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For Immediate Release

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Notification with Respect to Commencement of Tender Offer for Shares of Kyowa Hakko Kogyo Co., Ltd.

Kirin Holdings Company, Limited (the “Company” or the “Tender Offeror”) has reached an agreement with Kyowa Hakko Kogyo Co., Ltd. (the “Target Company” or “Kyowa Hakko”) (Code number: 4151, the First Section of the Tokyo Stock Exchange) and Kirin Pharma Company, Limited (“Kirin Pharma”) with respect to (i) acquiring shares of common stock of the Target Company through a tender offer (the “Tender Offer”) and (ii) a strategic alliance between the Kyowa Hakko Group and the Kirin Group (the “Strategic Alliance”) centering around a share exchange between Kyowa Hakko and Kirin Pharma (the “Share Exchange”) and the merger of the two companies with Kyowa Hakko as the surviving company achieving the integration of the pharmaceutical business of the Kyowa Hakko Group and the Kirin Group (the “Integration”). Accordingly, the Company resolved, at the meeting of the Board of Directors held today, to enter into an integration agreement (the “Integration Agreement”). Based on the resolution, the Company will acquire 111,578,000 shares of common stock of the Target Company through the Tender Offer, as follows:

After the Integration, the surviving company will become a consolidated subsidiary of the Tender Offeror which, as a pure holding company, will hold a majority of the shareholder voting rights of the surviving company. The surviving company will, while respecting the fundamental principles of the Kirin Group operation, conduct autonomous business activity based on independence and mobility, ensure the independence of its management as an ongoing public listed company, and continue to promote the maximization of profits for all of its shareholders and the sustained expansion of corporate value. In addition, the Ratio of the Standard Number of Shares (as defined below) of the Tender Offeror in the surviving company shall be 50.10% in principle for a period of 10 years from the date of the execution of the Integration Agreement, and, after the Integration, the Tender Offeror will cooperate in the highest reasonable manner to maintain the listing of shares of the surviving company.

For details of the Strategic Alliance, please refer to the “Notification with Respect to the Strategic Alliance Between the Kyowa Hakko Group and the Kirin Group Centering Around the Integration of Kyowa Hakko Kogyo Co. Ltd. and Kirin Pharma Company, Limited”, released today by Kyowa Hakko, Kirin Pharma and the Company.

1. Purpose of Tender Offer

- (1) Purpose and Background of the Tender Offer

The Tender Offeror entered into an Integration Agreement with the Target Company, a corporation listed on the first section of the Tokyo Stock Exchange Inc. (the “Tokyo Stock Exchange”) and Kirin Pharma, a consolidated subsidiary of the Tender Offeror, with respect to a Strategic Alliance (as described below) centering around the integration of the Target Company and Kirin Pharma as of October 22, 2007. Pursuant to the Integration Agreement, the Tender Offeror will purchase shares of common stock of the Target Company, as part of the Strategic Alliance, totaling no more than 111,578,000 shares (27.95% (scheduled) of the Standard Number of Shares of the Target Company (Note 1) as of the date of official public announcement of the commencement of the Tender Offer) and no less than 79,849,000 shares (20.00% (scheduled) of the Standard Number of Shares of the Target Company as of the date of official public announcement of the commencement of the Tender Offer) through the Tender Offer. (Note 2)

The Board of Directors of the Target Company approved of the Tender Offer at the meeting of the Board of Directors held on October 22, 2007.

In the pharmaceutical business, which is the core business for both the Kyowa Hakko Group and the Kirin Group, the competitiveness of both the domestic and international environments has significantly increased due to changes brought about by reforms in the pharmaceutical industry. Such changes include the revision of medical treatment fees and pharmaceutical price reductions due to changes in the medical system, increased efforts to contain drug costs, challenges presented by prominent U.S. and European pharmaceutical corporations, 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. In order to overcome this difficult environment and to promote rapid global growth, both Groups decided that, rather than pursuing business development separately, the Target Company and Kirin Pharma should strengthen their management base through integration.

Based on this shared awareness, the Kyowa Hakko Group and the Kirin Group agreed on a fundamental concept of building a new company out of the combination of the respective distinctiveness and strengths of the Target Company and Kirin Pharma, based on the strength of both companies in biotechnology, with the goal of developing a global top-class research and development-centered life sciences company based in Japan, and have decided to form a Strategic Alliance centering around the integration of the Target Company and Kirin Pharma (the “Integration”).

With respect to the integration of the pharmaceutical businesses around which the Strategic Alliance centers, antibody drug technology-centered biotechnology is the strength of both the Target Company and Kirin Pharma. Through the integration of antibody technologies, both companies aim to improve drug development capabilities, expand opportunities to acquire novel antigens through an improved presence in the antibody drug sector and increase development speed of antibody drugs and proactive overseas development through the mutual exploitation of antibody technologies. Furthermore, through the Integration, the Target Company and Kirin Pharma expect an increase in the scale of research and development and marketing, the establishment of effective business operations systems, and the further strengthening of the profitability and competitiveness of their pharmaceutical business; all of which is believed to result in a strengthening of the operational base.

With respect to industries other than the pharmaceutical business, there are many similarities between the businesses in which the Kyowa Hakko Group and the Kirin Group operate (food, alcohol, health products mail-order business, and others) and both Groups plan to raise their business value through the promotion of effective business integration and co-operation in each such industry.

The fundamental principle of the Strategic Alliance is the establishment of mutual cooperation across the whole business operation of both the Kyowa Hakko Group and the Kirin Group at the

group level. Accordingly, the Kyowa Hakko Group and the Kirin Group aim to enhance synergy, strengthen competitiveness, improve management efficiency, realize further improved growth and maximize corporate value as a result of the advancement, through mutual discussion on an equal footing (regardless of business scale or capital relationship) of strategic business alliance and collaboration, leveraging off of each company's respective strengths to their best advantage.

(Note 1) In this Notification, the Standard Number of Shares of the Target Company is the sum of (i) the total number of issued common stock of the Target Company (including the number of treasury shares of common stock held by the Target Company) and (ii) any excess of the number of shares of common stock underlying the stock acquisition rights issued by the Target Company, over the number of treasury shares of common stock held by the Target Company.

(Note 2) The Tender Offer may be postponed or cancelled upon the occurrence of an event which has a material adverse effect on, among others, the operations or the assets of the Target Company, prior to the scheduled commencement date of the Tender Offer.

(2) Description of the Tender Offer and the Strategic Alliance

The Tender Offeror will implement the Tender Offer prior to the Integration so that the Tender Offeror may acquire, in conjunction with the shares of common stock allocated and delivered to the Tender Offeror in the Share Exchange between the Target Company and Kirin Pharma (described below), a total number of shares equivalent to 50.10% of the Standard Number of Shares of the Target Company as of the effective date of the Share Exchange.

If the number of shares purchased through the Tender Offer is less than 111,578,000 shares, conditioned upon approval being obtained at the extraordinary meeting of shareholders which the Target Company plans to convene promptly after the conclusion of the Tender Offer (the "Extraordinary Meeting of Shareholders of Kyowa Hakko") for (i) the share exchange agreement (the "Share Exchange Agreement") with respect to the Share Exchange described below, and (ii) other agenda items necessary for the execution of the Integration, the Target Company will allocate new shares to the Tender Offeror, 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 the Tender Offeror to acquire, in conjunction with the shares delivered to the Tender Offeror in the Share Exchange between the Target Company and Kirin Pharma, a number of shares equivalent to 50.10% of the Standard Number of Shares of the Target Company as of the effective date of the Share Exchange. If the Third Party Allocation of New Shares is implemented, the Target Company will obtain approval for the transaction by a special resolution at the Extraordinary Meeting of Shareholders of Kyowa Hakko.

After the Tender Offer is completed, to promptly implement the integration of the pharmaceutical businesses, the Target Company and Kirin Pharma will, subject to the approval being obtained at their respective general meetings of shareholders, conduct the share exchange (the "Share Exchange") effective as of April 1, 2008. As a result of the Share Exchange, Kirin Pharma will become a wholly owned subsidiary of the Target Company, while the Tender Offeror shall become the parent company holding, in conjunction with the shares acquired through the Tender Offer and related transactions, shares equivalent to 50.10% of the Standard Number of Shares of the Target Company. Through the Share Exchange, the Target Company will allocate and deliver 8,862 (Note 3) shares of common stock of the Target Company for one share of common stock of Kirin Pharma held by the Tender Offeror, a total of 177,240,000 shares. Provided, however, that the Share Exchange shall be implemented conditioned upon the occurrence of either (i) the completion of the purchase of 111,578,000 shares, which is equivalent to the maximum number of shares scheduled to be purchased by the Tender Offeror in the Tender Offer, or (ii) the completion of the Third Party Allocation of New Shares after the completion of the Tender Offer.

For details of the Share Exchange, please refer to the “Notification with Respect to the Conclusion of the Share Exchange Agreement Between Kyowa Hakko Kogyo Co., Ltd and Kirin Pharma Company Ltd.”, released today by Kyowa Hakko, Kirin Pharma and the Company.

(Note 3) Treasury shares held by Kirin Pharma are scheduled to be cancelled by the day before the Share Exchange becomes effective.

After the Share Exchange becomes effective, the Target Company as the surviving company and Kirin Pharma as the merging company will merge (the “Merger”) (the effective date for which shall be October 1, 2008). As a result of the Merger, the integration of the pharmaceutical businesses will be complete. Matters to be provided in the merger agreement with respect to the Merger (the “Merger Agreement”), other than the above, will be determined before the conclusion of the Merger Agreement. In accordance with the Merger, the trade name of the surviving company will change and, after approval from the general meeting of shareholders, the trade name of the surviving company after the Merger shall become “Kyowa Hakko Kirin Co., Ltd.”

After the Tender Offer and the Share Exchange, the President and Representative Director of the Target Company shall remain in the same position, for the time being. It is agreed in the Integration Agreement that the Target Company shall, subject to the Share Exchange becoming effective, make changes to its management structure pursuant to the Integration Agreement, including (i) seeking approval of agenda with respect to electing two persons appointed by the Tender Offeror as Directors of the Target Company at the Extraordinary Meeting of Shareholders of Kyowa Hakko, and (ii) electing one of the Directors appointed by the Tender Offeror as Executive Vice President and Representative Director of the Target Company. Furthermore, it is agreed that, subject to the Share Exchange becoming effective, (i) Kirin Pharma shall elect one person whom the Target Company appoints as a Director of Kirin Pharma, and (ii) the Tender Offeror shall seek approval with respect to the election of the President and Representative Director of the Target Company as a Director of the Tender Offeror at the ordinary general meeting of shareholders for the fiscal year ending December 31, 2007.

After the Tender Offer and the Share Exchange, the Target Company, as a consolidated subsidiary whose majority shareholder voting right is held by the Tender Offeror will, while respecting the fundamental principles of the Kirin Group’s operation, continue conducting self-sustaining business activity utilizing autonomy and flexibility, ensuring the independence of its management as an ongoing public listed company, and will continue to promote the maximization of profits for all of its shareholders and the sustained expansion of corporate value. Therefore, the Ratio of the Standard Number of Shares of the Tender Offeror in the Target Company (Note 4) shall be 50.10% in principle for a period of 10 years from the date of the execution of the Integration Agreement, and after the Integration, the Tender Offeror will cooperate in the strongest reasonable manner to maintain the listing of the shares of the surviving company of the Merger. Furthermore, the Kirin Group agrees not to acquire any new shares/stock acquisition rights of the Target Company, or dispose (including sale or disposition as collateral) of shares/stock acquisition rights of the Target Company which the Kirin Group holds, for a period of 10 years from the date of the execution of the Integration Agreement, except as prescribed, without the consent of the Target Company.

(Note 4) In this Notification, the Ratio of the Standard Number of Shares shall be the sum of (i) the number of shares of common stock of the Target Company which the Tender Offeror (including its subsidiaries and affiliates but excluding the Target Company and their subsidiaries and affiliates) holds and (ii) the number of shares of common stock of the Target Company which will be issued upon exercise of stock acquisition rights held by the Tender Offeror, divided by the Standard Number of Shares of the Target Company.

2. Description of Tender Offer

(1) Description of Target Company

- a. Trade Name: Kyowa Hakko Kogyo Co., Ltd.
- b. Business Description: Production and sales of pharmaceutical products for medical professionals, raw materials for pharmaceutical/industrial use, healthcare products, products for the agriculture and livestock industry and the fishing industry, alcohol.
- c. Date of Incorporation: July 1, 1949
- d. Address of Head Office: 1-6-1 Otemachi, Chiyoda-ku, Tokyo
- e. Name and Title of Representative: Yuzuru Matsuda
President and CEO
- f. Paid-in Capital: 26,745 million yen (As of March 31, 2007)

g. Major Shareholders and Shareholding Ratio: (as of March 31, 2007)

Shareholder	Shareholding Ratio
The Master Trust Bank of Japan Ltd. (Trust account)	6.33%
The Dai-ichi Mutual Life Insurance Company	6.17%
Japan Trustee Services Bank, Ltd. (Trust Account)	5.60%
The Norinchukin Bank	4.52%
Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Account for Mizuho Bank, Ltd. Asset Management Re-entrust Services	2.02%
Mizuho Bank, Ltd.	1.78%
Japan Trustee Services Bank, Ltd. (Trust Account 4)	1.51%
Nipponkoa Insurance Co., Ltd.	1.37%
Sompo Japan Insurance Inc.	1.32%
Kyowa Fund	1.32%

h. Relationship between the Tender Offeror and the Target Company

Capital relationship: The Tender Offeror currently owns 1,000 shares of common stock of the Target Company

Personal relationship: None

Transactional relationship: None

Status of relationship with related parties: None

(2) Tender Offer Period

a. Period at time of filing of Registration Statement

From Wednesday, October 31, 2007 through Thursday, December 6, 2007 (26 business days in Japan).

b. Possible extension of Tender Offer Period based on Target Company's request

If the Target Company submits an opinion report requesting an extension of the tender offer period (the "Tender Offer Period") pursuant to Article 27-10, Paragraph 3 of the Financial Instruments and Exchange Law (the "Law"), the Tender Offer Period shall be extended to 30 business days, until Wednesday, December 12, 2007.

(3) Purchase Price of Tender Offer

1,500 yen per share of common stock

(4) Basis of Calculation for Purchase Price of Tender Offer

a. Basis of Calculation

When determining the purchase price for the shares of common stock of the Target Company in the Tender Offer, the Tender Offeror asked JPMorgan Securities Japan Co., Ltd ("JPMorgan"), their financial advisor, to calculate the equity value of the Target Company as reference material. JPMorgan took into account trends in the market price of the Target Company's shares, business results and forecasts of the Target Company, and the synergy effects created between the Tender Offeror and the Target Company and conducted a valuation using methods such as the trading comparable companies method and the discounted cash flow method (the "DCF method"). According to the various valuation methods, the ranges in which the value per share of common stock of the Target Company were calculated are as follows. Please also refer to the Note hereinafter in connection with the calculation of the equity value of the Target Company by JPMorgan:

- the trading comparable companies method: between 1,289 and 1,479 yen
- the DCF method: between 1,415 and 1,537 yen

The Tender Offeror considered the appropriate purchase price of the Tender Offer within the range results of the valuation with emphasis on the DCF method, which reflects the future cash flow of the Target Company. Weighing such factors as the trends in the market price of the Target Company's shares, premium paid by a non-issuer in preceding tender offers, the impact of the Tender Offer on the earnings per share of the Tender Offeror, the possibility of approval by the Target Company with respect to the Tender Offer, the results of the operational, legal, accounting and tax-related due diligence and the outlook for the Tender Offer, the Tender Offeror determined the appropriate purchase price for the Tender Offer to be 1,500 yen per share.

The purchase price of the Tender Offer is equal to the closing price of 1,202 yen of the common stock of the Target Company quoted on the first section of the Tokyo Stock Exchange on October 18, 2007 plus a premium of approximately 24.8% (rounded to the nearest tenth of a percent), and is equal to the average closing price of 1,135 yen (rounded to the nearest whole number) of the common stock of the Target Company quoted on the first section of the Tokyo Stock Exchange for the past 3 months ending on October 18, 2007 plus a premium of approximately 32.2 % (rounded to the nearest tenth of a percent).

(Note) When conducting the calculation of the equity value of the Target Company, JPMorgan relied upon and assumed, without duty to independently verify, the accuracy and completeness of all information that was publicly available or was furnished to JPMorgan by the Company, Kirin Pharma or the Target Company, or information discussed with the Company, Kirin Pharma or the Target Company, and information that JPMorgan reviewed or which was reviewed for JPMorgan. Furthermore, JPMorgan has relied on the assumption that there were no undisclosed facts which could have a material impact on the valuation of the Target Company. JPMorgan has not conducted any valuation or appraisal of any assets or liabilities (including contingent liabilities) and have not been provided with any such valuations or appraisals, nor has JPMorgan evaluated the solvency

of the Company, Kirin Pharma or the Target Company under applicable laws and regulations relating to bankruptcy, insolvency or similar matters. JPMorgan has relied on financial analyses and forecasts provided (including synergies) by the management of the Company, Kirin Pharma and the Target Company, and has assumed that they have been reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management as to the expected future results of operations and financial conditions of the Company, Kirin Pharma and the Target Company. JPMorgan does not express any view on such financial analyses or forecasts provided or on the assumptions forming the basis of such financial analyses or forecasts. The results of the valuation expressed by JPMorgan is necessarily based on economic, market and other conditions as in effect on, and the information made available to JPMorgan as of October 22, 2007. It should be understood that subsequent developments may affect this valuation and that JPMorgan does not have any obligation to update, revise, or reaffirm this valuation. Furthermore, the valuation was submitted by JPMorgan to the Board of Directors of the Company as information to be considered during their calculation of the equity value of the Target Company, and was not prepared for the shareholders or creditors of the Company, nor for any other person, and such persons may not rely on this valuation. The valuation is not a recommendation of any course of action which common stock shareholders of the Target Company should or should not take in the Tender Offer, nor does JPMorgan express any opinion as to the prices at which the common shares of the Company or common shares of the Target Company will trade in the future.

JPMorgan has acted as financial advisor to the Company with respect to the Strategic Alliance and has received fees from the Company. Furthermore, the Company has agreed to indemnify JPMorgan against certain liabilities arising out of its role as a financial advisor. JPMorgan or its affiliates have, to date, provided other investment banking services to the Company. JPMorgan or its affiliates may, during the ordinary course of business, engage in transactions for its own account or for customers' accounts with respect to bond certificates or equity securities of the Company, Kirin Pharma or the Target Company. Accordingly, JPMorgan or its affiliates may possibly hold a long or a short position with respect to these shares at any time.

b. Background of Calculation

The Tender Offeror has been considering and discussing with the Target Company the possibility of an integration with Kirin Pharma, a pharmaceutical subsidiary of the Tender Offeror, as well as the possibility of an alliance between the Groups since around March 2007.

As a result of these discussions and considerations, the Tender Offeror concluded around May 2007 that the most effective way to develop the business of both companies was an integration between Kirin Pharma and the Target Company through the acquisition of shares of the Target Company via a tender offer by the Tender Offeror. Accordingly, the Tender Offeror entered into more specific consultation with the Target Company.

When determining the purchase price for the shares of common stock of the Target Company in the Tender Offer, the Tender Offeror asked JPMorgan, their financial advisor, to calculate the equity value of the Target Company as a reference document around May 2007. JPMorgan calculated the equity value using methods such as the trading comparable companies method and the DCF method, with reference to considerations such as the trends in the market price of the Target Company's shares, the business results and the forecasts of the Target Company and the synergy effects created between the Tender Offeror and the Target Company. The Tender Offeror received the results of the share

valuation from JPMorgan on October 22, 2007. According to the various valuation methods, the ranges in which the value per share of common stock of the Target Company were calculated are as follows:

- the trading comparable companies method: between 1,289 and 1,479 yen
- the DCF method: between 1,415 and 1,537 yen

From July 2007 through August 2007 the Tender Offeror, in cooperation with third party specialists, also conducted detailed investigations into the business and financial affairs of the Target Company through operational, legal, accounting and tax-related due diligence.

After completing these fundamental steps, the Tender Offeror considered the appropriate purchase price for the Tender Offer within the range of the results of the equity valuation along with the advice of JPMorgan, their financial advisor, with comprehensive consideration given to the results of the equity valuation while emphasizing the results rendered by the DCF method, which reflects the future cash flow of the Target Company. In addition, the Tender Offeror proceeded to price the Tender Offer with consideration to trends in the the market price of the Target Company's shares, premium paid by a non-issuer in preceding tender offers, the impact of the Tender Offer on the earnings per share of the Tender Offeror, and the results of the operational, legal, accounting and tax-related due diligence. Based on discussions and negotiations with the Target Company, and as a result of comprehensive consideration given to the possibility of approval by the Target Company regarding the Tender Offer, and the comprehensive outlook for the Tender Offer, the Tender Offeror determined, at the meeting of the Board of Directors held on October 22, 2007, that the purchase price of the Tender Offer shall be 1,500 yen per share.

The Board of Directors of the Target Company approved the Tender Offer at the meeting of the Board of Directors held on October 22, 2007.

c. Relationship with Appraisers

None

(5) Number of Share Certificates and Other Securities to be Purchased in the Tender Offer

Class of Share Certificates and Other Securities	Number Scheduled to be Purchased Represented by Shares	Minimum Number Scheduled to be Purchased Represented by Shares	Maximum Number Scheduled to be Purchased Represented by Shares
Share Certificate	111,578,000 shares	79,849,000 shares	111,578,000 shares
Certificate of Stock Acquisition Rights	—	—	—
Bond Certificate with Stock Acquisition Rights	—	—	—
Trust Beneficiary Certificates for Share Certificates and Other Securities	—	—	—
Depository Receipt for Share Certificates and Other Securities	—	—	—
Total	111,578,000 shares	79,849,000 shares	111,578,000 shares

- (Note 1) If the total number of shares tendered in this Tender Offer is less than the number listed above in “Minimum Number Scheduled to be Purchased Represented by Shares” (79,849,000 shares), none of the tendered shares will be purchased by the Tender Offeror.
- (Note 2) If the total number of shares tendered in this Tender Offer exceeds the number listed above in “Maximum Number Scheduled to be Purchased Represented by Shares” (111,578,000 shares), none or some of the excess portion will be purchased and, pursuant to the *pro rata* method as defined in Article 27-13, Paragraph 5 of the Law and Article 32 of the Cabinet Ordinance regarding disclosure of tender offer for shares and other securities by non-issuers (the “TOB Order”), the Tender Offeror will make delivery and other settlements with respect to the purchase of shares and other securities.
- (Note 3) There is no plan to acquire treasury shares held by the Target Company through the Tender Offer.
- (Note 4) Shares constituting less than a whole unit shall also be subject to purchase through the Tender Offer. However, to apply, the relevant share certificates must be submitted (unless such share certificates are kept in custody by the Japan Securities Depository Center, Inc. through the Tender Offer agent (the “Tender Offer Agent”) or the Sub-Agent (the “Sub-Agent”). The Target Company may purchase its own shares in accordance with legal procedures during the Tender Offer Period from any shareholder who exercises the right under the Company Law that requires the Target Company to purchase shares constituting less than a whole unit. The Target Company intends to make such purchases at the market price.
- (6) Changes in Ownership Percentage of Share Certificates and Other Securities due to the Tender Offer

Number of Voting Rights Represented by Share Certificates and Other Securities Owned by Tender Offeror prior to the Tender Offer	1 unit	(Ownership Percentage of Share Certificates and Other Securities prior to the Tender Offer: 0.00%)
Number of Voting Rights Represented by Share Certificates and Other Securities to be Purchased	111,578 units	(Ownership Percentage of Share Certificates and Other Securities after the Tender Offer: 28.12%)
Total Number of Voting Rights of Shareholders and Other Parties of the Target Company	391,528 units	

- (Note 1) The “Number of Voting Rights Represented by Share Certificates and Other Securities to be Purchased” is the number of voting rights with respect to the “Number Scheduled to be Purchased Represented by Shares” for the Tender Offer.
- (Note 2) Although stock acquisition rights issued through the Target Company’s stock option plan based on the provisions of Articles 280-20 and 280-21 of the former Commercial Code prior to its amendment pursuant to the Law for Partial Revision to the Commercial Code (Law. No.87, 2005), and Articles 236, 238 and 239 of the Company Law, may be exercised prior to the last day of the Tender Offer Period (as defined above), stock of the Target Company which will be issued upon such exercise of stock acquisition rights (the maximum number of which is 336,000 shares) shall also be subject to the Tender Offer.
- (Note 3) The “Total Number of Voting Rights of Shareholders and Other Parties of the Target Company” represents the number of voting rights of all of the shareholders as of the fiscal year ended March 31, 2007 as described in the 84th Annual Securities Report

filed by the Target Company on June 20, 2007. However, because shares constituting less than a whole unit are also subject to purchase through the Tender Offer, for the purpose of calculating “Ownership Percentage of Share Certificates and Other Securities after Tender Offer”, the “Total Number of Voting Rights of Shareholders and Other Parties of the Target Company” is calculated to be 396,771 units. This number is calculated by subtracting the number of voting rights (1,404 units) represented by the number of treasury shares held by the Target Company (1,404,000 shares) that are not scheduled to be acquired through the Tender Offer, from 398,175 units, which includes the sum of (i) the number of voting rights (6,311 units) represented by the number of shares constituting less than a whole unit (6,311,555 shares) recorded in the 84th Annual Securities Report and (ii) the number of voting rights (336 units) represented by the number of shares of common stock of the Target Company which may be issued upon exercise of the stock acquisition rights in relation to the stock option plan prior to the last day of the Tender Offer Period (336,000 shares).

(Note 4) The “Ownership Percentage of Share Certificates and Other Securities prior to the Tender Offer” and “Ownership Percentage of Share Certificates and Other Securities after the Tender Offer” are rounded to the nearest hundredth of a percent.

(7) Aggregate Tender Offer Price

167,367.0 million yen (scheduled)

The aggregate tender offer price is the “Number scheduled to be purchased represented by shares” (111,578,000 shares) multiplied by the purchase price per share (1,500 yen).

(8) Method of Settlement

a. Name and Address of Head Offices of Securities Companies and Banks, etc. in Charge of Settlement

Nikko Citigroup Limited
1-5-1 Marunouchi, Chiyoda-Ku, Tokyo

Nikko Cordial Securities Inc.
3-3-1 Marunouchi, Chiyoda-Ku, Tokyo

Nikko Citigroup Limited is currently moving its tender offer agent functions to the above address. Although the head office of Nikko Citigroup Limited is currently located at 5-2-20 Akasaka, Minato-ku, Tokyo, the location is scheduled to be changed to the above address by the date of the commencement of the Tender Offer.

b. Commencement Date of Settlement

Thursday, December 13, 2007

c. Method of Settlement

A notice of purchase will be mailed to the address or location of the tendering shareholder (or the standing proxy in the case of non-resident shareholders) (the “Tendering Shareholder” or “Tendering Shareholders”) promptly after the end of the Tender Offer Period. Payment of the purchase price will be made in cash. The Tender Offer Agent or the Sub-Agent will, in accordance with the shareholder’s instructions, remit the purchase price for share certificates promptly after the commencement date of settlement to the account designated by the Tendering Shareholder.

(9) Other Conditions and Methods of Purchase, etc.

a. Conditions set forth in Each Item of Article 27-13, Paragraph 4 of the Law

If the total number of tendered shares and other securities is less than the “Minimum number scheduled to be purchased represented by shares” (79,849,000 shares), none of the tendered shares or other securities will be purchased by the Tender Offeror.

If the total number of shares tendered in this Tender Offer exceeds the number listed above in “Maximum number scheduled to be purchased represented by shares” (111,578,000 shares), none or some of the excess shares may be purchased, and pursuant to the *pro rata* method as defined in Article 27-13, Paragraph 5 of the Law and Article 32 of the TOB Order, the Tender Offeror will make delivery and other settlements with respect to the purchase of shares. (If a part of a particular number of shares tendered consists of shares constituting less than a whole unit, the maximum number of shares purchased calculated according to the *pro rata* method shall be set at the number of shares tendered).

If the total number of shares to be purchased from all Tendering Shareholders is calculated pursuant to the *pro rata* method, in which shares constituting less than one unit were rounded off, and as a result is less than the “Maximum number scheduled to be purchased represented by shares”, the Tender Offeror will purchase one unit from each Tendering Shareholder in descending order, beginning with shareholders that own the most rounded-off shares, until the total number of shares to be purchased is equal to the number listed in “Maximum number scheduled to be purchased represented by shares”. (If by purchasing units the Tender Offeror will exceed the number of shares tendered in the Tender Offer, then the Tender Offer will purchase numbers of shares until the number of shares to be purchased is equal to the number of shares tendered.)

However, if the Tender Offeror purchased units from all Tendering Shareholders who hold equal numbers of shares that were rounded-up, and the result exceeds the “Maximum number scheduled to be purchased represented by shares” the Tender Offeror will select by lottery who the Tender Offeror will purchase units from, to the extent that the total number of shares to be purchased is no less than the “Maximum number scheduled to be purchased represented by shares”.

If the number of shares to be purchased from all Tendering Shareholders is calculated pursuant to the *pro rata* method, in which shares constituting less than one unit were rounded off, and as a result such total number of shares exceeds the “Maximum number scheduled to be purchased represented by shares”, the Tender Offeror will decrease by one unit the number of tendered shares from each Tendering Shareholder in descending order, beginning with shareholders that own the most shares which were rounded-up, until the total number of shares to be purchased is equal to the “Maximum number scheduled to be purchased represented by shares”. (If a part of the total number of shares to be purchased calculated by the *pro rata* method consists of shares which constitute less than a whole unit, the relevant number of shares will be decreased).

However, if the Tender Offeror decreased the number of shares purchased from all Tendering Shareholders who hold equal numbers of shares that were rounded-up, and the result is less than the “Minimum number scheduled to be purchased represented by shares”, the Tender Offeror will select by lottery whose number of shares to be purchased the Tender Offeror will decrease, to the extent that the total number of shares to be purchased is no less than the “Minimum number scheduled to be purchased represented by shares”.

b. Conditions of Withdrawal of Tender Offer, Details thereof and Method of Disclosure of Withdrawal

Upon the occurrence of any event listed in Article 14, Paragraph 1, Items 1.1 through 1.9 and Items 1.12 through 1.18, Item 2, Items 3.1 through 3.8, Item 4, Item 5 as well as Article 14, Paragraph 2, Items 3 through 6 of the Financial Instruments and Exchange Law Enforcement Order (the “Enforcement Order”), the Tender Offeror may withdraw the Tender Offer. Should the Tender Offeror intend to withdraw the Tender Offer, it will give notice through electronic disclosure and notify the disclosure in The Nihon Keizai Shimbun; provided, however, if it is deemed difficult to give such notice within the Tender Offer Period, the Tender Offeror will make a public announcement pursuant to Article 20 of the TOB Order and forthwith give public notice.

c. Conditions of Reduction of Purchase Price of Tender Offer, Details thereof and Method of Disclosure of Reduction

Pursuant to Article 27-6, Paragraph 1, Item 1 of the Law, if the Target Company takes any action enumerated in Article 13, Paragraph 1 of the Enforcement Order, the Tender Offeror may reduce the purchase price of the Tender Offer through the methods provided in Article 19, Paragraph 1 of the TOB Order.

Should the Tender Offeror intend to reduce the purchase price of the Tender Offer, it will give notice through electronic disclosure and notify the disclosure in The Nihon Keizai Shimbun; provided, however, that if it is impracticable to give such notice within the Tender Offer Period, the Tender Offeror will make a public announcement pursuant to Article 20 of the TOB Order and forthwith give public notice. If the purchase price is reduced, the Tender Offeror will purchase any shares or other securities tendered prior to the announcement of such change at the amended purchase price.

d. Matters Concerning Tendering Shareholders’ Right of Cancellation of Application

A Tendering Shareholder may cancel an application for the Tender Offer at any time during the Tender Offer Period. In case of such cancellation, the Tendering Shareholders must deliver or mail a document requesting the cancellation of the application for the Tender Offer (“Document of Cancellation”), attaching the Receipt of Application for the Tender Offer (if one was received) to one of the entities listed below by 15:30 on the last day of the Tender Offer Period. If mailing the documents, the cancellation of the acceptance of the Tender Offer will not be effective unless the Document of Cancellation is delivered to the entities listed below by 15:30 on the last day of the Tender Offer Period. (The hours in which each branch office of Nikko Cordial Securities Inc. operate and manage investment securities differ. Please confirm, in advance, details such as the business hours of the branch office you wish to use).

Entities authorized to receive the documents of cancellation:

Nikko Citigroup Limited (1-5-1 Marunouchi, Chiyoda-Ku, Tokyo)

Nikko Cordial Securities Inc. (3-3-1 Marunouchi, Chiyoda-Ku, Tokyo)

(Other branch offices of Nikko Cordial Securities Inc. located in Japan)

Nikko Citigroup Limited is currently moving its tender offer agent functions to the above address. Although the head office of Nikko Citigroup Limited is currently located at 5-2-20 Akasaka, Minato-ku, Tokyo, the location is scheduled to be changed to the above address by the date of the commencement of the Tender Offer.

No compensation for damages or penalty payment will be claimed to any Tendering Shareholder by the Tender Offeror in the event that the application by the Tendering Shareholder is canceled. The cost of returning the share certificates held in custody by the Tender Offeror will be borne by the Tender Offeror.

e. Method of Disclosure if the Conditions or other Terms of Tender Offer are Changed

Except where forbidden by Article 27-6 of the Law and Article 13 of the Enforcement Order, the Tender Offeror may change the conditions or other terms of the Tender Offer.

Should any terms or conditions of the Tender Offer be changed, the Tender Offeror will give public notice thereof through electronic disclosure and notify the disclosure in The Nihon Keizai Shimbun; provided, that if it is deemed difficult to give such notice within the Tender Offer Period, the Tender Offeror will make a public announcement in accordance with Article 20 of the TOB Order, and forthwith give public notice. The purchase of the shares tendered prior to such public notice will also be made in accordance with the terms and conditions as changed.

f. Method of Disclosure if Amendment Statement is Filed

If an amendment statement is filed with the Director-General of the Kanto Local Finance Bureau, except in circumstances provided for under the proviso in Article 27-8, Paragraph 11 of the Law, the Tender Offeror will forthwith make a public announcement of the contents thereof to the extent relevant to the contents of the public notice of the Tender Offer, in accordance with the manner set forth in Article 20 of the TOB Order. The Tender Offeror will also forthwith amend tender offer explanatory statement and provide the amended tender offer explanatory statement to the Tendering Shareholders who have received the previous tender offer explanatory statement. If the amendments are limited in extent, however, the Tender Offeror may, instead of providing an amended tender offer explanatory statement, prepare and deliver a document stating the reason for the amendments, the matters amended and the details thereof to the Tendering Shareholders.

g. Method of Disclosure of Results of Tender Offer

The Tender Offeror will make a public announcement regarding the results of the Tender Offer in accordance with Article 9-4 of the Enforcement Order and Article 30-2 of the TOB Order on the day following the last day of the Tender Offer Period.

(10) Date of Public Notification

Wednesday, October 31, 2007

(11) Tender Offer Agent

Nikko Citigroup Limited

Nikko Cordial Securities Inc.

3. Other Matters

(1) Agreements between Tender Offeror and Target Company or its Directors and Officers

The Board of Directors of the Target Company has approved the Tender Offer. The Tender Offeror entered into the Integration Agreement with the Target Company and Kirin Pharma on October 22, 2007 with respect to the Integration between the Target Company and Kirin Pharma, among others. The outline of the Integration Agreement is as follows:

a. Process of the Integration

The Integration shall be conducted through the processes specified in (a) through (d) below.

- (1) The Tender Offeror will commence the Tender Offer for the shares of common stock of the Target Company. (Note)
- (2) If the number of shares purchased through the Tender Offer is less than 111,578,000 shares (the maximum number of shares to be purchased), conditioned upon approval being obtained at the Extraordinary Meeting of Shareholders of Kyowa Hakko which the Target Company plans to convene promptly after the conclusion of the Tender

Offer for (i) the Share Exchange Agreement, and (ii) other agenda items necessary for the execution of the Integration, the Target Company will allocate new shares to the Tender Offeror through a third party allocation of new shares, at 1,500 yen per share, with the stock payment date set for March 25, 2008, in the amount necessary to enable the Tender Offeror to acquire, in conjunction with the shares of common stock delivered to the Tender Offeror in the Share Exchange between the Target Company and Kirin Pharma described below, shares equivalent to 50.10% of the Standard Number of Shares of the Target Company as of the effective date of the Share Exchange. If such Third Party Allocation of New Shares is implemented, the Target Company will obtain approval for the transaction by a special resolution at the Extraordinary Meeting of Shareholders of Kyowa Hakko.

- (3) After the Tender Offer, the Target Company and Kirin Pharma will implement a share exchange (effective date for which shall be April 1, 2008). As a result, Kirin Pharma will become a wholly owned subsidiary of the Target Company and the Tender Offeror shall become the parent company holding, in conjunction with the shares acquired through the Tender Offer and related transactions, shares equivalent to 50.10% of the Standard Number of Shares of the Target Company. In the Share Exchange, 8,862 shares of the Target Company for one (1) common stock of Kirin Pharma will be allocated and delivered, for a total of 177,240,000 shares. Provided, however, that the Share Exchange shall be implemented conditioned upon the occurrence of either (i) the completion of the purchase of 111,578,000 shares, equivalent to the maximum number of shares scheduled to be purchased by the Tender Offeror in the Tender Offer, or (ii) the completion of the Third Party Allocation of New Shares after the completion of the Tender Offer. All treasury shares of Kirin Pharma will be cancelled by the day before the Share Exchange becomes effective.
- (4) Subject to the Share Exchange becoming effective, the Target Company and Kirin Pharma will merge, with the Target Company as the surviving company and Kirin Pharma as the merging company (the effective date shall be October 1, 2008).

b. Upper-limit on the Amount of Distribution

It is confirmed that, with respect to the calculation of the Purchase Price, the amount to be paid in relation to the Third Party Allocation of New Shares, and the share exchange ratio for the Share Exchange, negotiations have been conducted on the assumption that (a) the Target Company will make a distribution of surplus of up to 5 yen per share at the ordinary general meeting of shareholders for the fiscal year ending March 31, 2008, and (b) Kirin Pharma will make a distribution of surplus of up to 230,000 yen per share at the ordinary general meeting of shareholders for the fiscal year ending December 31, 2007.

c. Extraordinary Meeting of Shareholders of Kyowa Hakko

Promptly after entering into the Integration Agreement, the Target Company shall convene the Extraordinary Meeting of Shareholders of Kyowa Hakko, submit agendas necessary to execute the Integration and to implement changes to its management structure associated with the Integration, and make highest reasonable efforts to obtain approval for such agendas to the extent permitted by applicable laws and regulations. The Target Company shall set the record date for the Extraordinary Meeting of Shareholders of Kyowa Hakko on a date subsequent to the settlement date of the Tender Offer, in order for the Tender Offeror to be able to exercise its voting rights with respect to the shares of the Target Company purchased through the Tender Offer, at the Extraordinary Meeting of Shareholders of Kyowa Hakko.

d. Changes in the Management Structure of the Target Company Associated with the Integration

After the Share Exchange becomes effective, the President and CEO of the Target Company shall remain in the same position, for the time being. Furthermore, the Target Company shall, subject to the Share Exchange becoming effective, make changes to its management structure pursuant to the Integration Agreement, including (i) seeking approval of the agenda with respect to electing two persons appointed by the Tender Offeror as Directors of the Target Company at the Extraordinary Meeting of Shareholders of Kyowa Hakko, and (ii) electing one of the Directors appointed by the Tender Offeror as Executive Vice President and Representative Director of the Target Company.

e. Secondment of Directors by the Target Company to the Tender Offeror and Kirin Pharma

Subject to the Share Exchange becoming effective, at their respective ordinary general meetings of shareholders for the fiscal year ending December 31, 2007, (i) Kirin Pharma shall elect one person whom the Target Company appoints as a Director of Kirin Pharma, and (ii) the Tender Offeror shall seek approval with respect to the election of the President and CEO of the Target Company as a Director of the Tender Offeror.

f. Tender Offerors' Retention of Shares of the Target Company

The Kirin Group shall not acquire any new shares/stock acquisition rights of the Target Company, or dispose (including sale or disposition as collateral) of shares/stock acquisition rights of the Target Company which the Kirin Group holds, for a period of 10 years from the date of the execution of the Integration Agreement, except as prescribed, without the consent of the Target Company.

g. Prevention against Changes to the Ratio of the Standard Number of Shares

The Target Company shall not issue or dispose of its shares/stock acquisition rights, acquire or cancel its treasury shares, consolidate its shares, engage in organizational restructuring involving the issuance or delivery of its shares, or any other actions which may change the Ratio of the Standard Number of Shares of the Target Company.

h. Relationship between the Tender Offeror and the Surviving Company after the Merger

After the Merger the surviving company will become a consolidated subsidiary of the Tender Offeror which, as a pure holding company, will hold a majority of the shareholder voting rights of the surviving company. The surviving company will, while respecting the fundamental principles of the Kirin Group operation, conducting an autonomous business activity based on independence and mobility, ensure the independence of its management as an ongoing public listed company, and continue to promote the maximization of profits for all of its shareholders and the sustained expansion of corporate value. In addition, the ratio of Standard Number of Shares of the Tender Offeror in the new company shall be 50.10% in principle for a period of 10 years from the date of the execution of the Integration Agreement, and, after the Integration, the Tender Offeror will cooperate in the highest reasonable manner to maintain the listing of shares of the surviving company of the Merger.

i. Prohibition of Solicitation, etc.

During the period between the conclusion of the Integration Agreement and the completion of the Merger, the Target Company may not solicit, provide information, discuss, negotiate, or enter into agreements with respect to a solicitation, proposals, information request or other request by a third party regarding (1) a tender offer targeting the shares of the Target Company by an entity other than the Tender Offeror, (2) issue shares of the Target Company to an entity other than the Tender Offeror, (3) engage in any organizational restructuring activities with an entity other than the Tender Offeror or Kirin Pharma, or (4) disposition of any material part of the business of the Target Company to an entity other than the Tender Offeror, or any other actions which have the effect of transferring any material business or assets of the Target Company. If a tender offer by a third party is commenced during the Tender Offer Period, the Target Company

shall act giving sufficient consideration to the fact that the Tender Offer is part of the transaction for the realization of the Integration, the purpose of the Integration, and the benefits to be brought to the corporate value and shareholders of the Target Company through the realization of the Integration.

j. Breakup Fee

If the Target Company substantively withdraws its approval of the Tender Offer, (including approving of a tender offer by a third party, but excluding cases where the substantial withdrawal of its approval of the Tender Offer arises from a material breach by either Kirin Pharma or the Tender Offeror of a duty, representation or warranty included in the Integration Agreement), the Tender Offeror may terminate the Integration Agreement. In the event of such termination, the Target Company shall pay the Tender Offeror a fixed amount as a breakup fee.

(Note) The Tender Offer may be postponed or cancelled upon the occurrence of an event which has a material adverse effect on, among others, the operations or the assets of the Company, prior to the scheduled commencement date of the Tender Offer.

(2) Other Relevant Information which Investors May Need in Evaluating the Tender Offer

a. The Target Company disclosed its financial and business performance results for the first quarter of the fiscal year ending March 2008 on July 27, 2007 to the Tokyo Stock Exchange as follows. The results were not audited by a corporate auditor as stipulated in Article 193-2 of the Law. The outline below of the disclosure was partially extracted from the information disclosed by the Target Company. The Tender Offeror is not in a position to conduct an independent verification of the accuracy and integrity of the information and did not actually conduct such verification.

(1) Consolidated Profit and Loss (from April 1, 2007 through June 30, 2007)

(millions of yen)

First Quarter Accounting Period	First Quarter of Fiscal Year ending March 2008 (85th Term)
Net sales	94,978
Cost of sales	58,447
Sales, general and administrative expenses	28,960
Non-operating income	1,944
Non-operating expenses	1,139
Net quarterly income	5,319

(2) Per Share Information (from April 1, 2007 through June 30, 2007)

(yen)

First Quarter Accounting Period	First Quarter of Fiscal Year ending March 2008 (85th Term)
Net quarterly income per share	13.37
Net Assets per share	617.36

- b. On July 27, 2007, the Target Company disclosed revisions to its consolidated business forecasts for the fiscal year ending March 31, 2008 to the Tokyo Stock Exchange as follows. The outline below was partially extracted from the information disclosed by the Target Company. The Tender Offeror is not in a position to conduct an independent verification of the accuracy and integrity of the information and did not actually conduct such verification.

- (1) The Target Company revised its consolidated business forecasts for the fiscal year ending March 31, 2008 as follows:

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(yen)
Interim period	193,000	11.5	15,000	2.9	16,000	5.7	10,000	151.0	25.13
Fiscal year	395,000	11.5	36,000	17.3	36,000	16.5	26,000	104.8	65.35

(Note) The percentages above represent the changes as compared to the figures from the same respective periods of the previous year

- (2) Reason for the Revisions

The Target Company revised its consolidated business forecasts for the interim period and fiscal year ending September 30, 2007 and March 31, 2008, respectively, which were originally announced together with the financial results on April 27, 2007. The upward revisions were made in light of the favorable business operations in the first quarter with developments exceeding original plans, especially in the Pharmaceuticals Business Unit and the Bio-Chemicals Business.

- c. On October 16, 2007, the Target Company disclosed revisions to its consolidated business forecasts for the interim period of the fiscal year ending March 31, 2008 to the Tokyo Stock Exchange. The outline below was partially extracted from the information disclosed by the Target Company. The Tender Offeror is not in a position to conduct an independent verification of the accuracy and integrity of the information and did not actually conduct such verification.

- (1) The consolidated business forecasts for the interim period of the fiscal year ending March 31, 2008 have been revised as follows:

	Net sales	Operating income	Ordinary income	Interim net income	Interim net income per share
	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)	(yen)
Previous forecast (A)	193,000	15,000	16,000	10,000	25.13
Revised forecasts (B)	192,600	18,200	18,000	11,000	27.65

Increase/(Decrease) (B-A)	(400)	3,200	2,000	1,000	2.52
Rate of change (%)	(0.2%)	21.3%	12.5%	10.0%	10.0%
(For reference): Results for interim period ended September 30, 2006	173,139	14,570	15,137	3,984	9.66

(2) Reason for Revisions

Net sales for the current interim period are expected to remain at around the same level as the previous forecasts. However, as a result of a shift in research and development and other expenses to the second half of the fiscal year and cost savings, profits, both consolidated and unconsolidated results, are expected to exceed the previous forecasts.

Because the research and development and other expenses are expected to be incurred in the second half of the fiscal year, the full year forecasts, as disclosed on July 27, 2007, will not be revised.

This press release has been prepared only for the purpose of informing the public of the Tender Offer and other issues. This has not been prepared for soliciting sales or purchases. When conducting any sales, shareholders should make appropriate judgments after reviewing the tender offer explanatory statement for the Tender Offer prepared by the Company.

Neither this press release nor any part hereof constitutes any document to subscribe for, to solicit the sales of, or solicit applications for the purchase of, securities. Neither this press release (or a part thereof) nor its distribution shall be interpreted to be the basis of any agreement in relation to the Tender Offer, nor may it be relied on at the time of concluding any agreement.

Certain countries, regions and other jurisdictions may impose certain restrictions on the release, issue or distribution of press releases of this nature under their laws and regulations. In such cases, you are required to comply with such laws and regulations in such countries, regions and other jurisdictions in light of such restrictions. In jurisdictions where the implementation of the Tender Offer is illegal, even if you receive this press release, such receipt shall not constitute any solicitation for the application for the purchase or sale of share certificates in relation to this Tender Offer, and this press release shall be deemed as the distribution of information for reference only.

[Attachment] Kyowa Hakko's Press Release: "Notification with respect to Approval of Tender Offer For Shares of Kyowa Hakko Kogyo Co., Ltd."

October 22, 2007

For Immediate Release

Company Name: Kyowa Hakko Kogyo Co., Ltd.
(Stock Code: 4151, First section of the Tokyo Stock Exchange)
Name of Representative: Yuzuru Matsuda,
President and CEO
Direct your queries to: Tetsuro Kuga, Corporate
Communications Director
(Tel: +813-3282-0009)

**Notification with Respect to Approval of Tender Offer
For Shares of Kyowa Hakko Kogyo Co., Ltd.**

The Board of Directors of Kyowa Hakko Kogyo Co., Ltd. (the “Company”) resolved, at a meeting held on October 22, 2007, to announce its approval of the tender offer for the common stock of the Company (the “Tender Offer”) by Kirin Holdings Company, Limited (the “Tender Offeror”), scheduled to be commenced on Wednesday October 31, 2007. The Opinion Report prepared pursuant to Article 27-10 of the Financial Instruments and Exchange Law will be filed with the Kanto Local Finance Bureau on the commencement date of the Tender Offer. In connection with such resolution, we would like to provide notice of the following:

1. Description of Tender Offeror

(1) Trade Name	Kirin Holdings Company, Limited	
(2) Business Description	As a holding company, the Tender Offeror controls and manages the business activities of its business corporations (which engage in businesses such as alcohol, beverages and pharmaceutical products).	
(3) Date of Incorporation	February 23, 1907 (Note)	
(4) Address of Head Office	2-10-1 Shinkawa, Chuo-ku, Tokyo	
(5) Name and Title of Representative	Kazuyasu Kato, President and CEO	
(6) Paid-in Capital	102,045 million yen (as of June 30, 2007)	
(7) Major Shareholders and Shareholding Ratio (as of June 30, 2007)	Moxley and Company	4.86%
	Meiji Yasuda Life Insurance Company	4.43%
	The Master Trust Bank of Japan, Ltd. (Trust account)	3.57%

	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3.56%
	Japan Trustee Service Bank of Japan Ltd. (Trust account)	3.22%
(8) Relationship between the Tender Offeror and the Company:	Capital relationship:	The Tender Offeror currently owns 1,000 shares of common stock of the Company
	Personal relationships:	None
	Transactional relationships:	None
	Status of relationship with related parties:	None

(Note) On July 1, 2007, the Tender Offeror commenced its operation as a holding company.

2. Contents, Basis and Reasons of Opinion with Respect to the Tender Offer

(1) Contents of Opinion with Respect to the Tender Offer

The Board of Directors of the Company resolved, at a meeting held on October 22, 2007, to announce its approval of the Tender Offer for the common stock of the Company by the Tender Offeror. For details of the Tender Offer, please refer to the Tender Offer Registration Statement which is to be filed with the Kanto Local Finance Bureau on the commencement date of the Tender Offer).

(2) Basis and Reasons for the Opinion with Respect to the Tender Offer

In the pharmaceutical business, which is the core business for both the Kyowa Hakko Group and the Kirin Group, the competitiveness of both the domestic and international environments has significantly increased due to changes brought about by reforms in the pharmaceutical industry. Such changes include the revision of medical treatment fees and pharmaceutical price reductions due to changes in the medical system, increased efforts to contain drug costs, challenges presented by prominent U.S. and European pharmaceutical corporations, 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. In order to overcome this difficult environment and to promote rapid global growth, both Groups decided that, rather than pursuing business development separately, the Company and Kirin Pharma Company, Limited (“Kirin Pharma”) should strengthen their management base through integration.

Based on this shared awareness, the Kyowa Hakko Group and the Kirin Group agreed on a fundamental concept of building a new company out of the combination of the respective distinctiveness and strengths of the Company and Kirin Pharma, based on the strength of both companies in biotechnology, with the goal of developing a global top-class research and development-centered life sciences company based in Japan, and decided to form a strategic alliance (the “Strategic Alliance”) centering around the integration of the Company and Kirin Pharma (the “Integration”).

With respect to the integration of the pharmaceutical businesses around which the Strategic Alliance centers, anti-body drug technology-centered biotechnology is the strength of both the Company and Kirin Pharma. Through the integration of anti-body technologies, both companies aim to improve drug development capabilities, expand opportunities to acquire novel antigens through an improved presence in the anti-body drug sector and increase development speed of anti-body drugs and proactive overseas business development through the mutual exploitation of anti-body technologies. Furthermore, through the Integration, the Company and Kirin Pharma expect an increase in the scale of research and development and marketing, the establishment of effective business operations systems and further strengthening of the profitability and competitiveness of their pharmaceutical business; all of which is believed to result in a strengthening of the operational base.

With respect to industries other than the pharmaceutical business, there are many similarities between the businesses in which the Kyowa Hakko Group and the Kirin Group operate (food, alcohol, health products mail-order business, and others) and both groups plan to raise their business value through the promotion of effective business integration and co-operation in each such industry.

The fundamental principle of the Strategic Alliance is the establishment of mutual cooperation across the whole business operation of both the Kyowa Hakko Group and the Kirin Group at the group level. Accordingly, the Kyowa Hakko Group and the Kirin Group aim to enhance synergy, strengthen competitiveness, improve management efficiency, realize further improved growth and maximize corporate value as a result of the advancement, through mutual discussion on an equal footing (regardless of business scale or capital relationship) of strategic business alliance and collaboration, leveraging off of each company's respective strengths to their best advantage.

Based on the above views, the Company, the Tender Offeror and Kirin Pharma considered and discussed a business and capital partnership between the Kyowa Hakko Group and Kirin Group, and reached a basic understanding that it would contribute to the maximization of the business value of the Kyowa Hakko Group and the Kirin Group if (i) the Tender Offeror will become the consolidated parent company of the Company through the Tender Offeror acquiring shares equivalent to 50.10% of the Standard Number of Shares (Note 1) of the Company through the Tender Offer and a share exchange between the Company and Kirin Pharma (the "Share Exchange"), and (ii) integration of the pharmaceutical businesses will be made through a merger between the Company and Kirin Pharma. Accordingly, the Company, the Tender Offeror and Kirin Pharma entered into an integration agreement as of October 22, 2007 (the "Integration Agreement"). The Tender Offer is being implemented, pursuant to the Integration Agreement, as part of the Strategic Alliance. (Note 2) The purchase price for the shares of common stock of the Company in the Tender Offer shall be 1,500 yen per share (the "Purchase Price"), and the maximum number of shares to be purchased through the Tender Offer has been set at

111,578,000 shares of common stock of the Company (27.95% of the Standard Number of Shares of the Company as of the date of the official announcement of the commencement of the Tender Offer) to enable the Tender Offeror to acquire, in conjunction with the shares of common stock delivered to the Tender Offeror in the Share Exchange described below, the number of shares equivalent to 50.10% of the Standard Number of Shares of the Company. If the total of number of shares tendered in the Tender Offer is less than 79,849,000, the Tender Offeror will purchase none of the shares tendered.

(Note 1) In this Notice, the Standard Number of Shares is the sum of (i) the total number of issued shares of common stock of the Company (including the number of treasury shares of common stock held by the Company) and (ii) any excess of the number of shares of common stock underlying the stock acquisition rights issued by the Company over the number of treasury shares of common stock held by the Company.

(Note 2) The Tender Offer may be postponed or cancelled upon the occurrence of an event which has a material adverse effect on, among others, the operations or the assets of the Company, prior to the scheduled commencement date of the Tender Offer.

If the number of shares purchased through the Tender Offer is less than 111,578,000 shares, under certain conditions, the Company will allocate new shares to the Tender Offeror, at 1,500 yen per share (the “Third Party Allocation of New Shares”), in the amount necessary for the Tender Offeror to acquire, in conjunction with the shares delivered to the Tender Offeror in the Share Exchange, a number of shares equivalent to 50.10% of the Standard Number of Shares of the Company as of the effective date of the Share Exchange.

After the Tender Offer is completed, to promptly implement the integration of the pharmaceutical businesses, the Company and Kirin Pharma will, subject to the approval being obtained at their respective general meetings of shareholders, conduct the Share Exchange with an effective date as of April 1, 2008. Provided, however, that the Share Exchange shall be implemented conditioned upon either (i) the completion of purchase of the number of shares equivalent to the maximum number of shares scheduled to be purchased (111,578,000 shares) by the Tender Offeror in the Tender Offer, or (ii) the completion of the Third Party Allocation of New Shares after the completion of the Tender Offer.

After the Share Exchange becomes effective, the Company as the surviving company and Kirin Pharma as the merging company will merge (the “Merger”) (the effective date of the Merger shall be October 1, 2008). As a result of the Merger, the Integration between the Company and Kirin Pharma will be complete.

When considering the terms and conditions of the Integration including the Tender Offer, the Company appointed Merrill Lynch Japan Securities Co., Ltd. (“Merrill Lynch”), an independent financial advisor, as an independent third party appraiser, and requested Merrill Lynch to conduct

the share valuation of the Company and to provide related advice. With the advice from Merrill Lynch and Nishimura & Asahi, the Company, the Tender Offeror and Kirin Pharma substantially discussed and negotiated the terms and conditions of the Integration.

The Company obtained the share valuation report from Merrill Lynch on October 22, 2007 (the “Share Valuation Report”) as a reference document to be used when considering the appropriateness of the Purchase Price. In the Share Valuation Report, the share value of the Company was analyzed based upon financial information (including forecast information) provided by the Company and certain other specified assumptions and conditions, using various calculation methods such as discounted cash flow analysis, the comparable companies analysis, the market price analysis, and the comparable transactions analysis.

Taking into consideration the fact that the Tender Offer is one of a series of multiple transactions for the Integration, and after comprehensive consideration of the Share Valuation Report prepared by Merrill Lynch, the contents of the Tender Offer, the current status of the Kyowa Hakko Group, and other factors such as advice from various advisors, the Board of Directors of the Company concluded that the terms and conditions of the Tender Offer were appropriate, and it was unanimously resolved at the meeting of the Board of Directors held on October 22, 2007, to approve the Tender Offer.

The Purchase Price of the Tender Offer is equal to the closing price of 1,202 yen of the common stock of the Target Company quoted on the Tokyo Stock Exchange on October 18, 2007 plus a premium of approximately 24.8 %, and is equal to the average closing price of 1,135 yen (rounded to the nearest yen) of the common stock of the Company quoted on the Tokyo Stock Exchange for the past 3 months ended on October 18, 2007 plus a premium of approximately 32.2%.

(3) Possible Delisting of the Shares of the Company

In the Tender Offer, a maximum number of shares to be purchased has been set, and the Tender Offer is not intended to result in a delisting of the shares of common stock of the Company. The Company intends to maintain its share listing after the completion of the Tender Offer. After the Tender Offer and the Share Exchange, the Company will become a consolidated subsidiary of the Tender Offeror which will hold a majority of the shareholder voting rights of the Company. The Company will, while respecting the fundamental principles of the Kirin Group’s operation, conduct an autonomous business activity based on independence and mobility, ensure the independence of its management as an ongoing public listed company, and continue to promote the maximization of profits for all of its shareholders and the sustained expansion of corporate value. Therefore, the Ratio of the Standard Number of Shares of the Tender Offeror in the Company (Note 3) shall be 50.10% in principle for a period of 10 years from the date of the execution of the Integration Agreement, and after the Integration, the Tender Offeror will cooperate in the strongest reasonable manner to maintain the listing of the shares of the surviving

company established through the Merger. Furthermore, pursuant to the Integration Agreement, the Kirin Group agrees not to acquire any new shares/stock acquisition rights of the Company, or dispose (including sale or disposition as collateral) of shares/stock acquisition rights of the Company which the Kirin Group holds, for a period of 10 years from the date of the execution of the Integration Agreement, except as prescribed, without the consent of the Company.

(Note 3) In this Notice, the Ratio of the Standard Number of Shares shall be the sum of (i) the number of shares of common stock of the Company which the Tender Offeror (including their subsidiaries and affiliates but excluding the Company and its subsidiaries and affiliates) holds and (ii) the number of shares of common stock of the Company which will be issued upon exercise of stock acquisition rights held by the Tender Offeror, divided by the Standard Number of Shares of the Company.

3. Summary of Profit-Sharing by the Tender Offeror or its Specially Related Parties

None

4. Counter-Policies with respect to Basic Policies Regarding the Control of the Company

None

5. Inquiries to the Tender Offeror

None

6. Request for Extension of Tender Offer Period

None

[Attachment] Kirin Holdings Company, Limited's Press Release: "Notification with Respect to Commencement of Tender Offer for Shares of Kyowa Hakko Kogyo Co., Ltd."