

**FOR IMMEDIATE RELEASE**

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**Notice regarding stock acquisition rights for the purpose of  
granting stock compensation-type stock options**

**Tokyo, February 19, 2014** – At a meeting held today, the Board of Directors of Kyowa Hakko Kirin decided to propose a resolution at the 91st General Meeting of Shareholders to be held on March 20, 2014 to authorize the Board of Directors to decide upon the conditions for the issuance of stock acquisition rights for the purchase of granting stock options for a stock-based compensation plan for Kyowa Hakko Kirin Directors (here and hereinafter: excluding external Directors) and Executive Officers. Details as follows:

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

The objective of granting stock acquisition rights to Directors of the Board and Executive Officers is to raise their interest in the Company's stock price and financial results while also boosting their motivation and morale to enhance corporate value by strengthening the linkage between their remuneration and the Company's stock price and having them share the benefits and risks of stock price fluctuations with shareholders. Stock acquisition rights will be granted without contribution, in place of the retirement benefit system, as stock compensation-type stock options under which shares are granted upon exercise of stock acquisition rights at an exercise price of ¥1 per share.

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

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

The maximum number of the stock acquisition rights shall be 98 (the "**Maximum Number of Stock Acquisition Rights**"), with the terms specified in (3) below. (The number of the stock acquisition rights to be allocated to Directors of the Board is within the upper limit approved at the 83rd Annual General Meeting of Shareholders held on June 28, 2006, and the allocation thereof will be executed within one year of the date of the Meeting.)

The upper limit of the aggregate number of shares to be granted upon exercise of the stock acquisition rights shall be 98,000 shares of common stock of the Company. 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 stock 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 Stock Acquisition Rights as provided above.

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

(3) Details of the stock 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 stock acquisition rights

The class of shares to be granted upon exercise of the stock acquisition rights shall be shares of common stock. The number of shares to be granted upon exercise of each stock acquisition right (hereinafter the “**Number of Granted Shares**”) shall be 1,000 shares.

Notwithstanding the foregoing, in the event that the Company carries out a stock split (including any allotment of common stock of the Company 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 Meeting (hereinafter the “**Resolution Date**”), the Number of Granted Shares shall be adjusted according to the following formula. Any fraction less than one share resulting from this adjustment shall be rounded down.

$$\begin{array}{l} \text{Number of Granted} \\ \text{Shares after} \\ \text{Adjustment} \end{array} = \begin{array}{l} \text{Number of Granted} \\ \text{Shares before adjustment} \end{array} \times \begin{array}{l} \text{Ratio of stock split} \\ \text{or consolidation} \end{array}$$

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 stock acquisition rights

The amount of assets to be contributed upon exercise of each stock 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 stock acquisition rights, by the Number of Granted Shares.

iii) Exercise period of stock acquisition rights

The exercise period is from the day following the allocation date of the stock acquisition rights to March 20, 2034.

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

a) The amount of increase in stated capital resulting from the issuance of shares upon exercise of the stock 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 stock 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 stock acquisition rights through transfer

The acquisition of the stock acquisition rights through transfer shall require approval by resolution of the Board of Directors of the Company.

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

vii) Other terms of exercise of stock acquisition rights

a) The holder of the stock acquisition rights may, within the period specified in item iii) above, exercise his or her stock acquisition rights within the ten (10) days following the date on which 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 Company Auditor of the Company, within the ten (10) days following the date of the said assumption of office.

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

Ends

\*The above information is subject to authorization at the 91<sup>st</sup> General Meeting of Shareholders scheduled for March 20, 2014