



## Press Release

Company name: DAIICHI SANKYO COMPANY, LIMITED  
 Representative: Sunao Manabe, Representative Director, President and COO  
 (Code no.: 4568, First Section, Tokyo Stock Exchange)  
 Please address inquiries to Noriaki Ishida, Executive Officer,  
 Vice President, Corporate Communications Department  
 Telephone: +81-3-6225-1126  
<http://www.daiichisankyo.com>

### **Daiichi Sankyo Announces Disposal of Treasury Shares as Restricted Share-Based Remuneration**

**Tokyo, Japan (June 19, 2017)** – Daiichi Sankyo Company, Limited (hereafter “Daiichi Sankyo”) announced that, at a meeting of its Board of Directors held today, it decided to dispose of its treasury shares as restricted share-based remuneration as follows (hereafter, “Disposal of Treasury Shares” or “Disposal”).

#### **1. Overview of the Disposal of Treasury Shares**

(1) Disposal date	July 18, 2017
(2) Class and number of shares to be disposed	Ordinary shares of Daiichi Sankyo; 123,324 shares
(3) Disposal value	¥ 2,456.5 per share
(4) Total disposal value	¥ 302,945,406
(5) Method of offer or disposal	Allotment of specified restricted shares
(6) Method of contribution	In-kind contribution of monetary compensation receivables or monetary receivables
(7) Acquirers of disposed shares and number of such acquirers, and number of shares to be disposed	Daiichi Sankyo’s Members of the Board (excluding Members of the Board (Outside): 6 persons 49,660 shares Daiichi Sankyo’s Corporate Officers: 21 persons 73,664 shares
(8) Other	Disposal of Treasury Shares is conditioned on the taking effect of the securities registration statement filed in accordance with the Financial Instruments and Exchange Act.

## **2. Purpose of and Reasons for the Disposal**

Daiichi Sankyo resolved, at a meeting of its Board of Directors held on April 28, 2017, to introduce a restricted share-based remuneration plan (the “Remuneration Plan”) in order to provide an incentive for Daiichi Sankyo’s Members of the Board excluding Members of the Board (Outside) (“Eligible Board Members”) to sustainably increase Daiichi Sankyo’s corporate value and in order to further promote shared values with shareholders, as a new remuneration plan for Daiichi Sankyo’s Eligible Board Members and its Corporate Officers (“Eligible Board Members etc.”). Moreover at the 12th Ordinary General Meeting of Shareholders held on June 19, 2017, it was approved that monetary compensation not exceeding 140 million yen per year (excluding the amount of employee’s salary paid to a Member of the Board who concurrently holds an employee post) shall be paid to Eligible Board Members as monetary compensation to serve as the property to be contributed for acquisition of shares with transfer and other restrictions (“restricted shares”) pursuant to the Remuneration Plan and that the transfer restriction period for restricted shares shall be the period specified by the Board of Directors of Daiichi Sankyo, which is a period between three to five years from the day on which such shares are allotted.

An overview of the Remuneration Plan and other relevant details are shown below.

### **Overview of the Remuneration Plan**

Under the Remuneration Plan, the Eligible Board Members etc. shall pay in, every year in principle, all monetary compensation receivables or monetary receivables provided by Daiichi Sankyo in the form of property contributed in kind, in accordance with the resolution by Daiichi Sankyo’s Board of Directors, and shall, in return, receive Daiichi Sankyo’s ordinary shares to be issued or those subject to the Disposal.

In addition, under the Remuneration Plan, the total number of ordinary shares that the Eligible Board Members receive by issuance or Disposal by Daiichi Sankyo shall be no more than 70,000 shares per year (provided, however, that if Daiichi Sankyo performs a share split (except that in the event of a share split with respect to Daiichi Sankyo’s ordinary shares (including the allotment of shares without contribution), a reverse share or any other event involving the necessity to adjust the number of shares, the number of shares to be issued or those subject to the Disposal 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 determined by the Board of Directors based on 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 each 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) or any other amount within the extent that the amount will not be particularly advantageous to Eligible Board Members who will subscribe Daiichi Sankyo’s ordinary shares under the Remuneration Plan.

Furthermore, the issuance or Disposal of Daiichi Sankyo’s ordinary shares under the Remuneration Plan shall be subject to a restricted share allotment agreement (the “Allotment Agreement”) to be entered into by and between Daiichi Sankyo and each Eligible Board Member Etc. as outlined in “3. Overview of the Allotment Agreement” below. The Allotment Agreement shall include the following provisions: (1)

Eligible Board Members Etc. are prohibited from transferring, creating any security interest on, or otherwise disposing of Daiichi Sankyo's ordinary shares that have been received by allotment under the Allotment Agreement (the "Allotted Shares") for a specified period, and (2) Daiichi Sankyo shall acquire the said ordinary shares without contribution in the case where specified events happen.

On this occasion, after considering the results of deliberation of the Compensation Committee, of which Members of the Board (Outside) form a majority, the purpose of the Remuneration Plan, the scope of duties of each Eligible Board Member Etc., and other factors, Daiichi Sankyo has decided to grant a total of 302,945,406 yen as the monetary compensation receivables and monetary receivables (the "Monetary Compensation Receivables"), and 123,324 ordinary shares. In addition, considering that the purpose of introduction of the Remuneration Plan is to provide an incentive to sustainably increase Daiichi Sankyo's corporate value and further promote shared values with shareholders, Daiichi Sankyo has decided the transfer restriction period to be four years.

With the Disposal of Treasury Shares, 27 Eligible Board Members etc., the planned allottees of shares, shall pay in all of the Monetary Compensation Receivables, which are claims against Daiichi Sankyo, in the form of property contributed in kind for acquisition of the restricted shares for the 13th fiscal year of Daiichi Sankyo (April 1, 2017 to March 31, 2018), and shall receive the Disposal of Daiichi Sankyo's ordinary shares pursuant to the Remuneration Plan.

### **3. Overview of the Allotment Agreement**

(1) Transfer restriction period: July 18, 2017, to July 18, 2021

(2) Condition for lifting of transfer restrictions of shares

The Eligible Board Member etc. must continue to be Daiichi Sankyo's Member of the Board or its Corporate Officer not concurrently serving as Member of the Board during the transfer restriction period.

(3) Treatment when an Eligible Board Member etc. resigns or retires from the post during the transfer restriction period due to the expiry of term of office, attainment of retirement age, or other justifiable reason

(i) Timing of lifting transfer restrictions

In the event that an Eligible Board Member etc. resigns or retires from the position of Daiichi Sankyo's Member of the Board or its Corporate Officer not concurrently serving as Member of the Board during the transfer restriction period due to the expiry of term of office, attainment of retirement age, or other justifiable reason (excluding resignation or retirement by death), the transfer restrictions shall be lifted at the time immediately after the resignation or retirement. In the case of resignation or retirement by death, the transfer restriction will be lifted at a time decided separately by the Board of Directors after the death.

(ii) Number of shares whose transfer restrictions are lifted

The number of shares of the Eligible Board Member whose transfer restrictions are lifted shall be calculated by multiplying the number resulting when the period of office of the Eligible Board Member in the transfer restriction period (expressed in months) is divided by 12 (if that number exceeds 1, then make it 1) by the number of Allotted Shares held at the time of resignation or retirement prescribed in “i” above (provided, however, fractional shares less than one share will be dropped from the number of shares obtained by the calculation).

The number of shares of the Corporate Officer not concurrently serving as Member of the Board whose transfer restrictions are lifted shall be calculated by multiplying the number resulting when the period of service from April in the fiscal year including the date on which the allotment of the Allotted Shares is received (expressed in months) is divided by 12 (if that number exceeds 1, then make it 1) by the number of Allotted Shares held at that time (provided, however, fractional shares less than one share will be dropped from the number of shares obtained by the calculation)

(4) Acquisition without contribution by Daiichi Sankyo

Daiichi Sankyo shall, by rights, acquire without contribution any Allotted Shares on which the transfer restrictions have not been lifted at the time of expiration of the transfer restriction period or the time of lifting of the transfer restrictions prescribed in (3) above.

(5) Management of shares

The Allotted Shares shall be managed in dedicated accounts at Nomura Securities Co., Ltd. opened by each Eligible Member of the Board Etc. to ensure it is not possible to transfer, create any security interest on, or otherwise dispose of the shares during the transfer restriction period. Daiichi Sankyo has entered into an agreement with Nomura Securities Co., Ltd. concerning management of the accounts of the Allotted Shares that are held by each Eligible Board Member etc. to ensure the effectiveness of the transfer restrictions, etc. relating to the Allotted Shares. In addition, the Eligible Board Members etc. have agreed to the details of the management of the accounts.

(6) Treatment during reorganization, etc.

If an agenda item regarding a merger agreement in which Daiichi Sankyo is the disappearing company, or a share exchange agreement or share transfer plan in which Daiichi Sankyo becomes a wholly owned subsidiary of another company, or other matters concerning reorganization, etc. have been approved at Daiichi Sankyo’s General Meeting of Shareholders (or by Daiichi Sankyo’s Board of Directors if approval for the said reorganization, etc. at Daiichi Sankyo’s General Meeting of Shareholders is not required) during the transfer restriction period, the relevant transfer restrictions will be lifted, based on the resolution of the Board of Directors, upon the time immediately before the preceding business day of the effective date of the reorganization, etc. on the number of Allotted Shares calculated as follows: (i) For the Eligible Board Members, the number of shares will be calculated by multiplying the number resulting when the number of months from the starting month

of the transfer restriction period through the month including the date of the relevant approval is divided by 12 (if that number exceeds 1, then make it 1) by the number of Allotted Shares held at that time (provided, however, fractional shares less than one share will be dropped from the number of shares obtained by the calculation), and (ii) For the Corporate Officers not concurrently serving as Members of the Board, the number of shares will be calculated by multiplying the number resulting when the period of service from April in the fiscal year including the date on which the allotment of the Allotted Shares was received (expressed in months) is divided by 12 (if that number exceeds 1, then make it 1) by the number of Allotted Shares held at that time (provided, however, fractional shares less than one share will be dropped from the number of shares obtained by the calculation).

#### 4. Basis of Calculation and Specific Details of the Payment Amount

The Disposal of Treasury Shares to the planned allottees is carried out by using monetary compensation receivables provided to them as restricted share-based remuneration for the 13th fiscal period of Daiichi Sankyo pursuant to the Remuneration Plan, as property contributed in kind. To eliminate any arbitrariness in the disposal value, the closing price for ordinary shares of Daiichi Sankyo on June 16, 2017 (the business day immediately preceding the date of resolution by the Board of Directors) on the First Section of the Tokyo Stock Exchange of ¥ 2,456.5 is used as the disposal value. This value is deemed to be rational because it is the market share price on the day immediately preceding the date of resolution by the Board of Directors. Furthermore, as this value has a deviation of 0.77% (rounded to the nearest hundredth percent, same in the deviation calculations below) from the simple average closing price of ¥ 2,437 (fractional yen will be dropped, same in the simple average closing prices below) for the most recent one-month period (May 16, 2017, through June 16, 2017) for the Daiichi Sankyo's ordinary shares on the First Section of the Tokyo Stock Exchange, a Δ0.76% deviation from the simple average closing price of ¥ 2,475 for the most recent three-month period (March 16, 2017 through June 16, 2017), and a Δ1.76% deviation from the simple average closing price of ¥ 2,500 for the most recent six-month period (December 16, 2016 through June 16, 2017), Daiichi Sankyo does not believe this represents a particularly favorable value.

#### (Reference) Management Flow of Restricted Shares (RS) under the RS System

