

FOR IMMEDIATE RELEASE

Company Name Kyowa Hakko Kirin Co., Ltd.
Representative Masashi Miyamoto, President and CEO
(Code No. 4151, First Section of TSE)
Inquiries Tomoko Kashiwabara, Director,
Corporate Communications Department
Media Contact: +81-3-5205-7205
Investor Contact: +81-3-5205-7206

Notice Regarding Share Acquisition Rights for Share Remuneration-type Stock Options

Tokyo, February 19, 2018 – Kyowa Hakko Kirin Co., Ltd. (Headquarters: Chiyoda-ku, Tokyo; President and COO: Masashi Miyamoto; hereinafter, the “Company”) hereby announces that, at a meeting held today, the Board of Directors of Kyowa Hakko Kirin resolved to submit a proposal at the 96th Ordinary General Meeting of Shareholders (hereinafter, the “Ordinary General Meeting of Shareholders”), to be held on March 20, 2019, to authorize the Board of Directors to determine the offering terms of share acquisition rights as share remuneration-type stock options for Kyowa Hakko Kirin’s Directors of the Board and Executive Officers, and certain directors of Kyowa Hakko Kirin’s subsidiaries. The details are as follows.

This matter is conditional upon approval and adoption at the Meeting.

1. Reason for the need to solicit subscribers for share acquisition rights on particularly favorable terms

The objective of granting share acquisition rights to Kyowa Hakko Kirin’s Directors of the Board and Executive Officers, and certain directors of the Kyowa Hakko Kirin’s subsidiaries is to raise their interest in the Kyowa Hakko Kirin’s stock price and financial results while also boosting their incentive to enhance corporate value and motivation to steer the Group toward becoming a global specialty pharmaceutical group by strengthening the linkage between Kyowa Hakko Kirin’s financial results and stock price with their remuneration, thereby having them share the benefits and risks of stock price fluctuations with shareholders. Share acquisition rights will be granted without contribution, as share remuneration-type stock options under which shares are granted upon exercise of share acquisition rights at an exercise price of ¥1 per share.

The exercise period of the share acquisition rights starts on the day after at least three (3) years from the issuance date of the share acquisition rights. This, Kyowa Hakko Kirin considers, will serve as an incentive to realize improved business performance and higher stock prices in a medium- to long-term.

These share remuneration-type stock options are not granted to non-executive directors including outside Directors of the Board.

2. Details and maximum number of share acquisition rights for which offering terms may be determined based on the matters resolved at the Ordinary General Meeting of Shareholders

(1) Maximum number of share acquisition rights for which offering terms may be determined based on this authorization:

The maximum number of the share acquisition rights shall be 1,005 (the “**Maximum Number of Share Acquisition Rights**”), with the terms specified in (3) below, and the allocation thereof will be executed within one (1) year of the date of the Ordinary General Meeting of Shareholders.

The maximum number of the share acquisition rights to be allocated to Directors of the Board of Kyowa Hakko Kirin shall be 359. (The number of share acquisition rights to be allocated to Directors of the Board of Kyowa Hakko Kirin is within the maximum amount that was approved at the 94th Ordinary General Meeting of Shareholders held on March 23, 2017.)

The upper limit of the aggregate number of shares to be granted upon exercise of the share acquisition rights shall be 100,500 shares of common stock of Kyowa Hakko Kirin. In the event that the number of shares to be granted is adjusted pursuant to (3)-(i) below, the upper limit of the aggregate number of shares to be granted upon exercise of share acquisition rights shall be the number obtained by multiplying the Number of Granted Shares after Adjustment (as defined in (3)-(i) below) by the Maximum Number of Share Acquisition Rights as provided above.

- (2) Monetary payment is not required for the share acquisition rights for which offering terms may be determined based on this authorization.
- (3) Details of the share acquisition rights for which offering terms may be determined based on this authorization

(i) Class and number of shares to be granted upon exercise of share acquisition rights

The class of shares to be granted upon exercise of the share acquisition rights shall be shares of common stock. The number of shares to be granted upon exercise of each share acquisition right (hereinafter, the “**Number of Granted Shares**”) shall be 100 shares.

Notwithstanding the foregoing, in the event that Kyowa Hakko Kirin carries out a stock split (including any allotment of common stock of Kyowa Hakko Kirin without contribution; the same shall apply hereinafter in relation to stock splits) or a consolidation of the common stock after the date of the resolution at the Ordinary General Meeting of Shareholders (hereinafter, the “**Resolution Date**”), the Number of Granted Shares shall be adjusted according to the following formula. Any fraction less than one (1) share resulting from this adjustment shall be rounded down.

$$\text{Number of Granted Shares after adjustment} = \text{Number of Granted Shares before adjustment} \times \text{Ratio of stock split or consolidation}$$

In addition, the Number of Granted Shares shall be adjusted to an extent reasonable in the unavoidable event where an adjustment of the Number of Granted Shares is required after the Resolution Date.

(ii) Amount of assets to be contributed upon exercise of share acquisition rights

The amount of assets to be contributed upon exercise of each share acquisition right shall be the amount obtained by multiplying ¥1, which is the exercise price per one (1) share to be granted upon exercise of share acquisition rights, by the Number of Granted Shares.

(iii) Exercise period of share acquisition rights

The exercise period is three (3) years from the day on which three (3) years have passed since the day following the allocation date of the share acquisition rights. The specific term shall be determined by resolution of the Board of Directors of Kyowa Hakko Kirin.

(iv) Matters concerning the amount of increase in stated capital and legal capital surplus resulting from issuance of shares upon exercise of share acquisition rights

- (a) The amount of increase in stated capital resulting from the issuance of shares upon

exercise of the share acquisition rights shall be one-half of the maximum amount of increase in capital stock as calculated pursuant to Article 17, Paragraph 1 of the Corporate Accounting Rules. Any fraction of less than ¥1 shall be rounded up to the nearest yen.

(b) The amount of increase in legal capital surplus resulting from the issuance of shares upon exercise of share acquisition rights shall be the maximum amount of increase in stated capital as provided in (a) above less the amount of increase in stated capital as determined in a) above.

(v) Restrictions on the acquisition of share acquisition rights through transfer

The acquisition of the share acquisition rights through transfer shall require approval by resolution of the Board of Directors of Kyowa Hakko Kirin.

(vi) Any fraction of less than a whole share in the number of shares to be granted to the holder of the share acquisition rights upon exercise of the share acquisition rights shall be rounded down.

(vii) Other terms of exercise of share acquisition rights

Partial exercise of one (1) share acquisition right is not permitted.

End