

FOR IMMEDIATE RELEASE

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**Notice Regarding Change in Exercise Condition
of Share Remuneration-type Stock Options**

Tokyo, February 19, 2019 – 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 resolved to submit a proposal at the 96th Ordinary General Meeting of Shareholders (hereinafter, the “Meeting”), to be held in March 20, 2019, to change the exercise condition of share acquisition rights as share remuneration-type stock options.

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

1. Reasons for change

The Company grants to its Executive Officers (including Directors of the Board) share acquisition rights as share remuneration-type stock options in accordance with a resolution of the General Meeting of Shareholders.

Going forward, with respect to the form of contract of Executive Officers (excluding Directors of the Board, and so on below for this proposal) the Company will shift from the previous employment-type Executive Officer system to a commission-type Executive Officer system. The change in this system is intended to clarify business execution responsibility, streamline corporate management and expedite decision making in order to further strengthen the Company’s corporate governance system.

Since the Executive Officers will now be commissioned, when appointed from among employees, their employment contracts will be terminated and a commission contract will be concluded. Of the share acquisition rights held by Executive Officers whose contract form will change in this way, for those rights whose exercise condition allows them to exercise the rights “within the ten (10) days following the date on which an Executive Officer of the Company loses the position as such (excluding cases where the individual continues to serve as an employee of the Company), or in cases where a person serving as an Executive Officer assumes office as a Director of the Board or Audit & Supervisory Board Member of the Company, within the ten (10) days following the date of the said assumption of office,” the exercise condition will change to allow them to exercise the rights at the time when the contract form is changed.

The change in the exercise condition is designed to strengthen the motivation of commissioned Executive Officers to contribute to higher share prices, sustainable growth of the Company and the enhancement of its corporate value, and provide them with incentive to contribute to the Company toward making a leap forward to become a global specialty pharmaceutical company. In addition, it is designed to promote further sharing of values with shareholders by having commissioned Executive Officers exercise their rights upon appointment and hold the Company’s shares during their term in office.

2. Details of change in exercise condition

Proposal No. 4 of the 87th Ordinary General Meeting of Shareholders, Proposal No. 4 of the 88th Ordinary General Meeting of Shareholders and Proposal No. 4 of the 89th Ordinary General Meeting of Shareholders

Proposal No. 4 of the 90th Ordinary General Meeting of Shareholders, Proposal No. 4 of the 91st Ordinary General Meeting of Shareholders, Proposal No. 4 of the 92nd Ordinary General Meeting of Shareholders and Proposal No. 5 of the 93rd Ordinary General Meeting of Shareholders

Authorization for the Board of Directors to determine the offering terms (*boshu jiko*) of share acquisition rights (*shinkabu yoyakuken*) as share remuneration-type stock options

Before change	After change
2 iii) vii) Other terms of exercise of share acquisition rights (a) The holder of the share acquisition rights may, within the period specified in item iii) above, exercise his or her share acquisition rights within the ten (10) days following the date on which <u>he or she ceases to be a Director of the Board or an Executive Officer of the Company (excluding cases where the individual continues to serve as an employee of the Company), or in cases where a person serving as an Executive Officer assumes office as a Director of the Board or Audit & Supervisory Board Member of the Company, within the ten (10) days following the date of the said assumption of office.</u>	2 iii) vii) Other terms of exercise of share acquisition rights (a) The holder of the share acquisition rights may, within the period specified in item iii) above, exercise his or her share acquisition rights within the ten (10) days following the date on which, <u>if he or she is a Director of the Board of the Company, he or she loses the position as such, and, if he or she is an Executive Officer of the Company, he or she loses the position as an employee of the Company.</u>

(Note) Because of our translation adjustments, some underlining does not coincide with the Japanese version and the English wording in some parts of the right column is different from that in the left column, even in cases where the Japanese content has not been changed.

3. Share acquisition rights whose exercise condition is to be changed

Share acquisition rights issued in March 2010: 4 units, 4,000 shares
(Resolution made at the Board of Directors' meeting held on March 24, 2010)

Share acquisition rights issued in April 2011: 15 units, 15,000 shares
(Resolution made at the Board of Directors' meeting held on March 24, 2011)

Share acquisition rights issued in April 2012: 36 units, 36,000 shares
(Resolution made at the Board of Directors' meeting held on March 22, 2012)

Share acquisition rights issued in March 2013: 46 units, 46,000 shares
(Resolution made at the Board of Directors' meeting held on March 22, 2013)

Share acquisition rights issued in March 2014: 41 units, 41,000 shares
(Resolution made at the Board of Directors' meeting held on March 20, 2014)

Share acquisition rights issued in March 2015: 34 units, 34,000 shares
(Resolution made at the Board of Directors' meeting held on March 20, 2015)

Share acquisition rights issued in March 2016: 36 units, 36,000 shares
(Resolution made at the Board of Directors' meeting held on March 24, 2016)

4. Schedule

Date of General Meeting of Shareholders to change exercise condition March 20, 2019

Effective date of the change of exercise condition March 20, 2019

End