

March 31, 2017

Listed Company Name: Kyowa Hakko Kirin Co., Ltd.

Representative: Nobuo Hanai, President and CEO

(Code no.: 4151, First Section of TSE)

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**Matters concerning controlling shareholders**

Kyowa Hakko Kirin Co., Ltd. (hereinafter, “Kyowa Hakko Kirin”) hereby provides information on “matters concerning controlling shareholders” with regard to its parent company Kirin Holdings Co., Ltd. (hereinafter, “Kirin Holdings”). Details are as follows:

1. Names of the parent company, controlling shareholder (excluding parent company) and other associated companies and their parent companies.

(As of December 31, 2016)

Business name	Relationship	Ownership of voting rights (%)			Stock exchanges on which shares are listed
		Direct	Indirect	Total	
Kirin Holdings Company, Ltd.	Parent company	52.84	--	52.84	- Tokyo Stock Exchange, Inc. (1 <sup>st</sup> section) - Nagoya Stock Exchange, Inc. (1 <sup>st</sup> section) - Securities Membership Corporation Sapporo Securities Exchange - Securities Membership Corporation Fukuoka Stock Exchange

2. Position of listed company within the corporate group centering on the parent company and other relationships between listed company and the parent company.

- 1) Position of listed company within the corporate group centering on the parent company, transactional, personal and capital relationships, etc. with the parent company and its group companies

The parent company Kirin Holdings holds 52.84% of Kyowa Hakko Kirin voting rights. Kyowa Hakko Kirin operates an ethical pharmaceuticals business and is a core company within the Pharmaceuticals Business division of Kirin Holdings.

As regards personal relationships, as of March 31, 2017, one Senior Executive Officer of Kirin Holdings is also appointed to Kyowa Hakko Kirin’s Board of Directors as a non-executive director with the aim of strengthening Kyowa Hakko Kirin’s management structure and other initiatives and one full-time Audit & Supervisory Board Member at Kirin Holdings also serves as a Kyowa Hakko Kirin’s part-time Company Auditor.

- 2) Constraints, risks and benefits from a business standpoint due to membership in the corporate group

centering on the parent company, as well as impacts on management or business activities such as those affected by transactional, personal and capital relationships, etc. with the parent company and its corporate group

Kyowa Hakko Kirin believes that the brand strength and other management resources which derive from Kirin Holdings and its group companies contribute to increasing the corporate value of Kyowa Hakko Kirin and its group. Through membership in the Kirin Holdings corporate group, Kyowa Hakko Kirin is able to make effective use of these management resources.

As a core company in the Kirin Holdings corporate group operating an ethical pharmaceuticals business, Kyowa Hakko Kirin maintains management independence and considers itself to be unconstrained from a business standpoint and its management or business activities to be unaffected by transactional, personal and capital relationships, etc. with the parent company and its corporate group.

### 3) Measures to ensure independence from the parent company

Kyowa Hakko Kirin is a consolidated subsidiary of Kirin Holdings, a non-operating holding company that holds 50.10% of the total number of Kyowa Hakko Kirin's issued shares. In the Integration Agreement, dated October 22, 2007, it is agreed that both companies recognize that while observing core group management policies, Kyowa Hakko Kirin will operate as an autonomous company with independence and flexibility, ensure management independence as a listed company, strive to maximize value for all shareholders and achieve consistent growth of its corporate value. Further, it is agreed by Kirin Holdings and Kyowa Hakko Kirin that during the 10 years following the signing of the Integration Agreement, Kirin Holdings will in principle maintain a shareholding ratio of 50.10% in Kyowa Hakko Kirin and will exert full and reasonable efforts to maintain Kyowa Hakko Kirin as a listed company.

To ensure the effectiveness of objective management supervision, of the eight Directors of the Board as of March 31, 2017, two are appointed as independent outside directors.

Kyowa Hakko Kirin's transactional relationships with Kirin Holdings and its group companies do include the lending of funds. Kyowa Hakko Kirin operates the lending in accordance with its own management policies, and loan interest rates are determined through rational decisions, taking into consideration market interest rates according to lending periods.

### 3. Transactions with controlling shareholders and other items

Consolidated fiscal year ended December 31, 2016

Classification	Name	Location	Capital (million yen)	Main business	Ownership of voting rights (%) (held by the company)	Business relationship	Transactions	Transaction amount (million yen)	Account item	Balance at end of term (million yen)
Parent company	Kirin Holdings	Nakano-ku, Tokyo	102,045	Holding company	(held by the company) Direct 52.84%	- Lending of funds - Interlocking directorate	Lending of funds <sup>(Note)</sup>	101,187	Short-term loans receivable	114,521

(Note) Lending of funds is the average balance of transactional amounts through the period. The interest rate on the loan was determined with reasonable consideration to market interest rates.

### 4. Implementation of measures to protect minority shareholders in transactions, etc. with controlling shareholder

Transactions with controlling shareholders, whether those be of goods and services provided by Kyowa Hakko Kirin or to Kyowa Hakko Kirin, are based on objective market information and other data, and as with ordinary transactions, rational terms are agreed and the transaction is conducted appropriately so that the minority shareholders are not disadvantaged.

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