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To Whom It May Concern:

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**Notice Regarding Revision of Remuneration to Officers
and the Introduction of a Restricted Stock Compensation System (Performance-based)**

Kirin Holdings Company, Limited (“Kirin”) hereby announces that, at the Board of Directors Meeting held today, a resolution was passed to review the remuneration system for officers; to revise the amount of remuneration to officers (Directors and Audit & Supervisory Board Members); to introduce a new Restricted Stock Compensation System (Performance-based) (“System”); and to submit a proposal regarding the revision of remuneration to officers and a proposal regarding the System to the 178th Annual General Meeting of Shareholders to be held on March 30, 2017 (“General Meeting of Shareholders”). The details are as follows:

I. Revision of remuneration to officers

The remuneration limit for Directors of Kirin is ¥50 million per month (resolved at the 164th Annual General Meeting of Shareholders held on March 28, 2003); and the remuneration limit for Audit & Supervisory Board Members is ¥9 million per month (resolved at the 167th Annual General Meeting of Shareholders held on March 30, 2006).

Kirin, in an effort to further enhance its corporate value and promote a sense of sharing value with the shareholders, intends to revise the remuneration system of Directors and establish greater linkage between remuneration to Directors excluding Outside Directors and business performance. Kirin, therefore, plans to submit a proposal to the General Meeting of Shareholders to revise the remuneration to Directors from a monthly amount to a yearly amount; to pay a bonus to the Directors excluding Outside Directors in addition to the fixed basic remuneration within the remuneration limit; and after comprehensive consideration of factors such as the amounts paid in the past, the remuneration levels of other companies and the number of Directors in office, to change the remuneration limit to ¥950 million per year (of which the remuneration limit of Outside Directors will be ¥80 million per year). Kirin also proposes to pay bonuses to Directors excluding Outside Directors according to the degree of achievement of the consolidated performance indicators determined by Kirin. As Outside Directors are to be compensated commensurate with their duties to supervise and advise the management of Kirin and the Kirin Group as a whole from an objective perspective, only the fixed basic remuneration shall be paid, starting from the remuneration with respect to the fiscal year 2017.

Additionally, in terms of remuneration to Audit & Supervisory Board Members, after comprehensive consideration of factors such as the amounts paid in the past, the remuneration levels of other companies and the number of Audit & Supervisory Board Members in office, Kirin plans to submit a proposal to the General Meeting of Shareholders to change the remuneration limit to ¥130 million per year, in conjunction with the revision of remuneration to Directors. As Audit & Supervisory Board Members are to be compensated commensurate with their duties to audit the execution of duties of the Directors from an objective perspective, only the fixed basic remuneration shall be paid, starting from the remuneration with respect to the fiscal year 2017.

Employee salaries are not paid to Kirin’s Directors.

II. Introduction of the System

1. Purpose for the introduction of the System and other matters

(1) Purpose for the introduction of the System

Kirin resolved to submit a proposal to the General Meeting of Shareholders to introduce this new System for the purpose of further promoting the sharing of value between the Directors and the shareholders, and establishing a remuneration system that contributes to the enhancement of corporate value in the medium to long term.

(2) Conditions for the introduction of the System

As the System requires the provision of monetary compensation receivables for the allocation of restricted stock as remuneration to Directors excluding Outside Directors, the System shall be introduced on the condition that the General Meeting of Shareholders approves setting the amount of remuneration to Directors with respect to the System. It should be noted that Kirin shall propose to set an amount of remuneration separately from the remuneration limit set forth in the preceding Paragraph I.

2. Overview of the System

Under the System, Kirin shall grant Directors excluding Outside Directors (“Eligible Directors”) monetary compensation receivables for the allocation of restricted stock, each business year as a general rule, and, by having the Eligible Directors make contribution in kind using the monetary compensation receivables as contributed assets, shall issue or dispose of its common shares to the Eligible Directors and allow them to hold such shares. Kirin shall conclude a restricted stock grant agreement (“Grant Agreement”) with the Eligible Directors, and with regard to the shares granted pursuant to the Grant Agreement (“Granted Shares”), the Eligible Directors shall not be allowed to transfer, create a security interest on, or otherwise dispose of them at will (“Restrictions”) during a given period provided by the Grant Agreement (“Restriction Period”). In addition, Kirin shall lift the Restrictions on all or part of the Granted Shares, according to the degree of achievement of the indicators set by the Board of Directors including major performance indicators set in the Medium-Term Business Plan in the initial business year of the Restriction Period, at the expiry of the Restriction Period. However, Kirin shall acquire free of charge the Granted Shares for which the Restrictions are not lifted. Other details regarding the administration of this System shall be determined by the Board of Directors upon deliberation by the Nomination and Remuneration Advisory Committee.

The total amount of monetary compensation receivables to be provided to Eligible Directors shall be no greater than ¥250 million per year and the specific timing of the provision and the allocation to each Director shall be determined by the Board of Directors upon deliberation by the Nomination and Remuneration Advisory Committee. The total number of Granted Shares to be granted to Eligible Directors shall be no greater than 312,500 shares during one business year. The amount to be paid per share shall be determined by the Board of Directors within the scope that would not be considered specially advantageous to the Directors who are granted Kirin’s common shares under the System, that is, the closing price of Kirin’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution by the Board of Directors (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day).

3. Application of Restricted Stock Compensation System to Kirin’s Executive Officers and Directors and Executive Officers of Kirin’s subsidiary

On the condition that the General Meeting of Shareholders approves the introduction of the System, the Restricted Stock Compensation System similar to the above will be applied to Kirin’s Executive Officers and Directors and Executive Officers of KIRIN Company, Limited, a subsidiary of Kirin.

[Reference]

If the proposal on the revision of remuneration to officers described in the preceding Paragraph I and the proposal on the introduction of the System described in the preceding Paragraph II are approved, the amount of remuneration to Directors and Audit & Supervisory Board Members shall be as indicated in the table below.

Directors

	Current		Proposed revision
1) Amount of remuneration under the Restricted Stock Compensation System (Performance-based)	-	➔	Remuneration limit of ¥250 million per year *Outside Directors are not eligible.
2) Basic remuneration	Remuneration limit of ¥50 million per month		Remuneration limit of ¥950 million per year *Bonuses for Outside Directors will be abolished.
3) Bonus	Amount determined at General Meetings of Shareholders		

Audit & Supervisory Board Member

	Current		Proposed revision
1) Basic remuneration	Remuneration limit of ¥9 million per month	➔	Remuneration limit of ¥130 million per year
2) Bonus	Amount determined at General Meetings of Shareholders		- *To be abolished

On the condition that the proposal on the revision of remuneration to officers described in the preceding Paragraph I and the proposal on the introduction of the System described in the preceding Paragraph II are approved, the details of Kirin's new policy on the remuneration system for officers and the method of determination shall be as follows:

Policy on the Remuneration System for Officers and Method of Determination

- The remuneration for officers of Kirin shall be as follows:
 1. Remuneration shall be on levels commensurate with the roles and responsibilities of officers of the Kirin Group, and shall emphasize linkage with business performance.
 2. Remuneration shall be linked to corporate value in the medium to long term, and shall encourage the sharing of value with shareholders.
 3. Objectivity and transparency shall be ensured through deliberations by the Nomination and Remuneration Advisory Committee, the majority of which are Outside Directors.

- Composition of remuneration

Remuneration for Directors excluding Outside Directors shall comprise the Basic Remuneration, which is a fixed remuneration, the Yearly Bonus, which serves as a short-term incentive, and the Restricted Stock Compensation (Performance-based), which acts as a medium-to long-term incentive, as a way of encouraging management focused on achieving greater short-term consolidated performance as well as enhancing corporate value in the medium to long term. Remuneration for Outside Directors and Audit & Supervisory Board Members shall comprise exclusively of the Basic Remuneration.

- Structure of linkage with performance

Performance-linked remuneration for Directors excluding Outside Directors (Yearly Bonus and Restricted Stock Compensation (Performance-based)) shall be as follows:

Under the Yearly Bonus system, the amount of bonus is determined based on consolidated performance indicators and individual performance evaluations (As for the Chairman of the

Board and the President & CEO, only the consolidated performance indicators shall be taken into consideration).

Under the Restricted Stock Compensation System (Performance-based), Kirin shall lift the Restrictions on all or part of the Granted Shares, according to the degree of achievement of the indicators set by the Board of Directors including major performance indicators set in the Medium-Term Business Plan in the initial business year of the Restriction Period, at the expiry of the Restriction Period. However, with respect to a certain portion of the restricted stock to be granted, Restrictions shall be removed at the expiry of the Restricted Period as a general rule regardless of the degree of achievement of the indicators, in order to encourage Directors to hold Kirin's stock. With respect to the fiscal year 2017, while Kirin plans to change the number of shares for lifting the Restrictions at the expiry of the Restriction Period according to the degree of achievement of the indicators of ROE before amortization of goodwill, etc. and normalized EPS, which have been set as significant indicators in the current Medium-Term Business Plan, Kirin shall lift the Restrictions on 33% of the restricted stock to be granted, at the expiry of the Restricted Period as a general rule regardless of the degree of achievement of the indicators, in order to encourage Directors to hold Kirin's stock.

The amount of remuneration has been designed so that for the fiscal year 2017 the performance-linked remuneration (Yearly Bonus and Restricted Stock Compensation (Performance-based)) shall account for approximately 50% of the total composition of remuneration at the time of achievement of the performance targets as a general rule.

- Method of determination

The Nomination and Remuneration Advisory Committee, the majority of which are Outside Directors, conduct deliberations and then report its findings to the Board of Directors when determining remuneration for officers of Kirin (including remuneration of Executive Officers who do not serve concurrently as Directors), in order to ensure the remuneration system is implemented fairly and reasonably in accordance with the above policy. In the deliberations, objective comparisons and verifications are conducted on remuneration levels, the linkage with performance and other factors, using executive remuneration research data compiled by third-party investigative agencies, and the results are reflected in the findings reported to the Board of Directors.