued, adjusted or abolished.

The rules etc. applying to each of the company’s organs can be viewed on the following webpage:

<http://www.eisai.com/company/governance.html>

3. The reasons for choosing the current corporate governance system

In June 2004, the Company carried out a change of its Articles of

Incorporation at the Ordinary General Meeting of Shareholders and adopted the Company with Committees System in order to further enhance corporate governance.

With the adoption of the Company with Committees System, the Company increased the number of outside directors to comprise more than half of the Board of Directors. The Company aimed to increase the transparency and fairness of management, strengthen the supervisory function of the Board of Directors over overall management, enhance the quality of management, and improve benefits to shareholders, customers, employees, and other stakeholders. Meanwhile, by granting Corporate Officers the authority to make wide-ranging decisions related to management, the Company aimed to promote flexible management, heighten competitiveness, create a structure that enables the achievement of *human health care (hhc)*, which is the Company's Corporate Philosophy, and stimulate the vitality of corporate management by securing autonomy through internal control by Corporate Officers.

III. Status of the implementation of measures related to shareholders and other interested parties

1. Status of implementation of measures for revitalization of the general meeting of shareholders and smoothing of the execution of voting rights

| | Supplementary Explanation |
|---|--|
| Early notification of convocation of general meeting of shareholders | In principle, we strive to send notification of convocation at least four weeks prior to the meeting. |
| Scheduling of general meeting of shareholders away from "concentrated days" | We avoid "concentrated days" to make it possible for as many shareholders as possible to attend. |
| Electronic execution of voting rights | Electronic execution of voting rights using a voting website of corporate agency from PC and mobile phone. |
| Participation of a voting rights execution platform and effort to improve the exercising a voting rights system | From the regular general meeting of shareholders scheduled for June 2006, use of a voting rights execution platform for institutional investors was implemented. |

| | Supplementary Explanation |
|---|---|
| Offer in English of Notice of convocation (summary) | The notice of convocation is made in English, and made public on our homepage. |
| Other | So as to provide a thorough explanation at the General Meeting of Shareholders, the Chairperson himself makes a presentation on performance reports and business strategies. Furthermore, shareholders may actively engage in discussions and a Q&A session is also included in this regard. In order to ensure an environment in which each shareholder is able to exercise his or her voting rights, a voting website with a shareholder registry system is provided by a shareholder registry administrator as well as other electronic voting platforms. In addition, the notices of convocation are thorough in conveying the relevant information, are distributed in both English and Japanese versions, and are published on the Company's website. |

2. Status of activities related to IR

| | Supplementary Explanation | Explanation from Representative |
|---|--|---------------------------------|
| Hold regular meeting for personal investors | The Eisai Group holds explanatory meetings as needed, in cooperation with securities firms, etc. Then, though an IR-style presentation, we explain the content of those meetings to shareholders at the General Shareholder Meeting | Yes |
| Hold regular meetings for analysts and institutional investors. | The Eisai Group settles accounts quarterly. In conjunction with this, a settlement explanation meeting for analysts and institutional investors is held four times annually. Further, a yearly information meeting is held separately from the settlement explanation meeting to explain the Group's strategy. In addition, the Group holds specialized explanation meetings when appropriate to explain R&D issues. At this meeting, the Corporate Officer in charge of | Yes |

| | Supplementary Explanation | Explanation from Representative |
|---|--|---------------------------------|
| | research and development explains the status and results of research and development, as well as strategy, and answers questions. | |
| Hold regular meetings for investors outside Japan. | We conduct regular visits to investors outside Japan. In addition, Eisai representatives actively participate in conferences, large meetings, and small meetings organized by individual securities companies for institutional investors outside Japan, providing explanations and answering questions. | Yes |
| Post IR materials on the website. | A website for shareholders and investors has been created on the company website. Along with posting the articles of incorporation, financial statements, reference materials, and materials of explanation meetings for analysts and institutional investors, videos of representatives from explanation meetings are posted in both Japanese and English as soon as they are released. In addition, performance highlights / research and development status summarizing the status of business performance and research and development, annual reports, yearly IR schedules, stock procedures / stock prices, announcement of financial statements / electronic announcements, etc., are posted on the website. Moreover, a system has been set up making it possible to send questions related to IR directly to the IR Department via the Internet. http://www.eisai.com/ir/index.html | Yes |
| Establish departments (responsible parties) for IR. | Investor Relations Department is set up under the Corporate Officer of Investor Relations. IR activities are being conducted with the cooperation of the Research and Development section, the Corporate Management Planning | - |

| | | |
|--|--|---------------------------------|
| | Supplementary Explanation | Explanation from Representative |
| | Department, the Finance & Accounting Division and the General Affairs Department as well as other related departments. | |

3. Status of efforts to consider the standpoint of stakeholders

| | Supplementary Explanation |
|---|--|
| Rules regarding consideration of the standpoint of stakeholders through company regulations, etc. | <p>Consideration of the standpoint of stakeholders is clearly prescribed in Eisai’s corporate philosophy which has been established in the text of the articles of incorporation. A summary is given below.</p> <p>Eisai believes that its stakeholders are patients and their families, shareholders, and our employees. Through the following activities, Eisai strives to increase the value for our stakeholders as well as develop and maintain good relationships.</p> <ol style="list-style-type: none"> 1. Satisfying unmet medical needs, ensuring stable supply of high-quality products, and providing useful information on safety and efficacy 2. Timely disclosure of corporate managerial information, enhancement of corporate value, and proactive return to shareholders 3. Ensuring stable employment, offering challenging and fulfilling duties, and providing full opportunities for the development and enhancement of employees’ capabilities <p>In October 2012, the Group released the “Eisai Diversity Declaration” and worked to familiarize all officers and employees with the Declaration.</p> <p>In October 2012, the Eisai Group released the “Eisai Diversity Declaration” and worked to familiarize all officers and employees with the Declaration.</p> <p>We have established the diversity committee, and 3 pillars of our activities to serve as the starting point of our efforts. We will promote the provision of a workplace in which women are able to flourish, the establishment of an environment in which the</p> |

| | Supplementary Explanation |
|--|---|
| | <p>human resources who support global development can play an active role, and the creation of a system under which middle-aged individuals, senior citizens, and young people work together to create new value. On a foundation of a spirit of respect for others and oneself, we will build a system to expand personal growth into organizational growth, and develop human resources one after another who are able to continue responding to the needs of a diverse society in a prompt and flexible manner, leading to innovation in human resources development.</p> |
| <p>Implementation of environmental protection activities, CSR activities, etc.</p> | <p>All officers and employees of the Eisai Group share the same basic principles for environmental protection under an environmental management system based on the Eisai Network Environmental Protection Policy. The Group is expanding its environmental protection activities globally, setting up environmental protection committees at sites in Japan and at its North Carolina Plant in the United States to promote nature conservation activities, and attaining ISO14001 certification at its Suzhou Plant in China.</p> <p>The Eisai Group strives to collect quantitative data on its inputs of environmental resources and the environmental impact of its operations, while taking measures to combat climate change, promoting recycling and waste reduction, establishing stricter controls for the appropriate management and reduction of chemical substances, and promoting green purchasing. In addition, Eisai publishes an Environmental and Social Report annually to report on its management systems for protecting the environment as well as on the concrete achievements of its management initiatives.</p> <p>Eisai has established the Naito Museum of Pharmaceutical Science and Industry in Gifu Prefecture, Japan, with the aim to raise public awareness of the history of medicine, pharmaceutical science, and health sciences. Open to the public free of charge, the museum is the first in Japan dedicated to medicines.</p> <p>In its efforts to contribute to science and human welfare, the Eisai Group supports the activities of two non-profit academic</p> |

| | Supplementary Explanation |
|--|--|
| | <p>foundations: the Naito Foundation, which funds natural science research aimed at the prevention and treatment of diseases; and the Health Care Science Institute, a foundation that supports economic and social research on healthcare and pharmaceuticals, and promotes healthcare and welfare in Japan through research on the development, production, and distribution of pharmaceutical products, as well as studies on healthcare and related scientific fields. Eisai also sponsors the annual Health and Medical Care Contributions Awards to recognize healthcare professionals who have dedicated themselves to providing medical or care services under challenging environments in Japan or overseas, assistance to encourage natural science research and knowledge dissemination related to human diseases and their remedies, promotion of interdisciplinary healthcare study, including health economics, and development of young researchers. The Company also supports a number of educational initiatives designed to raise awareness of Alzheimer’s disease as well as programs for elderly patients and caregivers and activities providing relief for victims of natural disasters in many countries.</p> |

IV. Basic philosophy and status of preparation of internal control systems

1. The system for assurance of appropriate business operations.

In June 2004, the Company adopted the “Company with Committees System.” The Board of Directors passed a resolution based on former Business Law Enforcement Regulations Article 193, stipulating “regulations related to items necessary for execution of duties by the Audit Committee.” Subsequently, these regulations have undergone successive revisions. In April 2006, in preparation for enforcement of the Companies Act, the Board of Directors, in accordance with Article 416 of the Companies Act and Article 112 of the Ordinance for Enforcement of the Companies Act, stipulated “rules concerning items necessary for the execution of duties by the Audit Committee” and “rules for preparing systems necessary to ensure compliance with laws and regulations and the Articles of Incorporation in the execution of duties by Corporate

Officers and other systems for maintaining the suitability of operations.”
Outlines of both sets of regulations are given below.

1) Outline of “Regulations relating to Necessary Items for Execution of Duties by the Audit Committee”

(1) Items related to directors and employees assisting Audit Committee as part of their duties

- The Company has established a Management Audit Department to assist the Audit Committee in execution of its duties. However, directors will not be assigned to this post.
- The head and members of the Management Audit Department will abide by work regulations, except where stipulated by these regulations.

(2) Items regarding independence of the Management Audit Department from Corporate Officers

- The organization ensures independence of the Management Audit Department from Corporate Officers.
- The head and members of the Management Audit Department execute their duties under the auspices and direction of the Audit Committee and its members.
- Assignment and reassignment of the head and members of the Management Audit Department is carried out by CEO with the approval of the Audit Committee.
- The personnel evaluations of the head and staff of the Management Audit Department shall be conducted by the Audit Committee.

(3) System of reporting to the Audit Committee by Corporate Officers and employees and system for other reports to the Audit Committee

- Corporate Officers shall report monthly to the Audit Committee regarding the following items related to their assignments, including whether or not relevant items exist. However, in the case of particularly important matters such as incidents that cause or may cause the Company significant damage, or that violate or may violate laws and regulations or the Articles of Incorporation, a report shall be made to the Audit Committee immediately.

a) Casualties or accidents at work

- b) Suspension of business operations for half a day or more
 - c) Execution and status of legal action
 - d) Breaches of compliance (including incidents subject to investigation)
 - e) Requests for cooperation with investigations, investigations, summons or inspections by government and other public offices (excluding periodic investigations, etc.), and any warnings, guidance, orders, recommendations, suspension of operations, or other measures
 - f) Violation of Company assets or rights, or the danger of such
 - g) Bankruptcy of major company clients or cancellation of contracts, or the danger of such
 - h) Any incidents or information other than the above that could result in major damage to or influence on the Company
 - i) Other items that the Audit Committee deems necessary for reporting:
 - Employees should report suspicion of any of the above items to their supervisors.
 - Corporate Officers and employees should report plans to hold any major meetings to the Audit Committee.
- (4) Other systems to ensure effective execution of audits by the Audit Committee
- To establish an efficient, optimal auditing system, officers (Corporate Officers and corporate auditors) and departments responsible for audits, including internal audits, of ENW companies, including Eisai Co., Ltd., collaborate and coordinate with the Audit Committee and its members and the Management Audit Committee through regular meetings.
 - The Company and independent auditors make reports on the audit of the independent auditors and other investigation items to the Audit Committee regularly or at the request of the Audit Committee.
 - CEO devises a system between ENW companies to enable the Audit Committee to carry out audits of ENW companies and other investigations relating to business operations.

* ENW (Eisai Network Companies): ENW refers to the corporate group

comprised of Eisai Co., Ltd., and its consolidated subsidiaries and affiliates.

2) Rules for Preparing Necessary Systems for Ensuring the Suitability of Operations by Corporate Officers

(1) System related to storage and management of data used for the duties of Corporate Officers

- CEO appoints from among the Corporate Officers a person responsible for Company-wide control of protection and management of data relating to execution of the duties of Corporate Officers, who then formulates regulations relating to storage and management of documentation.
- The Corporate Officer responsible for storage and management of documentation presents the regulations relating to storage and management of documentation to the Audit Committee and reports on the status of compliance.

(2) Regulations relating to risk management and other systems

- Each Corporate Officer is responsible for risk management within the sphere of the duties for which he is responsible.
- The Corporate Officer appointed for each area of risk (finance, legal affairs, environment, and disasters) formulates regulations regarding major risks to the Company that could impact multiple departments and presents them to the Audit Committee and reports on the status of compliance.
- The Corporate Officer responsible for promotion of creation of the Internal Control System formulates a self-assessment system for risk management relating to Corporate Officers and employees within their respective spheres of duties.

(3) System to ensure efficient execution of duties by Corporate Officers

- The Board of Directors shall delegate to Corporate Officers decision-making for the performance of the Directors' duties, excluding those matters to be resolved by the Board of Directors pursuant to the laws, the Articles of Incorporation and the Rules of the Board of Directors.
- The Board of Directors establishes the appropriate division of duties

and relationships between Corporate Officers.

- CEO establishes internal regulations concerning routes for official responsibilities and decision-making authority, including for employees, and formulates a system for appropriate and effective execution of duties by Corporate Officers.
- The Corporate Officer responsible for promotion of creation of the Internal Control System formulates a self-assessment system for efficiency of execution of duties.

(4) System to ensure compliance with laws and the articles of incorporation in the execution of duties by Corporate Officers and employees

- CEO appoints from among the Corporate Officers a person in charge of promoting compliance, including a system to ensure compliance with laws and the articles of incorporation in the execution of duties by Corporate Officers and employees, and establishes departments, etc., for execution of his duties.
- The Corporate Officer in charge of promoting compliance formulates a Charter of Business Conduct and Compliance Handbook, defines regulations and behavior standards to ensure that the conduct of Corporate Officers and employees complies with laws and regulations, and takes steps for the necessary training of Corporate Officers and employees.
- The Corporate Officer in charge of promoting compliance establishes a communications channel for compliance consultation and liaison to facilitate proactive measures and swift settlement of risks relating to compliance.
- The Corporate Officer in charge of promoting compliance shall demonstrate a policy of opposing anti-social forces in the ENW business behavior charter, and all ENW officers and employees shall strictly observe such policy and use their best efforts on a daily basis in their conduct.
- CEO appoints from among the Corporate Officers a person responsible for promotion of formulation of the internal control system and a person responsible for execution of the internal audit, and establishes departments, etc., for execution of their duties.
- The Corporate Officer responsible for promotion of formulation of the

Internal Control System deepens understanding of internal control by establishing an Internal Control Policy and taking steps for necessary training of Corporate Officers and employees.

- The Corporate Officer responsible for internal audits stipulates regulations relating to internal audits and establishes internal audit plans for efficient execution of internal audits.
- As needs arise, CEO appoints from among the Corporate Officers a person responsible for confirming compliance with rules and regulations in specialized areas, and establishes departments, etc., for execution of his duties.

(5) System to ensure appropriate business operations in ENW

- Eisai formulates an ENW Charter of Business Conduct and ENW Compliance Handbook for use by all ENW companies and defines regulations and behavior standards to ensure that the conduct of directors, corporate officers, corporate auditors, and employees complies with laws and regulations.
- The officers, departments, and staff members responsible for compliance in each ENW company carry out compliance training and operate communications channels for compliance consultation and liaison for their respective companies in cooperation with the Company's Corporate Officer and department responsible for promotion of compliance.
- Eisai establishes policies relating to internal control for use in all ENW companies.
- The officers and departments responsible for internal control in each ENW company formulate internal control systems in their respective companies through internal control training for officers and employees in cooperation with the Company's Corporate Officer and department responsible for internal control.
- Officers (corporate officers and corporate auditors) and departments responsible for audits, including internal audits, of ENW companies carry out the audits for their respective ENW companies.
- Eisai officers and departments responsible for internal audits receive reports on the audits of the preceding item from the officers and departments responsible for the audits of each ENW company.

2. The basic philosophy and status of preparation for elimination of any form of organized criminal activity

The Eisai Group established the Charter of Business Conduct to carry out their compliance activities. We stand firm against any form of organized criminal activity as provided in Article 9 of the ENW Charter of Business Conduct.

All directors, officers, and employees of ENW shall at all times and in all daily activities act strictly in accordance with the Charter, and work towards achieving the corporate goals that the Charter defines. Specifically, we educate our directors, officers, and employees on the following points regarding groups engaged in organized criminal activity, such as corporate racketeers and organized crime groups. ENW should never provide any kind of benefit or advantage to such groups.

- Under the Japanese Companies Act, it is prohibited to provide benefit or any kind of benefit or advantage to such groups.
- ENW should not associate with or enter into any kind of relationship with any form of advantage to any specific shareholders. Depending on the circumstances, there are various forms of requirements for benefit or advantage. The request for such benefit or advantage is in itself prohibited under the law.
- To entertain any form of request from any organized crime group is a violation of the Charter and any director, officer, or employee found to be entertaining such requests may be charged with breach of trust.
- If any of the aforementioned situations come to the knowledge or attention of an officer or employee, it shall be reported promptly to the Compliance Counter (a tool designated to help employees seeking compliance advice and reporting).

The Company collects information about any form of organized criminal activity and establishes internal systems in cooperation with outside institutions.

*ENW (Eisai Network Companies) refers to the corporate group comprised of Eisai Co., Ltd., and its consolidated subsidiaries and affiliates.

V. Other

1. Adoption of takeover prevention: Yes

Supplementary explanation of the above **(Update)**

Matters related to “Policy for Protection of the Company’s Corporate Value and Common Interests of Shareholders”

The Policy was initially adopted after being proposed by the Independent Committee of Outside Directors (ICOD) at the Eisai Board of Directors meeting held in February, 2006. Although subsequent changes were made to the effective period and certain policy provisions in August 2011, the continuation of the Policy in terms of policy content is discussed by the Board of Directors.

The continuation, amendment, or abandonment of the Policy is deliberated by the newly appointed ICOD following the Ordinary General Meeting of Shareholders each year. For fiscal year 2014, the proposal to continue the Policy was deliberated by the ICOD held in June.

The ICOD determined that was appropriate to propose the continuation of the Policy in its present form to the Board of Directors since it incorporates the following three provisions:

- (1) The Policy precludes arbitrary actions on the part of the management
- (2) The continuation, amendment, or abandonment of the Policy shall be deliberated each year
- (3) Shareholders’ opinions concerning the Policy may be reflected through the election of directors at the Ordinary General Meeting of Shareholders.

The Board of Directors passed a resolution for the continuation of the Policy, which was proposed by the ICOD at its meeting held in August, 2014.

Outline of “Policy for Protection of the Company’s Corporate Value and Common Interests of Shareholders”

(1) Purpose and Nature

Eisai has adopted to introduce the “Policy for Protection of the Company’s Corporate Value and Common Interests of the Shareholders” (hereinafter referred to as “the Policy”) in order to ensure corporate value and the common interests of the shareholders through implementation and achievement of Mid-term Strategic Plan based on the Company's philosophy as an *hhc* company.

The Policy is a prior notice type plan. It sets forth an orderly procedure to be followed when an acquisition of a large block of our shares is planned, to secure sufficient time and information for shareholders to make

appropriate judgments. It also enables the Company to issue new share acquisition rights to all the shareholders which the acquirer is not entitled to exercise and dilute the voting rights of the acquirer if the procedure is not followed by the acquirer or if the acquisition is inappropriate and would undermine corporate value and the common interests of the shareholders. In these ways, this Policy is designed to deter inappropriate acquisitions. The procedure in this Policy will be managed primarily by an Independent Committee of Outside Directors (ICOD) which consists of all seven (7) outside directors who are the majority of the Board of Directors (7 out of 11) and are all independent from Company management. The ICOD will provide evaluations of the proposed acquisition and make judgments as to whether to submit a proposal on the issue of the new share acquisition rights to the Board of Directors.

(2) Procedures

An acquirer who plans to acquire 15% or more of the Company's outstanding shares by any purchase or any offer of tender is required to submit the necessary information to the Independent Committee of Outside Directors in accordance with the Policy.

The Independent Committee of Outside Directors (ICOD) may receive information from Eisai's management, and will evaluate the proposed acquisition, provide information to the shareholders, and may invite proposals of alternative plans and may negotiate with the acquirer. If the acquirer fails to adhere to the procedures or the ICOD determines that the acquisition undermines corporate value and the common interests of the shareholders, the Committee may recommend to the Board of Directors to issue new share acquisition rights to ensure the Company's corporate value and the common interests of the shareholders.

(3) Effective Period

The effective period of the Policy is until June 30, 2016. Annual review of the Policy, which may result in continuance, modification, or abolition, will be conducted at a meeting of the Independent Committee of Outside Directors and the Board of Directors consisting of the directors newly elected immediately after the Ordinary General Meeting of Shareholders.

The entire text of this policy can be read at the following URL.

<http://www.eisai.com/company/ecgpolicy.pdf>

2. Other items related to the corporate governance system

1. About the Eisai articles of incorporation

1) Number of directors, qualifications and restrictions, and requirements for resolutions for election and dismissal stipulated by the articles of incorporation

(1) Number of directors (Article 20)

The Company shall have no more than fifteen (15) directors

(2) Requirements for resolutions for the election of directors (Article 21 Paragraph 2)

Resolutions for the election of directors shall be approved by an affirmative vote of a majority of the voting rights held by shareholders present, where such shareholders present hold shares representing one-third (1/3) or more of the exercisable voting rights of shareholders.

(3) Elimination of cumulative voting (Article 21 Paragraph 3)

Cumulative voting shall not be used for a resolution to elect directors.

Moreover, no stipulations of the articles of incorporation applicable to resolutions regarding qualifications and restrictions for directors, or for their dismissal, differ from the Companies Act.

2) Decision to allow resolution of general meeting of shareholders resolution items by the Board of Directors and stipulations in the articles of incorporation to forbid resolution of Board of Directors resolution items by the general meeting of shareholders

(1) Exemption of directors and corporate officers from liability (Article 38 Paragraph 1)

Within the legally stipulated limitations, the Company may, by resolution of the Board of Directors, exempt directors and corporate officers (including former corporate officers) from liability for damages due to negligence of their duties, as per Article 426, Paragraph 1, of the Companies Act.

(2) Dividend (Article 40)

The Company shall determine the matters listed in each item of Article 459, Paragraph 1, of the Companies Act, including dividend, by the Board of Directors, without a resolution by a General Meeting of Shareholders, unless otherwise stipulated by law.

3) Modification of requirements for special resolutions of the general meeting of shareholders

(1) Special resolutions of the general meeting of shareholders (Article 17 Paragraph 2)

Resolutions stipulated in Article 309, Paragraph 2, of the Companies Act shall be adopted by an affirmative vote of two-thirds (2/3) of the voting rights held by shareholders present, where such shareholders present hold shares representing one-third (1/3) or more of the exercisable voting rights of the shareholders.

2. Outline of disclose systems

Our internal system for timely disclosure of Eisai information is as follows.

1. Financial Information

Every quarter, after the Chief Financial Officer has approved the financial statements on which the disclosure will be based, said statements are submitted to CEO and approved by the Board of Directors.

Accounting section Chief Financial Board of
Finance section → Officer → CEO → Directors

The financial information is disclosed via the following procedure. The Corporate Officer in charge of public relations prepares disclosure documents based on financial information from the section(s) in charge of settling accounts as submitted through a committee set up for disclosures on the financial statements and, after the Chief Financial Officer has reviewed the documents, the documents are proposed to CEO, who then approves the disclosure following a Board of Directors resolution.

Committee set up for Corporate Officer
disclosure of → in charge of → CEO → Disclosure
financial statements public relations

[Members of committee on disclosure of financial statements]

- Chief Financial Officer

- Corporate Officer in charge of investor relations
- Corporate Officer in charge of public relations
- Corporate Officer in charge of general affairs
- Investor relations section
- Public relations section
- Corporate planning and strategy section
- Accounting section
- Financing section
- General affairs section
- Product creation section

2. Submission of securities reports, etc.

Securities reports, etc. are disclosed via the following procedure. After a review of a proposal by the accounting and finance sections at a meeting of related sections, the Chief Financial Officer reviews the proposal and the report, etc. is approved by CEO.

Meeting of related sections on securities report ⇔ Accounting section ⇔ Finance section → Chief Financial Officer → CEO → Submission

[Members attending meetings for related sections on securities reports, etc.]

- Corporate Officer in charge of investor relations
- Corporate Officer in charge of public relations
- Corporate Officer in charge of legal affairs
- Corporate Officer in charge of general affairs
- Board of Directors' Secretariat
- Investor relations section
- Public relations section
- Legal section
- Accounting section
- Financing section
- General affairs section

3. Other Information (other than in "1." and "2." above)

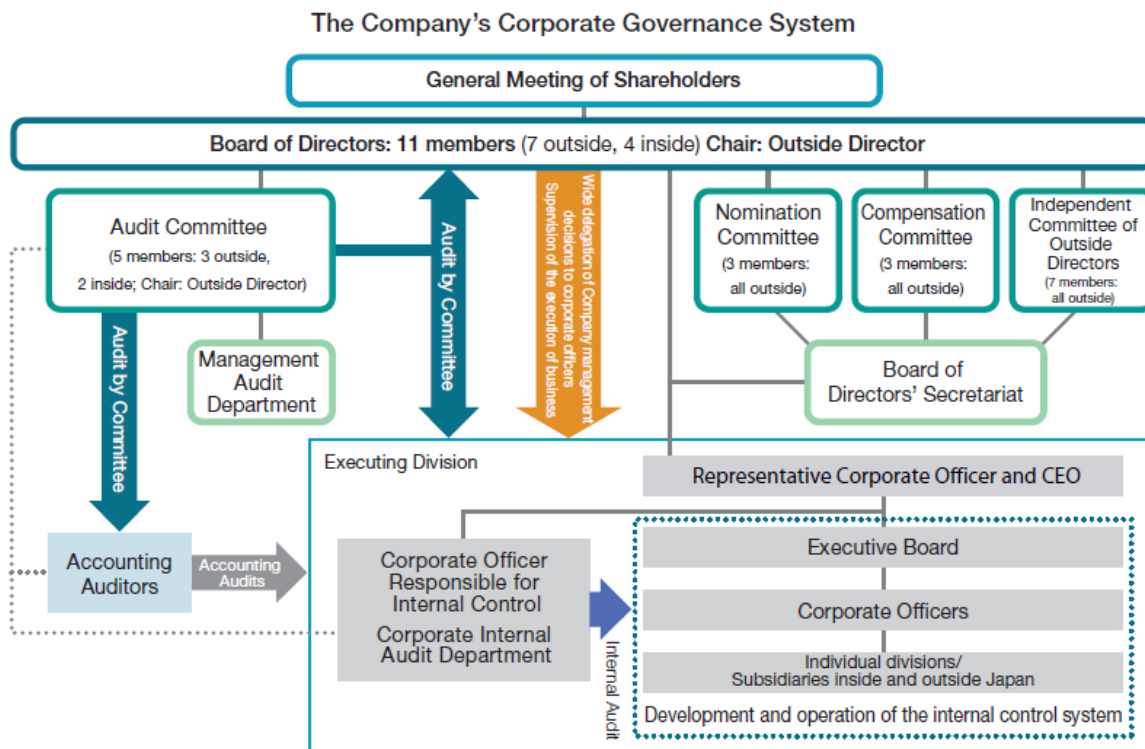
All other information is disclosed via the following procedure. The public relations section gathers information for potential disclosure and reports it

to the Corporate Officer in charge of public relations. In addition, when internal sections (including subsidiaries) become aware of or retain information for disclosure, they notify it to the public relations section. The Corporate Officer in charge of public relations reviews whether disclosures of any information received is appropriate, including regarding information from other meetings such as the Executive Committee, and sets a date and procedure to be discussed with related Corporate Officers. The public relations section is responsible for the disclosures, and the Corporate Officer in charge of public relations manages the timely and appropriate disclosure of information in accordance with regulations and the guidelines of the Tokyo Stock Exchange.

In addition, in case of any information that may pertain to important facts, an information management supervisor will hold an Information Management Committee meeting and decide on how to manage internal information while working to prevent insider trading issues.

Sections with the information ⇔ Public Relations section → Corporate Officer in charge of public relations → CEO → Disclosure

[Appendices]



Requirements for the Independence and Neutrality of Outside Directors

(Revised on December 20, 2013)

1. An Outside Director must neither currently be nor in the past have been an Officer (see Note 1 below) or an employee of Eisai or any of its affiliated companies ("Eisai Group").
2. An Outside Director's economic independence and neutrality from Eisai Group and specified enterprises, etc., is ensured by satisfying the following requirements:
 - 1) None of the following shall be applicable to the Outside Director within the past five years:
 - a. Having been an Officer or employee of an enterprise, etc., of a Major Business Partner (see Note 2 below) of Eisai Group, or otherwise an Officer or employee of an enterprise, etc., conducted by a Major Business Partner of Eisai Group;
 - b. Regardless of the value of the transaction, having been an Officer or employee of an enterprise, etc., with whom Eisai conducts necessary transactions, Eisai's audit corporation, or any other enterprise, etc., that has a relationship of substantive interest with Eisai Group;
 - c. Having been an Officer or employee of a person or an enterprise, etc., who is a Major Shareholder (see Note 3 below) of Eisai or of an enterprise, etc., in which Eisai Group is a Major Shareholder;
 - d. Excluding Officer compensation from Eisai Group, having directly received a Large Amount (see Note 4 below) of money or other property as a provider of professional services, etc. (i.e., a consultant, a lawyer, an accountant, etc.);

- e. Having received a Large Amount of money or other property from Eisai Group as a contribution or having been an Officer or employee of an entity, organization, etc., that has received such a contribution; or
 - f. Having been an Officer or employee of an enterprise, etc., which enterprise, etc., had an Officer, etc., who was at the same time an Officer, etc., of Eisai Group;
- 2) Even if more than five years has passed, the Nomination Committee must evaluate (see Note 5 below) the relationship with the enterprise, etc., in each item of the preceding clause 2(1) and determine that independence and neutrality is ensured; and
 - 3) In addition, from the perspectives of independence and neutrality, there must not be any other reason that would impede the performance of the duties as an Outside Director.
3. An Outside Director must not be a close relative of, or have a similar relationship to (see Note 6 below), or otherwise derive such person's sole livelihood through a relationship with, any of the following persons:
 - 1) An Officer or Important Employee (see Note 7 below) of Eisai Group; or
 - 2) Based on the requirements of paragraph 2 of this Article 13 above, those as determined by the Nomination Committee whose independence and neutrality from Eisai Group or from specified enterprises, etc., are not ensured.
 4. An Outside Director must not have reason for the threat arising of a significant conflict of interest in the performance of the duties as a Director, and the judgment of an Outside Director must not be threatened to be affected by a relationship of interest.
 5. The requirements for the independence and neutrality of Outside Directors provided in this Article continue to apply after the appointment as Director.

Note 1: "Officer" means Director, Corporate Officer, Statutory Auditor and other officers, etc.

Note 2: "Major Business Partner" means an enterprise, etc., for which 2% or more of its or the Eisai Group's sales in any of the past five fiscal years have been sales, or compensation for work or transactions, for the Eisai Group.

Note 3: "Major Shareholder" means a person who, or an enterprise, etc., that, directly or indirectly holds the voting rights to 10% or more of the general voting rights in any of the past five fiscal years.

Note 4: "Large Amount" means, in any of the past five fiscal years: ¥10 million in the case of remuneration for professional services or compensation for work or transactions, ¥10 million in the case of contributions, or the greater of 2% of the total income or operating income of entities or organizations receiving contributions.

Note 5: "Evaluate" means the Nomination Committee's evaluation regarding the Outside Director's relationship with the relevant enterprise, etc., based on the following factors:

- 1) Shareholding or stock options ownership in the relevant enterprise, etc.;
- 2) Post-retirement remuneration, company pension, etc., from the relevant enterprise, etc.; and
- 3) Human interaction between the Eisai Group and the relevant enterprise, etc.

Note 6: "A close relative of, or have a similar relationship to" means a relative within two degrees of kinship or having a human relationship that can be reasonably recognized as that which would impede the execution of the individual's duties as an Outside Director, such as a personally interested individual.

Note 7: "An Important Employee" means an employee with a title of at least the head of a section.