

PRESS RELEASE**Kyowa Hakko Announces Sale of Subsidiary**

Tokyo, April 27, 2004 – At a meeting on April 27, 2004, the board of directors of Kyowa Hakko Kogyo Co., Ltd. (“Kyowa Hakko”) resolved to sell all of the shares of AGROFERM HUNGARIAN – JAPANESE FERMENTATION INDUSTRY LTD. (“Agroferm”), a wholly owned subsidiary.

Kyowa Hakko will grant Degussa exclusive rights to its intellectual property for L-lysine, L-threonine, and L-tryptophan in the field of feed amino acids, although Kyowa Hakko will retain the marketing right for feed grade amino acids in Japanese market.

1. Reason for transfer

In order to concentrate management resources on high value-added amino acids - specifically pharmaceutical-, food-, and industrial-use raw materials - and to scale back its feed-use amino acid business, Kyowa Hakko decided to sell all the shares of wholly owned subsidiary Agroferm to Degussa AG.

2. Outline of wholly owned subsidiary

1. Name	AGROFERM HUNGARIAN – JAPANESE FERMENTATION INDUSTRY LTD.
2. Location	Budapest, the Republic of Hungary.
3. Main business	Manufacture and sale of feed-use amino acids
4. Established	April 1987
5. Capital	3,505,730,000 Hungarian forints
6. Representative	President Andras Kadar
7. Number of shares outstanding	350,573 shares
8. Assets	4,572,373,000 Hungarian forints (as of December 31, 2003)
9. Fiscal year ends	December 31
10. Employees	162
11. Shareholders	100% held by Kyowa Hakko

3. Highlights of Agroferm's financial results for the past three years

	<i>Hungarian forints - millions</i>		
	Year ended December 31, 2001	Year ended December 31, 2002	Year ended December 31, 2003
Net sales	6,124	5,083	6,458
Operating income	910	(271)	923
Net income	872	(224)	814

(For reference: On December 31, 2003 1 Hungarian forint traded at approximately ¥0.51)

4. Outline of purchaser

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|-------------------|------------------------------------------------------------------|
| 1. Name | Degussa AG |
| 2. Location | Federal Republic of Germany |
| 3. Main business | Specialty Chemicals |
| 4. Representative | Chairman of the Board of Management
Prof. Utz-Hellmuth Felcht |

5. Scheduled date of transfer/sale/disposal

- | | |
|---------------|------------------------------|
| May 1, 2004 | Sign share transfer contract |
| June 30, 2004 | Share transfer |

6. Impact on earnings

Although the financial impact of this transaction is expected to be immaterial, it will be included in the earnings forecasts for the year ending March 31, 2005 as part of the financial statements (consolidated and non-consolidated) for fiscal 2003 that are scheduled for release on May 12, 2004.

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