

October 22, 2007

For Immediate Release

Company Name: Kyowa Hakko Kogyo, Co., Ltd.
Name of Representative: Yuzuru Matsuda,
President and CEO
(Stock Code: 4151)
Direct your queries to: Tetsuro Kuga, Corporate
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Company Name: Kirin Pharma Company, Limited
Name of Representative: Katsuhiko Asano,
President and Chairman of the Board of Directors
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Company Name: Kirin Holdings Company, Limited
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**Notification with Respect to the Conclusion of the Share Exchange Agreement
Between Kyowa Hakko Kogyo Co., Ltd. and Kirin Pharma Company, Limited**

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 a final agreement with respect to a transaction resulting in Kirin Pharma becoming a wholly owned subsidiary of Kyowa Hakko through a share exchange between Kyowa Hakko and Kirin Pharma (the “Share Exchange”), pursuant to the resolutions made at the respective meetings of the Boards of Directors of the three companies held today, Kyowa Hakko and Kirin Pharma have concluded a share exchange agreement (the “Share Exchange Agreement”).

1. Purpose and Background of the Share Exchange

[1] Purpose and Basic Policy with Respect to the Strategic Alliance

In the pharmaceutical business, which is one of the core businesses of both the Kyowa Hakko Group and the Kirin Group, both the domestic and international management environments are changing substantially 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 pharmaceutical companies in Europe and the United States, 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, Kyowa Hakko and Kirin Pharma should strengthen their management base through integrating.

Based on this shared awareness, both groups agreed on a fundamental concept of building a new company out of the combination of the respective distinctiveness and strengths of Kyowa Hakko

and Kirin Pharma, based on the strength of each company in biotechnology, with the goal of developing a global top-class research and development-centered life sciences company based in Japan, and have reached an agreement to form a strategic alliance (the “Strategic Alliance”) centering around the integration of Kyowa Hakko and Kirin Pharma (the “Integration”) (the agreement pertaining to the Strategic Alliance, the “Integration Agreement”).

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 Kyowa Hakko 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 business development through the mutual exploitation of antibody technologies. Furthermore, through the Integration, Kyowa Hakko 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 substantial 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.

[2] Contents of the Strategic Alliance

(1) Summary of the Strategic Alliance

The parties intend to realize the following transactions which have been mutually agreed on, conditioned upon obtaining promptly, based on applicable laws and regulations, the approval of the general meeting of shareholders of each company or the approval of the relevant domestic/overseas regulatory authorities.

a. Acquisition of Shares of Kyowa Hakko by Kirin Holdings

Prior to the Integration, Kirin Holdings plans to implement the tender offer for the shares of common stock of Kyowa Hakko, at a purchase price of 1,500 yen per share, from Wednesday, October 31, 2007 through Thursday, December 6, 2007 (the “Tender Offer”). The Board of Directors of Kyowa Hakko approved of the Tender Offer at the meeting held on October 22, 2007. The Tender Offer is being conducted so that Kirin Holdings may acquire, in conjunction with the shares of common stock allocated and delivered to Kirin Holdings in the Share Exchange between Kyowa Hakko and Kirin Pharma as described below in “b. Share Exchange between Kyowa Hakko and Kirin Pharma and the Integration of the Pharmaceutical Businesses through Subsequent Merger”, a total number of shares of common stock equivalent to 50.10% of the standard number of shares (the “Standard Number of Shares” (Note 1)) of Kyowa Hakko as of the effective date of the Share Exchange.

(Note 1) The Standard Number of Shares of Kyowa Hakko is the sum of (i) the total number of issued shares of common stock of Kyowa Hakko (including the number of treasury shares of common stock held by Kyowa Hakko) and (ii) any

excess of the number of shares of common stock underlying the stock acquisition rights issued by the Kyowa Hakko, over the number of treasury shares of common stock held by Kyowa Hakko.

(Note 2) If the total number of tendered shares and other securities is less than 79,849,000 shares, none of the tendered shares or other securities will be purchased by Kirin Holdings. If the total number of shares tendered in the Tender Offer exceeds 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 Financial Instruments and Exchange Law and Article 32 of the Cabinet Ordinance regarding disclosure of tender offer for shares and other securities by non-issuers, Kirin Holdings will make delivery and other settlements with respect to the purchase of shares.

(Note 3) 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 assets of Kyowa Hakko, prior to the scheduled commencement date of the Tender Offer.

For details of the Tender Offer, please refer to the “Notification with Respect to Commencement of Tender Offer for Shares of Kyowa Hakko Kogyo Co., Ltd.”, released today by Kirin Holdings.

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 Kyowa Hakko 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 with respect to the Share Exchange described in “b. Share Exchange between Kyowa Hakko and Kirin Pharma and the Integration of the Pharmaceutical Businesses through Subsequent Merger” below, and (ii) other agenda items necessary for the execution of the Integration, Kyowa Hakko 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 Kirin Holdings to acquire, in conjunction with the common stock of Kyowa Hakko delivered to Kirin Holdings in the Share Exchange between Kyowa Hakko and Kirin Pharma, a number of shares equivalent to 50.10% of the Standard Number of Shares of Kyowa Hakko as of the effective date of the Share Exchange. If the Third Party Allocation of New Shares is implemented, Kyowa Hakko will obtain approval for the transaction by a special resolution at the Extraordinary Meeting of Shareholders of Kyowa Hakko.

In addition, if the Third Party Allocation of New Shares is implemented, its details shall be provided as soon as they are determined.

b. Share Exchange between Kyowa Hakko and Kirin Pharma and the Integration of the Pharmaceutical Businesses through Subsequent Merger

After the Tender Offer is completed, to promptly implement the integration of the pharmaceutical businesses, Kyowa Hakko and Kirin Pharma will, subject to the approval being obtained at their respective general meetings of shareholders, conduct 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 Kyowa Hakko, while Kirin Holdings 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 Kyowa Hakko. Through the Share Exchange, Kyowa Hakko will allocate and deliver 8,862 shares (Note) of common stock of Kyowa Hakko for one share of common stock of Kirin Pharma held by Kirin Holdings, 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 purchase of the number of shares equivalent to the maximum

number of shares scheduled to be purchased (111,578,000 shares) by Kirin Holdings in the Tender Offer, or (ii) the completion of the Third Party Allocation of New Shares after the completion of the Tender Offer.

(Note) 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, Kyowa Hakko as the surviving company (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 of pharmaceutical business between Kyowa Hakko and Kirin Pharma will be complete. Matters to be provided in the merger agreement (the “Merger Agreement”), other than the above, will be determined before the conclusion of the Merger Agreement with respect to the Merger. 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.”.

The reason for implementing the Share Exchange prior to the Merger as described above is to aid the prompt progress of preparations for the Merger by making Kirin Pharma a wholly owned subsidiary of Kyowa Hakko. For details of the Strategic Alliance, please refer to the “Notification with Respect to the Strategic Alliance Between Kyowa Hakko Group and 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 Kirin Holdings.

(2) Promotion Structure for the Integration

After the conclusion of the Integration Agreement, the Kyowa Hakko Group and the Kirin Group will establish an integration preparatory committee co-chaired by the Presidents of Kyowa Hakko and Kirin Pharma, and will smoothly and promptly promote the Integration and business collaboration of the two groups.

(3) Management Structure of the Surviving Company after the Merger

Trade Name of the Surviving Company after the Merger	Kyowa Hakko Kirin Co., Ltd.
President and CEO	Yuzuru Matsuda, (current President of Kyowa Hakko) (scheduled) Yuzuru Matsuda, the President of the Surviving Company, will also serve as a Director of Kirin Holdings.
Executive Vice President	Tomohiro Mune, (current Managing Director of Kirin Holdings) (scheduled)
Composition of Directors	7 persons in total (including Yuzuru Matsuda and Tomohiro Mune) 5 persons from Kyowa Hakko (including one outside director) 2 persons from the Kirin Group * The Surviving Company plans to adopt the Managing Officers System (<i>shikko yakuin seido</i>).
Composition of Auditors	5 persons in total (including one part-time Auditor) 4 persons from Kyowa Hakko (including three outside auditors (one of whom will be part-time)

	1 person from the Kirin Group
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(4) Relationship between the Surviving Company and Kirin Holdings after the Merger

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 voting rights of the Surviving Company. The Surviving Company will, while respecting the fundamental principles of the Kirin Group 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. In addition, the Ratio of the Standard Number of Shares of Kirin Holdings 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, Kirin Holdings will cooperate in the strongest reasonable manner to maintain the listing of the shares of the Surviving Company.

(Note) The Ratio of the Standard Number of Shares shall be the sum of (i) the number of shares of common stock of Kyowa Hakko which Kirin Holdings (including its subsidiaries and affiliates but excluding Kyowa Hakko and their subsidiaries and affiliates) holds and (ii) the number of shares of common stock of Kyowa Hakko which will be issued upon exercise of stock acquisition rights held by Kirin Holdings, divided by the Standard Number of Shares of Kyowa Hakko.

(5) Integration of Non-Pharmaceutical Businesses of the Surviving Company after the Merger

With respect to non-pharmaceutical businesses of the Surviving Company after the Merger, while promoting the Strategic Alliance, the parties plan to promptly establish a business operation system which will contribute to the maximization of the operation base and profitability for each party, and aim to develop each business area.

a. Bio-Chemicals Business

Because the business model of the bio-chemicals industry which centers around materials is different from that of the pharmaceutical business, the bio-chemical business will spin off as a subsidiary of the Surviving Company after the Merger and by April 2010, it will aim to establish an independent management system and growth. With respect to the health food mail-order business and alcohol business within the bio-chemical industry, because the same business exists in the Kirin Group, the parties will consider the integration of both businesses, with the aim of strengthening competitiveness, improving management efficiency and realizing further growth. With respect to bio-technology which is to form the basis for the Surviving Company after the Merger, because development and expansion can be expected not only in the pharmaceutical business but also in the bio-chemical business, the bio-chemical business will pursue and put into operation state of the art technologies, either together with the pharmaceutical business or in co-operation with it.

b. Food Business

Because there are substantial similarities between the businesses which Kyowa Hakko and Kirin Food-Tech Company, Limited, a company in the Kirin Group, operate, such as supplying ingredients (mainly seasoning) to manufacturers and their focus on strengthening their “take-out” and “dining-out” businesses, the parties will consider integrating their businesses, with the aim of strengthening and expanding the operation base.

c. Chemicals Business

The parties will aim to enhance sales of high-value added functional products, such as environmentally-friendly products which meet the post-Merger vision of the Surviving Company, while making efforts to stabilize profitability and enhance competitiveness through alliances with other companies, among others.

2. Summary of the Share Exchange

(1) Schedule of the Share Exchange

October 22, 2007	Meetings of the Boards of Directors of Kyowa Hakko, Kirin Holdings and Kirin Pharma Kirin Holdings: approval of the Integration Agreement and resolution to commence the Tender Offer; Kirin Pharma: approval of the Integration Agreement and the Share Exchange Agreement; and Kyowa Hakko: approval of the Integration Agreement and the Share Exchange Agreement and the resolution of approval of the Tender Offer. Execution of the Integration Agreement and the Share Exchange Agreement
Wednesday, October 31, 2007 (scheduled)	Commencement of the Tender Offer by Kirin Holdings
Thursday, December 6, 2007 (scheduled)	Last day of the Tender Offer Period by Kirin Holdings
Late December, 2007 (scheduled)	Record date for the Extraordinary Meeting of Shareholders of Kyowa Hakko
Monday, December 31, 2007	Record date for the Ordinary General Meeting of Shareholders of Kirin Pharma
Late February, 2008 (scheduled)	Extraordinary Meeting of Shareholders of Kyowa Hakko (approval of the Share Exchange Agreement and the Third Party Allocation of New Shares)
Tuesday, March 25, 2008 (scheduled)	Stock payment date for the Third Party Allocation of New Shares
Late March, 2008 (scheduled)	Ordinary General Meeting of Shareholders of Kirin Pharma (approval of the Share Exchange Agreement)
Tuesday, April 1, 2008 (scheduled)	Effective date of the Share Exchange
Late April, 2008 (scheduled)	Share certificate delivery date for the Share Exchange
Late April, 2008 (scheduled)	Meetings of the Boards of Directors of Kyowa Hakko and Kirin Pharma, respectively (approval of the Merger Agreement) Conclusion of the Merger Agreement with respect to the Merger
Late June, 2008 (scheduled)	Ordinary General Meeting of Shareholders of Kyowa Hakko (approval of the Merger Agreement)
Wednesday, October 1, 2008 (scheduled)	Effective date of the Merger

(Note 1) If compelling circumstances arise in the course of proceedings, changes to the

schedule may occur upon consultation among the three companies.

(Note 2) An announcement of the organizational structure, directors and officers and mid-term management plans of the Surviving Company after the merger is scheduled to be made in late April, 2008.

(Note 3) The Third Party Allocation of New Shares to Kirin Holdings will not be implemented if the maximum number of shares scheduled to be purchased (111,578,000 shares) is purchased through the Tender Offer. If the Third Party Allocation of New Shares is implemented, notification of the details of such allocation will be made promptly after they are determined.

(2) Share Exchange Ratio

	Kyowa Hakko	Kirin Pharma
Share exchange ratio	1	8,862

a. Share Allocation Ratio

In accordance with the above share exchange ratio, Kyowa Hakko will allocate and deliver 8,862 shares of common stock for one (1) share of common stock of Kirin Pharma.

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

b. Number of Shares to be Issued through the Share Exchange

In the Share Exchange, Kyowa Hakko will issue 177,240,000 shares of common stock (representing 30.75% of the Standard Number of Shares after the Share Exchange (Note)).

(Note) This represents the percentage if the Third Party Allocation of New Shares is not implemented. Kirin Holdings will acquire, in conjunction with the shares of common stock to be purchased through the Tender Offer, a total number of shares equivalent to 50.10% of the Standard Number of Shares of Kyowa Hakko as of the effective date of the Share Exchange.

(3) Summary of the Calculation of the Share Exchange Ratio

a. Basis and Background of the Calculation

In order to ensure the fairness of the share exchange ratio to be used by Kyowa Hakko and Kirin Pharma in the Share Exchange, Kyowa Hakko appointed Merrill Lynch Japan Securities Co., Ltd. (“Merrill Lynch”) and Kirin Pharma appointed JPMorgan Securities Japan Co., Ltd. (“JPMorgan”) as financial advisors, and requested each company conduct an analysis of the share exchange ratio.

The Board of Directors of Kyowa Hakko received an opinion from Merrill Lynch on October 22, 2007, which stated that, based on the assumptions and other specified conditions described below, the agreed share exchange ratio was fair, from a financial point of view, to the shareholders of Kyowa Hakko.

In providing its opinion and conducting the analysis which forms the basis of such opinion, Merrill Lynch assumed and relied on the accuracy and completeness of all information provided by Kyowa Hakko and Kirin Pharma and all the publicly available information and accordingly did not conduct an appraisal or actual evaluation, and was not provided with any such appraisals or evaluations, with respect to the individual assets and liabilities of the two companies. Furthermore, Merrill Lynch assumed that the financial forecasts of Kyowa Hakko and Kirin Pharma and information relating to any expected synergy effects from the Share Exchange had been prepared on a reasonable basis, and reflected the best available

estimates and judgment of the management of Kyowa Hakko at that time. Merrill Lynch's opinion was based on the current information and economic conditions as of October 22, 2007.

In evaluating the terms and conditions of the Share Exchange, Merrill Lynch performed various analyses, including a discounted cash flow analysis, a comparable companies analysis, a market price analysis, a comparable transactions analysis, a contribution analysis and an earnings per share accretion/dilution analysis, a value creation analysis, and reviewed and considered such analyses as a whole in preparing its opinion. Some of the principal methods of evaluation and a brief summary of analyses utilized by Merrill Lynch in evaluating the share exchange ratio are: (Please refer to "Note 1" below in conjunction with the following summary).

- (i) an indicative share exchange ratio evaluated based on the discounted cash flow method of Kyowa Hakko 1: Kirin Pharma 9,689 - 10,573;
- (ii) an indicative share exchange ratio evaluated based on the comparable companies analysis of Kyowa Hakko 1: Kirin Pharma 7,911 - 9,398;
- (iii) a relative contribution analysis of Kyowa Hakko and Kirin Pharma was performed; and
- (iv) with respect to Kyowa Hakko, the market price analysis, comparable transactions analysis, the earnings per share accretion/dilution analysis taking into consideration the expected synergies and the value creation analysis were considered.

When calculating the share exchange ratio for the Share Exchange, JPMorgan took into account business results and forecasts of the Kyowa Hakko and Kirin Pharma and the synergy effects created by the Share Exchange, and conducted a valuation using methods such as the trading comparable companies analysis and the DCF analysis. JPMorgan also conducted the contribution analysis. As a result of such calculations, JPMorgan submitted the results of the calculations to Kirin Pharma in which the number of shares of common stock of Kyowa Hakko to be allocated for one (1) share of the common stock of Kirin Pharma was calculated as 7,047 shares ~ 9,354 shares by the trading comparable companies analysis and 7,330 shares ~ 9,026 shares by the DCF analysis. For the calculation of the share exchange ratio by JPMorgan, please refer to (Note 2) below.

The Board of Directors of Kirin Holdings, a parent company of Kirin Pharma, received an opinion (Note 2) from JPMorgan on October 22, 2007, which stated that, the total consideration for the common stock of Kyowa Hakko pursuant to the Strategic Alliance (the aggregate of (i) the amount to be paid pursuant to the tender offer price in the Tender Offer, (ii) the amount to be paid pursuant to the Third Party Allocation of New Shares (as necessary), and (iii) the total number of the common stock of Kirin Pharma to be contributed pursuant to the share exchange ratio for the Share Exchange) was fair, from the financial point of view.

With reference to the results of the share exchange ratio calculation by Merrill Lynch (in the case of Kyowa Hakko) and JPMorgan (in the case of Kirin Pharma), and after considering the financial condition and forecasts and the causes of trends in share value, among others, of each of the two companies, as a result of mutual discussions, Kyowa Hakko and Kirin Pharma reached a final agreement that the share exchange ratio described above was appropriate.

b. Relationship with the Appraisers

The appraisers are not related parties.

(4) Handling of Stock Acquisition Rights and Bond Certificates with Stock Acquisition Rights Issued by Kirin Pharma

N/A

(5) Limit on Distribution of Surplus until the Date of the Share Exchange

- a. Kyowa Hakko may make a distribution of surplus of up to 5 yen per share of common stock to its shareholders and registered pledgees listed or recorded in the final shareholders registry as of March 31, 2008.
- b. Kirin Pharma may make a distribution of surplus of up to 230,000 yen per share of common stock to its shareholders and registered pledgees listed or recorded in the final shareholders registry as of December 31, 2007.

3. Outline of Parties to the Share Exchange

(1)	Trade Name	Kyowa Hakko Kogyo, Co., Ltd.	Kirin Pharma Company, Limited
(2)	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, etc.	Production and sales of pharmaceutical products
(3)	Date of Incorporation	July 1, 1949	April 25, 1958 (Commencement of operation on July 1, 2007)
(4)	Address of Head Office	1-6-1 Otemachi, Chiyoda-ku, Tokyo	6-26-1 Jingumae, Shibuya-ku, Tokyo
(5)	Name and Title of Representative	Yuzuru Matsuda President and CEO	Katsuhiko Asano President and Chairman of the Board of Directors
(6)	Paid-in Capital	26,745 million yen (as of March 31, 2007)	3,000 million yen (as of July 1, 2007)
(7)	Number of Issued Shares	399,243,555 shares (as of March 31, 2007)	30,000 shares (as of July 1, 2007)
(8)	Total Asset	378.8 billion yen (consolidated) (as of March 31, 2007)	76.6 billion yen (nonconsolidated) (as of July 1, 2007)
(9)	Net Asset	244.0 billion yen (consolidated) (as of March 31, 2007)	63.0 billion yen (nonconsolidated) (as of July 1, 2007)
(10)	Fiscal Year End	March 31	December 31
(11)	Number of Employees	5,756 (consolidated) (as of March 31, 2007)	1,270 (nonconsolidated) (as of July 1, 2007)
(12)	Major business partners	Mediceo Paltac Holdings Co., Ltd. Suzuken Co., Ltd. Alfresa Corporation	Alfresa Corporation Toho Pharmaceutical Co., Ltd. Suzuken Co., Ltd.
(13)	Major Shareholders and 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%	Kirin Holdings: 100% (Excluding treasury stock) (as of July 1, 2007)

		(as of March 31, 2007)	
(14)	Major Banks	Mizuho Corporate Bank, Ltd. The Norinchukin Bank	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
(15)	Relationship with the New Company	Capital relationship	None
		Personal relationship	None
		Transaction relationship	None
		Status of relationship with related parties	None

(16) Business results for the Three Most Recent Fiscal Periods (Consolidated)

(hundred millions of yen)

Fiscal Year End	Kyowa Hakko (absolute parent company)			Kirin Pharma (wholly owned subsidiary)		
	Year ending March 2005	Year ending March 2006	Year ending March 2007	Year ending December 2004	Year ending December 2005	Year ending December 2006
Net sales	3,589	3,534	3,542	603	640	618
Operating Income	335	255	306	116	132	105
Ordinary Income	323	282	309	Not disclosed	Not disclosed	Not disclosed
Net income for the year	179	162	126	Not disclosed	Not disclosed	Not disclosed
Net income per share	41.67	38.35	31.32	Not disclosed	Not disclosed	Not disclosed
Dividend per share	10.00	10.00	10.00	Not disclosed	Not disclosed	Not disclosed
Net assets per share	556.29	604.91	607.49	Not disclosed	Not disclosed	Not disclosed

* For Kirin Pharma, the above figures are the business results of the business segment.

* Because Kirin Pharma is an unlisted company, items other than the net sales and operating income in the table above are not disclosed.

4. Post-Share Exchange Situation

A. Kyowa Hakko Kogyo Co., Ltd.

(1) Trade Name

Kyowa Hakko Kogyo Co., Ltd.

(2) Main Business

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.

(3) Address of Head Office

1-6-1 Otemachi, Chiyoda-ku, Tokyo

(4) Name and Title of Representative (scheduled)

Yuzuru Matsuda, President and CEO

(5) Paid-in Capital

- Not yet determined.
- (6) Total Assets
Not yet determined.
- (7) Net Assets
Not yet determined.
- (8) Fiscal Year End
March 31
- (9) Summary of Accounting Procedure
Although Kirin Pharma will become the wholly owned subsidiary of Kyowa Hakko as the result of the Share Exchange, since Kyowa Hakko will become a subsidiary of Kirin Holdings, for the purpose of accounting for business combinations, the Share Exchange is accounted for as a reverse acquisition with Kirin Pharma as the acquiring company of Kyowa Hakko. Accordingly, the purchase method will apply with respect to the consolidated financial statements after the Share Exchange, and goodwill will be generated as a result of the Share Exchange. The value of the goodwill and the period of amortization have not been determined at this time.
- (10) Outlook for impact of Share Exchange on business results
The outlook for the business results, as well as the value of the goodwill and the years of depreciation have not been determined at this time. The outlook will be disclosed as soon as it is determined.

B. Kirin Holdings Company, Limited

- (1) Trade Name
Kirin Holdings Company, Limited
- (2) Main Business
As a holding company, Kirin Holdings controls and manages the business activities of its business corporations (which engage in businesses such as alcohol, beverages and pharmaceutical products).
- (3) Address of Head Office
2-10-1 Shinkawa, Chuo-ku, Tokyo
- (4) Name and Title of Representative (scheduled)
Kazuyasu Kato, President and CEO
- (5) Paid-in Capital
Not yet determined.
- (6) Total Assets
Not yet determined.
- (7) Net Assets
Not yet determined.
- (8) Fiscal Year End
December 31
- (9) Summary of Accounting Procedure as a Consolidated Company
For the purposes of accounting for business combinations, the purchase method will be

applied and goodwill will be reported. The value of the goodwill and the period of amortization have not been determined at this time. Any goodwill generated shall be amortized in accordance with the straight line method during the period within which the effect is estimated to develop.

(10) Outlook for impact of Share Exchange on business results

The outlook for the business results, as well as the value of the goodwill and the years of depreciation have not been determined at this time. The outlook will be disclosed as soon as it is determined.

C. Kirin Pharma Company, Limited

(1) Trade Name

Kirin Pharma Company, Limited

(2) Main Business

Manufacture and Sale of pharmaceutical products

(3) Address of Head Office

6-26-1 Jingumae, Shibuya-ku, Tokyo

(4) Name and Title of Representative (scheduled)

Katsuhiko Asano, President and Chairman of the Board of Directors

(5) Paid-in Capital

Not yet determined.

(6) Total Assets

Not yet determined.

(7) Net Assets

Not yet determined.

(8) Fiscal Year End

December 31

(Note 1) In arriving at its opinion, Merrill Lynch made qualitative judgments as to the significance and relevance of each analysis and factor considered by it. Accordingly, Merrill Lynch believes that its analyses must be considered as a whole and that selecting portions of its analyses and factors, without considering all analyses and factors, could create an incomplete view of the processes underlying such analyses and its opinion. In its analyses, Merrill Lynch made numerous assumptions with respect to Kyowa Hakko, Kirin Pharma, industry performance and regulatory environment, general business, economic, market and financial conditions, as well as other matters, many of which are beyond the control of Kyowa Hakko and involve the application of complex methodologies and educated judgment.

The preparation of a fairness opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analyses and the application of those methods to the particular circumstances, and therefore, such an opinion is not readily susceptible to partial analysis or summary description. No company, business or transaction used in those analyses as a comparison is identical to Kyowa Hakko, Kirin Pharma or the Share Exchange, nor is an evaluation of the results of those analyses entirely mathematical; rather, it involves complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the transactions, public trading or other values of the companies, business segments or transactions being

analyzed. The estimates contained in those analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual results or values or predictive of future results or values, which may be significantly more or less favorable than those suggested by those analyses. In addition, analyses relating to the value of businesses or securities are not appraisals and may not reflect the prices at which businesses, companies or securities actually may be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty.

Merrill Lynch's opinion is for the use and benefit of the Board of Directors of Kyowa Hakko. Merrill Lynch's opinion does not address the merits of the underlying decision by Kyowa Hakko to engage in the Share Exchange and does not constitute a recommendation to any shareholder of Kyowa Hakko as to how such shareholder should exercise his or her voting or other rights with respect to the proposed share exchange (including whether dissenting shareholders should exercise the right to redeem their shares). In addition, Kyowa Hakko did not ask Merrill Lynch to address, and Merrill Lynch's opinion does not address, the fairness to, or any other consideration of, the holders of any class of securities, creditors or other constituencies of Kyowa Hakko, other than the holders of Kyowa Hakko's shares of common stock. Merrill Lynch does not express any opinion as to the prices at which the shares of Kyowa Hakko will trade following the announcement of the Share Exchange Agreement or the consummation of the Share Exchange.

(Note 2) In giving this opinion, 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 Kirin Holdings, Kirin Pharma or Kyowa Hakko, or information discussed with Kirin Holdings, Kirin Pharma or Kyowa Hakko and information that JPMorgan reviewed or which was reviewed for JPMorgan. JPMorgan has not conducted any valuation or appraisal of any asset or liabilities and have not been provided with any such valuations or appraisals, nor has JPMorgan evaluated the solvency of Kirin Holdings, Kirin Pharma or Kyowa Hakko or any of their respective subsidiaries under applicable laws and regulations relating to bankruptcy, insolvency or similar matters. JPMorgan has relied on financial analyses and forecasts provided (including synergies) from Kirin Holdings, Kirin Pharma and Kyowa Hakko, 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 Kirin Holdings, Kirin Pharma and Kyowa Hakko. JPMorgan does not express any view on such financial analyses or forecasts provided (including synergies) or on the assumptions forming the basis of such financial analyses or forecasts. JPMorgan has assumed that the execution copy of the Integration Agreement and the Share Exchange Agreement will not differ, in any material respect, from the drafts furnished to JPMorgan. JPMorgan relied as to all legal matters relevant to rendering their opinion upon the advice of counsel. Furthermore, JPMorgan assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the Strategic Alliance will be obtained without any adverse effect on Kirin Holdings, Kirin Pharma, and Kyowa Hakko, or on any anticipated profits of the implementation of the Strategic Alliance.

This opinion 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, the date hereof. It should be understood that subsequent developments may affect this opinion and that JPMorgan does not have any obligation to update, revise, or reaffirm this opinion. JPMorgan's opinion is limited to the fairness, from a financial point of view, of the total purchase price of the common stock of Kyowa Hakko to the shareholders of Kirin Holdings, and do not express any opinion as to other security holders, creditors or other constituencies of Kirin Holding on their fairness of the Strategic Alliance or the total purchase price or the appropriateness of the underlying decision by Kirin Holdings to proceed with the Strategic

Alliance. JPMorgan does not express any opinion as to the prices at which the common shares of Kirin Holdings or common shares of Kyowa Hakko will trade in the future.

JPMorgan has acted as financial advisor to Kirin Holdings with respect to the Strategic Alliance and will receive fees from Kirin Holdings. Furthermore, Kirin Holdings 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 Kirin Holdings. 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 Kirin Holdings, Kirin Pharma or Kyowa Hakko. Accordingly, JPMorgan or its affiliates may possibly hold a long position or short position with respect to these shares at any time.