

Press Release



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Daiichi Sankyo Announces the Introduction of a Restricted Share-Based Remuneration Plan

Tokyo, Japan (April 28, 2017) – Daiichi Sankyo Company, Limited (hereafter “Daiichi Sankyo”) announced that, at a meeting of its Board of Directors held today, it reviewed its remuneration system for Directors and Audit & Supervisory Board Members and decided to introduce a restricted share-based remuneration plan (the “Remuneration Plan”). The Company will submit a proposal regarding the introduction of the Remuneration Plan to the 12th Ordinary General Meeting of Shareholders scheduled for June 19, 2017 (“this General Meeting of Shareholders”).

1. Purpose and Conditions Regarding Introduction of the Remuneration Plan

(1) Purpose of introduction of the Remuneration Plan

The Remuneration Plan is intended to provide an incentive for Daiichi Sankyo’s Directors excluding Outside Directors (“Eligible Directors”) to sustainably increase Daiichi Sankyo’s corporate value and further promote shared values with shareholders.

In contrast to the existing share remuneration-type stock option plan, through direct retention of shares in the Remuneration Plan, the Eligible Directors are to benefit from share price fluctuation as well as share risk so as to promote shared values with shareholders in long term. Daiichi Sankyo expects this to enable the Eligible Directors to make full use of their capabilities to raise corporate value over the medium-to-long term.

(2) Conditions for introduction of the Remuneration Plan

Since the restricted share based remuneration plan involves the provision of monetary receivables as remuneration, the introduction of the plan is subject to approval of providing such remuneration by shareholders at a General Meeting of Shareholders.

In association with the proposal of establishment of a wholly owning parent company on the share transfer at the 151st Ordinary General Meeting of Shareholders of the (former) Sankyo Co., Ltd., and at the 127th Ordinary General Meeting of Shareholders of the (former) Daiichi Pharmaceutical Co., Ltd., on June 29, 2005, approval was given for the amount of remuneration for the Directors of Daiichi Sankyo to be no more than 450 million yen per year (excluding the amount of employee’s salary paid to a Director who concurrently holds an employee post). In addition, approval was given at the 2nd Ordinary General Meeting of Shareholders held on June 28, 2007 and is valid up to present date, for a maximum amount of 140 million yen per year of remuneration, separately from the above-noted

remuneration, to be paid to Eligible Directors in the form of the issuance of subscription rights to shares as share remuneration-type stock options. At this General Meeting of Shareholders, Daiichi Sankyo plans to propose for the approval of shareholders the introduction of the new Remuneration Plan and the setting of the remuneration portion as a substitution of the portion of the share remuneration-type stock options..

Subject to approval at this General Meeting of Shareholders, Daiichi Sankyo plans to discontinue the share remuneration-type stock option plan and not issue new subscription rights to shares to the Eligible Directors as share remuneration-type stock options.

2. Overview of the Remuneration Plan

The Eligible Directors shall make in-kind contribution of all monetary remuneration receivables to be granted by Daiichi Sankyo according to the Remuneration Plan, and shall, in return, receive Daiichi Sankyo's ordinary shares that will be issued or disposed of by Daiichi Sankyo. Based on the Remuneration Plan, the Eligible Directors shall be paid a total amount of monetary remuneration receivables not exceeding 140 million yen per year (excluding the amount of employee's salary paid to a Director who concurrently holds an employee post). Specific timing of granting thereof and allocation to each Eligible Director shall be decided by the Board of Directors based on the deliberation of the Compensation Committee, of which Members of the Board (Outside) form a majority .

In connection with this, the total number of new issuance or allocation of ordinary shares by Daiichi Sankyo shall be no more than 70,000 shares per year (except that in the event of a share split with respect to Daiichi Sankyo's ordinary shares (including the allotment of shares without contribution) or a reverse share split takes place with an effective date on or after the date of resolution of this General Meeting of Shareholders involving the necessity to adjust the number of shares, the number of shares to be issued or disposed of may be adjusted as needed and to the extent reasonable according to the split or reverse split ratio) and the paid-in amount per share shall be the closing price of Daiichi Sankyo's ordinary shares on the First Section of the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution by the Board of Directors (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day). Such amount shall be decided by the Board of Directors to the extent that the amount will not be particularly advantageous for Eligible Directors who will subscribe Daiichi Sankyo's ordinary shares in accordance with the plan.

In addition, such issuance or disposal of Daiichi Sankyo's ordinary shares is subject to a certain agreement including the following contents being concluded between Daiichi Sankyo and the Eligible Director receiving provision of restricted share-based remuneration: (1) the Eligible Director are prohibited from transferring, creating a security interest on, or otherwise disposing of the shares during a certain restriction period, and (2) Daiichi Sankyo shall acquire free of charge the shares in the case where certain events happen. During the transfer restriction period, the shares are scheduled to be held by the Eligible Director in a special account to be established with Nomura Securities Co., Ltd. in order that the shares cannot be transferred, used as security interest, or otherwise disposed of during the transfer restriction period.

Besides the Eligible Directors, Daiichi Sankyo also plans to apply this system to Corporate Officers who do not concurrently serve as Directors of Daiichi Sankyo.