



May 8, 2019

Sysmex Corporation

## **Announcement Related to Granting of Stock Options (Stock Acquisition Rights) as a Part of Compensation to Members of the Managing Board**

At a meeting of the Managing Board on May 8, 2019, Sysmex resolved to submit a proposal to introduce stock options as compensation to members of the Managing Board of the Company. This proposal, outlined below, is to be submitted to the 52nd Ordinary General Meeting of Shareholders on June 21, 2019.

### 1. Reason for introduction of stock options

The purpose of the proposed allotment of stock acquisition rights to members of the Managing Board of the Company is to heighten their motivation and morale, and thereby improve business performance and increase the corporate value of the Company. (Members of the Managing Board who are members of the Audit and Supervisory Committee are excluded, as are outside members of the Managing Board.)

### 2. Details of proposal for introducing stock options

At the 49th Ordinary General Meeting of Shareholders on June 24, 2016, a proposal was approved stating that total annual compensation of members of the Managing Board of the Company (excluding those who are members of the Audit and Supervisory Committee) should be ¥1 billion or less. (Of this amount, annual compensation for outside members of the Managing Board is within ¥50 million, and these amounts exclude employee salaries paid to members of the Managing Board who are also serving as employees.) However, the proposal to be made at the 52nd Ordinary General Meeting of Shareholders, scheduled for June 21, 2019, asks for approval on the establishment of separate compensation for members of the Managing Board (excluding members of the Managing Board who are members of the Audit and Supervisory Committee, as well as outside members of the Managing Board) in the form of stock acquisition rights as stock options and in the amount of ¥800 million or less.

Specific details of these stock acquisition rights are outlined below.

#### (1) Class and number of shares associated with the stock acquisition rights

Common shares of the Company are the class of shares associated with the stock acquisition rights. The number of shares associated with the stock acquisition rights (hereinafter, the “Number of Shares Granted”) shall be 10 shares per stock acquisition right. Provided that a stock split (including the gratis allocation of common shares of the Company; this meaning applies to mentions of stock split below) or stock consolidation of common shares of the Company occurs on a date subsequent to this resolution of the General Meeting of Shareholders, with respect to stock acquisition rights not yet exercised at the time of such stock split or stock consolidation, the Number of Shares Granted shall be adjusted according to the following formula.

Number of shares after adjustment = Number of shares before adjustment x split or consolidation ratio

If the need to adjust the Number of Shares Granted becomes unavoidable for some reason other than those indicated above, the Number of Shares Granted may be adjusted if deemed necessary by the Managing Board.

Fractional amounts of less than one share resulting from an adjustment as described above shall be rounded down.

(2) Number of stock acquisition rights to be issued

The maximum number of stock acquisition rights that may be allocated within one year of the date on which the Ordinary General Meeting of Shareholders for each fiscal year is held shall be 25,000. Provided, however, that adjustments shall be made as provided in (1) above if so warranted.

(3) Issue price of stock acquisition rights

The issue price for each stock acquisition right shall be determined by the Managing Board based on the fair price of stock acquisition rights determined by a fair calculation method such as the Black-Scholes method when allocating the stock acquisition rights.

The person who is allocated stock acquisition rights (hereinafter, "Rights Holder") shall not be required to pay money for the rights. Instead, the payment amount corresponding to the issue price shall be offset by remuneration receivable from the Company.

(4) Value of property to be contributed upon exercise of the stock acquisition rights

The value of property to be contributed upon exercise of the stock acquisition rights shall be the issue price per share granted through the exercise of stock acquisition rights (hereinafter, the "Exercise Price") multiplied by the Number of Shares Granted.

The Exercise Price shall be the average of the closing prices of the shares of the common stock of the Company in the regular trading thereof on the Tokyo Stock Exchange on each day (excluding any day on which there is no trading of the shares of the Company) during the month immediately preceding the month including the day on which the stock acquisition rights are issued (hereinafter, the "Day of Allotment," multiplied by 1.05, and any fractions shall be rounded up to the nearest one (1) yen.

However, in the event that such amount is less than the closing price on the Day of Allotment (or, if there is no closing price on that day, on the nearest preceding day on which there is a closing price), the Exercise Price shall be that closing price.

The Exercise Price shall be adjusted if the following events occur subsequent to the Day of Allotment.

(i) In the event of a stock split or stock consolidation of the common shares of the Company, the Exercise Price shall be adjusted in accordance with the formula below and rounded up to the nearest one (1) yen.

Exercise Price after adjustment = Exercise Price before adjustment x 1/Split or consolidation ratio

(ii) In the event that the Company issues new common shares in the Company or disposes of treasury stock for a price below fair value (excluding the issuance of new shares or the disposal of treasury stock based on the exercise of stock acquisition rights or due to a transfer of treasury stock as the result of a share exchange), the Exercise Price shall be adjusted in accordance with the formula below and rounded up to the nearest one (1) yen.

Exercise Price after adjustment = Exercise Price before adjustment x (Number of issued shares + ((Number of newly issued shares x Issue price for each stock acquisition right) / Price per share)) / (Number of issued shares + Number of newly issued shares)

In the above formula, “number of issued shares” refers to the total number of shares the Company has issued minus the number of shares the Company holds as treasury stock. If treasury stock is disposed of, the “number of newly issued shares” shall be read as “number of shares disposed of” and “issue price per share” shall be “disposal price per share.”

(iii) If the Company engages in a merger, company split or other such activity, if the Exercise Price requires adjustment it shall be adjusted as is necessary and reasonable.

(5) Period when stock acquisition rights may be exercised

The stock acquisition rights may be exercised during the period beginning two years after the date of the Managing Board meeting for determining terms and conditions of the stock acquisition rights and eight years after the date of such resolution, as determined by such Managing Board resolution.

However, if the final day of the exercise period is a Company holiday, the final day of the period shall be the business day prior to that date.

(6) Conditions for exercise of the stock acquisition rights

Rights Holders must hold a position as member of the Managing Board, executive officer, advisor, or employee of the Company or its subsidiaries at the time the rights are exercised. This restriction shall not apply if the Rights Holder retired at the end of his/her term of office, upon reaching retirement age or for other legitimate reasons. Other conditions for exercise of the stock acquisition rights shall be provided by the Managing Board as determined in the terms and conditions of the stock acquisition rights.

(7) Limitations on the acquisition of stock acquisition rights by transfer

The acquisition of stock acquisition rights by transfer requires approval by the Managing Board.

(8) Other details of the stock acquisition rights

Other details of the stock acquisition rights shall be provided by the Managing Board as determined in the terms and conditions of the stock acquisition rights.