

FOR IMMEDIATE RELEASE

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

Notice Regarding Introduction of Restricted Share-Based Remuneration Plan

Tokyo, February 20, 2020 – Kyowa Kirin Co., Ltd. (Headquarters: Chiyoda-ku, Tokyo; President and CEO: Masashi Miyamoto; hereinafter, the “Company”) hereby announces that, at a meeting held today, the Board of Directors reviewed the remuneration plan for Directors of the Board and resolved to introduce a restricted share-based remuneration plan (hereinafter, the “Plan”) and submit a proposal related to the Plan as a matter to be resolved at the 97th Ordinary General Meeting of Shareholders (hereinafter, the “Meeting”), to be held on March 19, 2020. The details are as follows.

1. Purposes, etc. for introducing the Plan

(1) Purposes for introducing the Plan

The Plan will be introduced as a remuneration plan that allots restricted shares (hereinafter, the “Restricted Shares”) to Directors of the Board of the Company (limited to executive Directors of the Board of the Company; the same shall apply hereinafter in this release) with the objective of having Directors of the Board of the Company share in the benefits and risks of share price fluctuations with the shareholders, and providing greater incentive to the Directors of the Board of the Company to elevate the share price and boost corporate value.

(2) Precondition for introducing the Plan

The introduction of the Plan, because it will provide monetary remuneration receivables as remuneration in order to allot Restricted Shares to Directors of the Board of the Company, is subject to shareholder approval regarding the payment of the related remuneration at the Meeting. The remuneration amount for Directors of the Board of the Company, as approved at the 94th Ordinary General Meeting of Shareholders held on March 23, 2017, has a maximum monetary remuneration set at 500 million yen per year (of which, the portion for outside Directors of the Board is set at 50 million yen or less per year), and a maximum amount for share remuneration-type stock options set at 155 million yen per year, separate from monetary remuneration. At the Meeting, the Company plans to ask shareholders for approval to abolish the provisions concerning the amount of remuneration, etc. relating to the aforementioned share remuneration-type stock options and instead, with the comprehensive considerations of various factors including the contributions made by the Directors of the Board of the Company, to set 155 million yen per year as the maximum amount for monetary remuneration receivables to be provided to the Directors of the Board of the Company as remuneration, etc. linked to the Restricted Shares, which is separate from the aforementioned amount of remuneration of the Directors of the Board.

If this proposal is approved and adopted, the Company will abolish the existing share remuneration-type stock option plan for Directors of the Board of the Company and thereafter discontinue the granting, to the Directors of the Board of the Company, of the share remuneration-type stock options pursuant to that plan.

2. Overview of the plan

(1) Allotment of and payment for the Restricted Shares

The Company will provide monetary remuneration receivables to the Directors of the Board of the Company in an amount not exceeding the aforementioned annual amount as remuneration linked to the Restricted Shares in accordance with the resolution of the Board of Directors of the Company. Each Director of the Board will then receive allotments of the Restricted Shares upon providing of all such monetary remuneration receivables in the form of contribution in kind.

The amount to be paid as a consideration for the Restricted Shares shall be determined, within the extent that it will not be particularly advantageous to the Directors of the Board who subscribe for such Restricted Shares, by the Board of Directors of the Company based on the closing price of the Company's ordinary shares on the Tokyo Stock Exchange on the business day immediately before the date of resolution by the Board of Directors of the Company regarding the issuance or disposition of the Restricted Shares (if there is no closing price on such date, the closing price on the closest preceding trading day).

Such monetary remuneration receivables shall be provided to the Director of the Board of the Company on condition that the Director of the Board of the Company agrees to the aforementioned contribution in kind and enters into an agreement on allotment of the Restricted Shares which contains the terms and conditions specified in (3) below.

(2) Total number of the Restricted Shares

The maximum total number of the Restricted Shares allotted to Directors of the Board of the Company in each fiscal year shall be 200,000 shares.

However, if, on or after the day on which this proposal is approved, the Company performs a share split (including allotment of ordinary shares of the Company without contribution) or a consolidation of its ordinary shares, or any other reason arises necessitating an adjustment to the total number of the Restricted Shares allotted in such cases, the Company may make adjustments to such total number of the Restricted Shares in a reasonable manner.

(3) Terms and conditions of an agreement on allotment of the Restricted Shares

Set forth below are the terms and conditions to be provided in an agreement on allotment of the Restricted Shares that shall, at the time of the allotment of the Restricted Shares, be entered into between the Company and a Director of the Board eligible for the allotment of the Restricted Shares in accordance with the resolution of the Board of Directors of the Company.

(i) Restrictions on transfer of shares

Any Director of the Board who has received an allotment of the Restricted Shares may not transfer, create a pledge, create a transfer security interest, make a gift inter vivos, bequeath or otherwise do any act of disposing of such Restricted Shares allotted to that Director of the Board (the "Allotted Shares") to a third party (such restrictions hereinafter "Transfer Restrictions") for a period, determined by the Board of Directors of the Company in advance, that is not shorter than three (3) years and not longer than five (5) years from the allotment date (the "Restriction Period Commencement Date"; such period hereinafter "Restriction Period").

(ii) Acquisition of the Restricted Shares without contribution

If any Director of the Board who has received an allotment of the Restricted Shares retires from all of the position of Director of the Board and Executive Officer of the Company and its subsidiaries during the period between the Restriction Period Commencement Date and the day before the Ordinary General Meeting of Shareholders of the Company first held

thereafter, the Company shall automatically acquire the Allotted Shares without compensation, unless there is a reason the Board of Directors of the Company deems justifiable.

(iii) Lifting of Transfer Restrictions

On the condition that the Director of the Board who has received an allotment of the Restricted Shares has remained in the position of Director of the Board or Executive Officer of the Company or one of its subsidiaries during the period between the Restriction Period Commencement Date and the day of the Ordinary General Meeting of Shareholders of the Company first held thereafter, the Company shall lift the Transfer Restrictions for all of the Allotted Shares allotted to such Director of the Board upon expiration of the Restriction Period.

However, if such Director of the Board retires from all of the position of Director of the Board and Executive Officer of the Company and its subsidiaries before the expiration of the Restriction Period due to a reason the Board of Directors of the Company deems justifiable, the Company shall reasonably adjust, as needed, the number of the Allotted Shares on which the Transfer Restrictions are to be lifted, and the timing of the lifting of Transfer Restrictions.

(iv) Treatment in the event of reorganization, etc.

If, during the Restriction Period, proposals relating to a merger agreement in which the Company is the dissolving company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company's General Meeting of Shareholders (or at a meeting of its Board of Directors in cases where approval at the Company's General Meeting of Shareholders is not required in relation to the reorganization, etc.), the Company shall, by resolution of the Board of Directors of the Company and prior to the date on which the reorganization, etc. becomes effective, lift the Transfer Restrictions on the Allotted Shares with the number of shares that is reasonably determined by considering the period from the Restriction Period Commencement Date to the date of approval of the reorganization, etc..

In such case, the Company shall automatically acquire, without compensation, any Allotted Shares which still remain subject to the Transfer Restrictions as of the time immediately after the Transfer Restrictions have been lifted pursuant to the proceeding sentence.

(Reference)

Following the conclusion of the Meeting, the Company intends to allot restricted shares similar to the aforementioned Restricted Shares to the Company's Executive Officers.

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