

October 22, 2007

For Immediate Release

Kyowa Hakko Kogyo Co., Ltd.
Kirin Pharma Company, Limited
Kirin Holdings Company, Limited

**Strategic Alliance Between Kyowa Hakko Group and Kirin Group
Maximizing Synergy Through an Alliance Centered Around
the Pharmaceutical Business**

Kyowa Hakko Kogyo Co., Ltd. (President and CEO, Yuzuru Matsuda, “Kyowa Hakko”), Kirin Pharma Company, Limited (President and Chairman of the Board of Directors, Katsuhiko Asano, “Kirin Pharma”) and Kirin Holdings Company, Limited (President and CEO, Kazuyasu Kato, “Kirin Holdings”) have reached an agreement with respect to a strategic alliance between the Kyowa Hakko Group and the Kirin Group targeting the overall businesses of both groups (the “Strategic Alliance”) and accordingly, on October 22, 2007, entered into an integration agreement. Both groups will promote the business collaboration arising from the Strategic Alliance, enhance competitiveness and management efficiency, maximize synergy and will aim to improve their corporate values through further development.

Kyowa Hakko and Kirin Pharma, the pharmaceutical business in the Kirin Group, will be integrated to allow the parties to create synergy at an early stage. Based on the strength of each company in biotechnology, both groups will endeavor to develop a global top-class research and development-centered life sciences company based in Japan.

In preparation for the integration of the two groups, Kirin Holdings will acquire a total number of shares of common stock equivalent to 50.10% of the total issued shares of Kyowa Hakko through a tender offer (the “Tender Offer”) and a share exchange to be implemented between Kyowa Hakko and Kirin Pharma (the “Share Exchange”).

Kirin Holdings is scheduled to purchase 111,578,000 shares (27.95% of the total issued shares of Kyowa Hakko) and the Tender Offer period will be from October 31 to December 6, 2007. The purchase price per share is 1,500 yen, and the aggregate amount required for the total purchase will be 167,367.0 million yen. The Board of Directors of Kyowa Hakko has resolved to approve the Tender Offer.

After the completion of the Tender Offer, on April 1, 2008, Kirin Pharma will become a wholly-owned subsidiary of Kyowa Hakko through the Share Exchange (8,862 shares of common stock of Kyowa Hakko will be allocated and delivered for one (1) share of the common stock of Kirin Pharma held by Kirin Holdings), and Kyowa Hakko will become a consolidated subsidiary of Kirin Holdings. Furthermore, Kyowa Hakko and Kirin Pharma will merge effective October 1, 2008, with Kyowa Hakko as the surviving company (the “Surviving Company”), and the trade name of the Surviving Company will become Kyowa Hakko Kirin Co., Ltd.

If the number of shares purchased through the Tender Offer is less than 111,578,000 shares, Kyowa Hakko will allocate new shares to Kirin Holdings, at 1,500 yen per share, with the stock payment date set for March 25, 2008 (the “Third Party Allocation of New Shares”), in the amount necessary for Kirin Holdings to acquire, in conjunction with the shares delivered to Kirin Holdings in the Share Exchange between Kyowa Hakko and Kirin Pharma, a number of shares equivalent to 50.10% of the issued shares of Kyowa Hakko as of the effective date of the Share Exchange.

The domestic and international business environment of the pharmaceutical industry is undergoing drastic changes, including the revision of medical treatment fees and pharmaceutical price reductions due to changes in the medical system, increased global competition concerning the research and development of new drugs and the increased costs of research and development in order to discover new pharmaceuticals.

Both Kyowa Hakko and Kirin Pharma are strong in antibody drug technology-centered biotechnology. Through the integration of this strength, both companies aim to further bolster their operations. By strengthening their operational base and maximizing their synergy in each sector including research, development, manufacturing and sales, both in Japan and overseas, both companies aim to further accelerate global growth and to provide new medical values.

Kyowa Hakko Group is a research and development focused corporate group composed of Kyowa Hakko, which is a holding company and also operates the pharmaceutical and bio-chemical businesses, and its subsidiaries Kyowa Hakko Chemical Co., Ltd. and Kyowa Hakko Food Specialties Co., Ltd. which are engaged in the chemical business and food business, respectively. Recently, the group has been focusing on cancer fighting drugs and antibodies, promoting feature-specific biotechnology, such as the development of POTELLIGENT® Technology which is expected to enhance the ADCC (Antibody-Dependent Cellular Cytotoxicity) activity of an antibody up to 100-fold*.

The Kirin Group is striving to achieve significant growth based on the Kirin Group’s long-term management vision “Kirin Group Vision 2015 (or KV 2015)” in its businesses centered around alcohol, beverages and pharmaceuticals. Kirin Pharma operates the group’s pharmaceutical business with a focus on kidney, cancer (including leukemia) and immune deficiency and communicable diseases, and has achieved a strong position as a bio-pharmaceutical manufacturer. In addition, it is promoting research and development in the fields of human antibody and cell-based therapeutics, which it considers to be central to their future operations.

Since each group also operates in a number of similar non-pharmaceutical businesses, integration and alliances will be promoted in such business. The bio-chemical business of Kyowa Hakko is planning to spin off as a subsidiary of the Surviving Company by April 2010. Deliberations for the integration of the alcohol and health food mail-order businesses with the corresponding businesses in the Kirin Group is expected to be commenced. With respect to the food business, Kyowa Hakko will consider integrating its food business with Kirin Food-Tech Company, Limited, and for its chemical business,

* The feature of POTELLIGENT® Technology, which was developed independently by Kyowa Hakko, is that it significantly improves ADCC activity by reducing the amount of fucose in the carbohydrate structure of an antibody, for example, allowing the antibody to target and efficiently destroy cancer cells.

Kyowa Hakko will focus on stabilizing its profitability and strengthening its competitiveness through alliances with other companies.

Kyowa Hakko Group and Kirin Group will strive to maximize the synergies based on the strengths of the two groups and to further enhance their respective corporate values through the Strategic Alliance.

< Enclosed: “Overview of the Strategic Alliance and Tender Offer” and “Over view of the Share Exchange” (2 pages)>

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1. Overview of the Surviving Company (After the Merger)

Trade Name of the Surviving Company after the Merger	KYOWA HAKKO KIRIN CO., LTD.
Address	1-6-1 Ohtemachi, Chiyoda-ku, Tokyo
President and CEO	Yuzuru Matsuda, (current President of Kyowa Hakko) (scheduled)
Executive Vice President	Tomohiro Mune, (current Managing Director of Kirin Holdings) (scheduled)

2. Kyowa Hakko Kogyo Co., Ltd.

Trade Name	KYOWA HAKKO KOGYO CO., LTD.
Address	1-6-1 Ohtemachi, Chiyoda-ku, Tokyo
President and CEO	Yuzuru Matsuda
Net Sales	354.2 billion yen (fiscal year ended March 31, 2007/ consolidated)
Net Income	12.6 billion yen (fiscal year ended March 31, 2007/ consolidated)
Paid-in Capital	26.7 billion yen (as of March 31, 2007)
Major Shareholders	The Master Trust Bank of Japan Ltd. (Trust account)
	The Dai-ichi Mutual Life Insurance Company
	Japan Trustee Services Bank, Ltd. (Trust account)

	The Norinchukin Bank
	Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Account for Mizuho Bank, Ltd. Asset Management Re-entrust Services
Year of Incorporation	1949
Employees	5,756 people (as of March 31, 2007, consolidated)
Business Description	Production and sales of pharmaceutical products for medical professionals, raw materials for industrial and pharmaceutical use, healthcare products, products for the agriculture and livestock industry and the fishing industry, alcohol, etc.
Principal Products	Coniel®, Allelock®, Depakene®, various amino acids.

3. Kirin Pharma Company, Limited

Trade Name	Kirin Pharma Company, Limited
Address	6-26-1 Jingumae, Shibuya-ku, Tokyo
President and Chairman of the Board of Directors	Katsuhiko Asano
Net Sales	67.2 billion yen (fiscal year ended December 31, 2006/consolidated)
Operating Income	12.0 billion yen (fiscal year ended December 31, 2006/consolidated)
Paid-in Capital	3.0 billion yen (as of July 1, 2007)
Major Shareholders	Kirin Holdings Company, Limited
Year of Incorporation	2007
Employees	1,270 people (as of July 1, 2007)
Business Description	Production, sales, import and export of pharmaceutical products
Principal Products	NESP, ESPO, GRAN

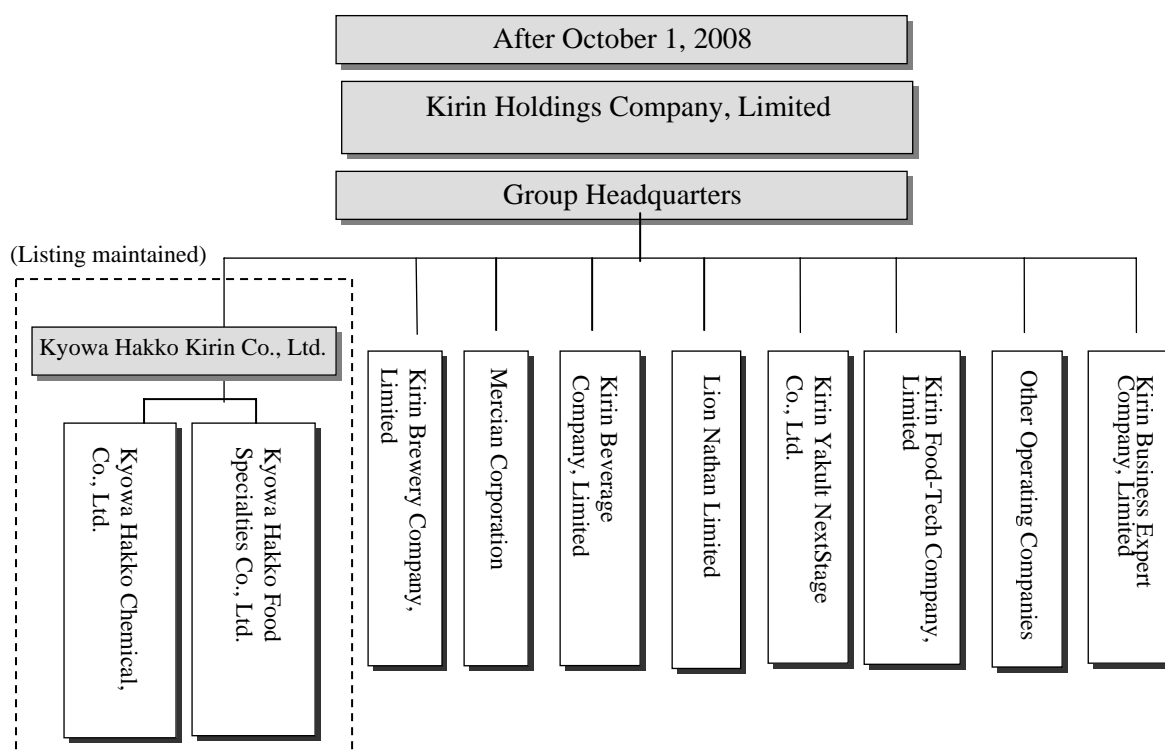
4. Kirin Group (Consolidated)

Net Sales	1,665.9 billion yen (fiscal year ended December 31, 2006/consolidated)
Net Profit	53.5 billion yen (fiscal year ended December 31, 2006/consolidated)
Paid-in Capital	102.0 billion yen (as of June 30, 2007)
Employees	23,332 people (as of December 31, 2006, consolidated)
Business Description	Production and sales, of alcoholic/non-alcoholic beverages, pharmaceutical products and health and functional food products, etc.

5. Organizational Structure Hereafter

After the completion of the Tender Offer, the Third Party Allocation of New Shares and the Share Exchange, Kyowa Hakko will become a consolidated subsidiary of Kirin Holdings. The effective date of the Share Exchange is April 1, 2008. Furthermore, Kyowa Hakko and Kirin Pharma will merge on October 1, 2008. The Surviving Company will maintain its listing on the stock exchange. As a principle, Kirin Holdings will cooperate in the strongest reasonable manner to maintain the listing of shares of the Surviving Company on the stock exchange and the shareholding ratio of Kirin Holdings in the Surviving Company shall be maintained at 50.10% for a period of 10 years.

Organizational Chart



6. Overview of the Tender Offer

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| (1) | Period: | From Wednesday, October 31, 2007 through Thursday, December 6, 2007 (26 business days in Japan) |
| (2) | Purchase price: | 1,500 yen per share
(The aggregate tender offer price is scheduled to be 167,367 million yen) |
| (3) | Number of Shares Scheduled to be Purchased: | 111,578,000 shares (27.95% (scheduled) of the total issued shares) |

7. Overview of the Share Exchange

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| (1) | Schedule of the Share Exchange | |
| a. | October 22, 2007 | Conclusion of the Share Exchange Agreement |

