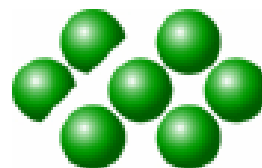


KIRIN



KYOWA

Strategic Alliance Between Kyowa Hakko Group and Kirin Group

October 22, 2007

KYOWA HAKKO KOGYO CO., LTD.
Kirin Pharma Company, Limited
Kirin Holdings Company, Limited

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Overview of the Strategic Alliance and Structure

Key Points of the Strategic Alliance

- A strategic business/capital alliance between Kyowa Hakko Group and Kirin Group
- Both groups to establish mutual cooperation across the whole business operation of both the Kyowa Hakko Group and the Kirin Group
- Merger between Kyowa Hakko and Kirin Pharma (Start of the New Company):
 - Kyowa Hakko and Kirin Pharma will merge on equal footing centering around the integration of the pharmaceutical businesses of both companies
 - Kyowa Hakko to be the surviving company and the New Company will maintain its listing
- Both groups to consider in detail integration and collaboration of non-pharmaceutical businesses

Strategic Alliance Structure (Integration Schedule)

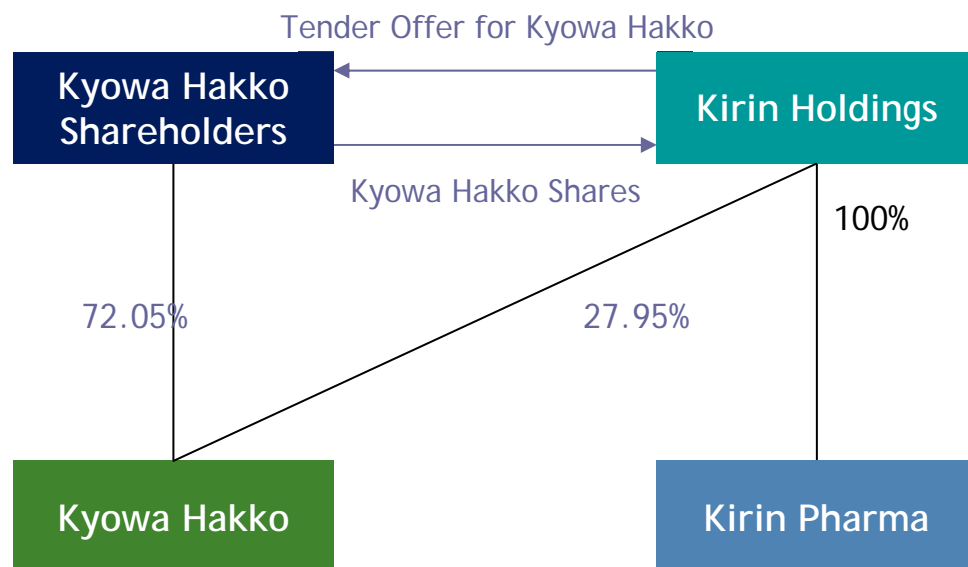
- October 22, 2007 Execution of the Integration Agreement and the Share Exchange Agreement
- October 31, 2007 (scheduled) Commencement of the Tender Offer by Kirin Holdings
- December 6, 2007 (scheduled) Last day of the Tender Offer Period by Kirin Holdings
- Late February, 2008 (scheduled) Extraordinary Meeting of Shareholders of Kyowa Hakko (approval of the Share Exchange Agreement)
- April 1, 2008 (scheduled) Effective date of the Share Exchange
- Late April, 2008 (scheduled) Conclusion of the Merger Agreement
- October 1, 2008 (scheduled) Effective date of the Merger; Start of the New Company

An announcement of the organizational structure, directors and officers and mid-term management plans of the New Company after the merger is scheduled to be made in late April, 2008

If compelling circumstances arise in the course of proceedings, changes to the schedule may occur upon consultation among the three companies.

Strategic Alliance Structure (Integration Process)

Step 1: Tender Offer by Kirin Holdings For Kyowa Hakko (Oct. 31, 2007 ~ Dec. 6, 2007)



- Purchase Price:

- 1,500 yen per share of common stock (approximately 32.2 % premium to the average closing price of the past 3 months ending on October 18, 2007 of 1,135 yen (rounded to the nearest whole number))

- Minimum Number Scheduled to be Purchased:

- 79,849,000 shares (20.0% of issued shares of Kyowa Hakko)

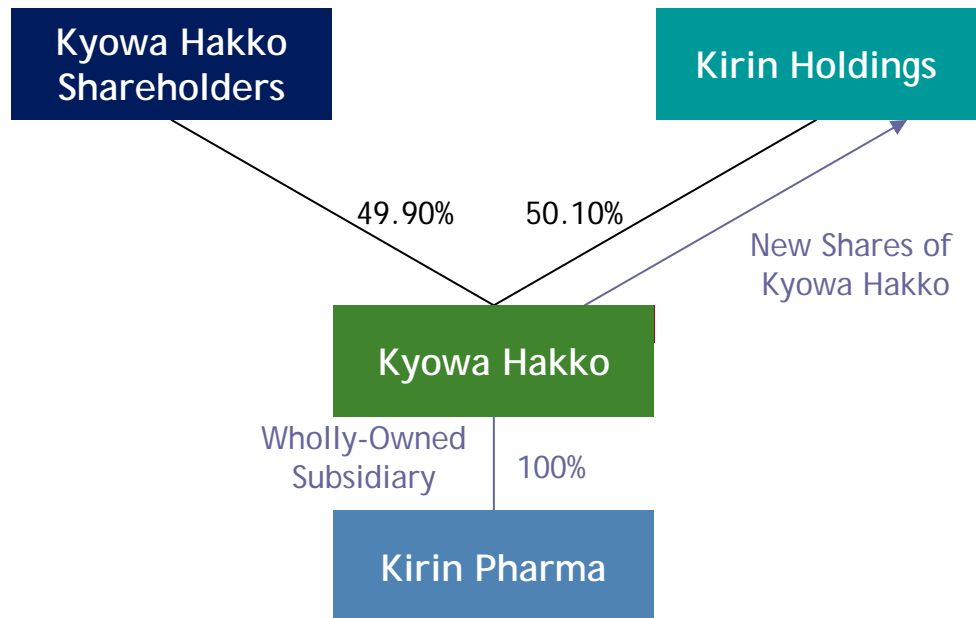
- Maximum Number Scheduled to be Purchased:

- 111,578,000 shares (27.95% of issued shares of Kyowa Hakko)

- If the number of shares purchased through the tender offer is less than 111,578,000 shares, Kyowa Hakko will allocate new shares to Kirin Holdings, at 1,500 yen per share, with the stock payment date set for March 25, 2008, 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 scheduled to take effect April 1, 2008, a number of shares equivalent to 50.10% of issued shares of Kyowa Hakko as of the effective date of the Share Exchange (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)

Strategic Alliance Structure (Integration Process)

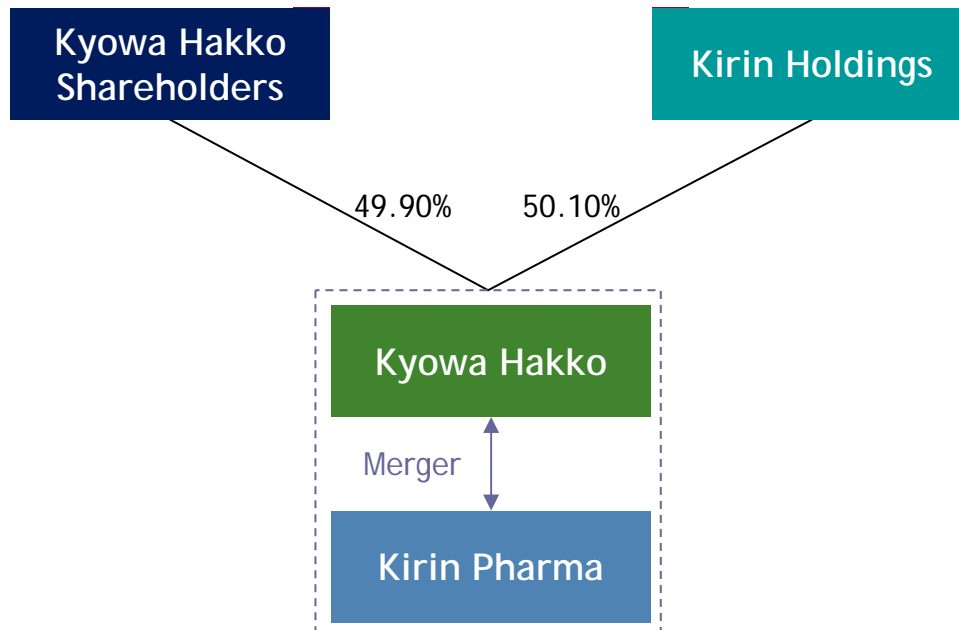
Step 2: Share Exchange Making Kyowa Hakko a Wholly-Owning Parent and Kirin Pharma a Wholly-Owned Subsidiary (April 1, 2008)



- Share Exchange Ratio:
 - 1: 8,862 (Kyowa Hakko to allocate and deliver 8,862 shares of common stock of Kyowa Hakko for one share of common stock of Kirin Pharma)
(Equity Value Ratio Kyowa Hakko: Kirin Pharma = 69.2: 30.8)
- Total Shares Allocated:
 - 177,240,000 shares
(Issued shares of Kirin Pharma: 20,000 shares x Share Exchange Ratio: 8,862)
Treasury shares held by Kirin Pharma are scheduled to be cancelled by the day before the Share Exchange becomes effective
- After the Share Exchange, Kirin Holdings will own 50.10% of issued shares of Kyowa Hakko
 - Kyowa Hakko to become a consolidated subsidiary of Kirin Holdings

Strategic Alliance Structure (Integration Process)

Step 3: Merger with Kyowa Hakko as the Surviving Company and Kirin Pharma as the Merging Company (October 1, 2008)



- Kyowa Hakko as the surviving company and Kirin Pharma as the merging company will merge
- The trade name of the New Company will become Kyowa Hakko Kirin Co., Ltd. in accordance with the merger

Management Structure of the New Company (Governance)

- President and CEO
Yuzuru Matsuda, (Current President of Kyowa Hakko) (scheduled)
Yuzuru Matsuda, the President of the New 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 (includes 2 members above)
5 persons from Kyowa Hakko (including one Outside Director)
2 persons from the Kirin Group
The New Company plans to adopt the Operating Officers System
- 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

Background and Purpose of the Strategic Alliance

Background and Purpose of the Strategic Alliance

Background

- In the pharmaceutical businesses, core businesses of both the Kyowa Hakko Group and the Kirin Group, the competitiveness of both the domestic and international environments has significantly increased (Reduction of medical expenses, challenges by foreign pharmaceutical companies, increased global competition in the R&D of new drugs and the increased R&D cost)
- In order to overcome this difficult environment in “Food and Health” business, both groups agreed , rather than pursuing business development separately, to generate synergy and maximize corporate value by becoming a consolidated subsidiary of Kirin Group, and to strengthen their management base through integration

Purpose

- Both companies decided the integration as they have strengths in antibody drug technology-centered biotechnology (Kyowa Hakko has Potelligent technology and others; Kirin Pharma has KM Mouse technology) and can benefit the following and strengthen the operational base.
 - Improve drug-discovery capabilities
 - Expand opportunities to acquire novel antigens through an improved presence in the antibody sector
 - Increase development speed and proactive overseas development of antibody drugs through the mutual exploitation of antibody technologies
 - Increase the scale of research and development and marketing and establish effective business operations systems
 - Strengthen the profitability and competitiveness of the pharmaceutical business
- In non-pharmaceutical businesses, the Kyowa Hakko Group and the Kirin Group share many similarities (food, alcohol, health products mail-order business, and others) and both Groups plan to maximize corporate value through the promotion of effective business integration and collaboration in each business

Vision and Basic Strategies of the New Company

Vision of the Strategic Alliance

“Aiming at a Global Top-Class R&D-Oriented Life Science Company from Japan”

- Vision of the Pharmaceutical Business:

“To become a Global Specialty Pharmaceutical Company based in Japan which contributes to health and well-being of people around the world by discovering innovative novel drugs using the state-of-the-art biotechnology focused on antibody mainly in areas of cancer, renal and immunology and conducting development and commercialization of the drugs globally”

- Vision of the Bio-Chemicals Business:

“To become a global leading company of fermented products which contributes to health and affluence of people around the world by conducting development, manufacturing, and marketing of bio-chemicals products globally through leveraging global top level fermentation technology centered around amino acid and pursuing collaboration and synergy with group businesses”

Basic Strategy of Pharmaceutical Business

Summary

Domestic Sales

Establish a leading position in cancer, renal and allergy areas at an early date through combination of strengths, sharing know-how and the strategic allocation of MRs (sales representatives)

R&D

Continuously generate innovative drugs as an R&D based company using biotechnology and focusing R&D resources on strong therapeutic areas

Overseas Business

Become a Global Specialty Pharmaceutical Company based in Japan through establishing in-house sales and marketing infrastructure in line with development pipeline advancement

Manufacturing

Realize improvement in productivity and efficiency in capital expenditures by combining antibody manufacturing know-how and facilities of both companies

Basic Strategy of Pharmaceutical Business

Domestic Sales

R&D

Overseas Business

Manufacturing

Strategic Goals in Domestic Sales (Maximization of Synergies)

1. Establishment of a leading position in renal market
2. Achievement of top share in the allergy market
3. Improvement of presence in cancer area
4. Early market penetration of new products (REGPARA, Topina, and Patanol)

[Specific Approach]

- Strategic allocation of existing 1,400 sales representatives (950 of Kyowa Hakko + 450 of Kirin Pharma) to improve market coverage
- Increase in number of detailing for major products by complementing each other in existing franchise areas and improvement in efficiency of calls
- Enhancement of distribution measures by expanded presence in distributors
- Promotion of high quality academic information by strong marketing support structure
- Reinforcement of academic-type sales representatives to obtain trust from clients

Basic Strategy of Pharmaceutical Business

Domestic
Sales

R&D

Overseas
Business

Manuf-
acturing

Core Areas and Sales Resource Allocation

- Core Products
NESP, Allelock, GRAN/Neu-Up, Coniel
- New Products
REGPARA, Topina, Patanol

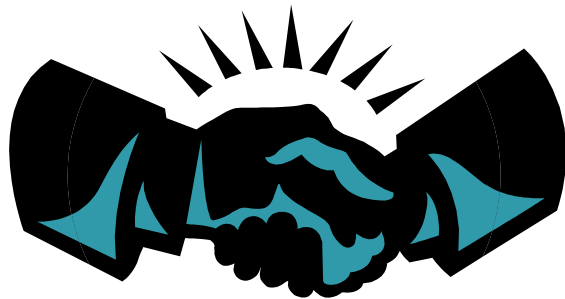
To become a market leader in each product area by concentrating sales representatives' detailing resources in "Core Products" and "New Products"

Basic Strategy of Pharmaceutical Business



R&D Structure

- Continuously generate innovative novel drugs with both companies' strengths in biotechnology and maintain sustainable growth as a Global Specialty Pharmaceutical Company
- Realize synergies in research area through integration of research functions and bolster product pipeline as both companies have very advanced research areas and drug discovery technologies
- Accelerate efficient drug development as strategy of development in the US and Europe or global co-development has been promoted by both companies
- Maintain relationship with an important partner, Amgen, through transfer of Kirin Amgen rights and co-develop new products



Combination of R&D
+
Partnership with Amgen



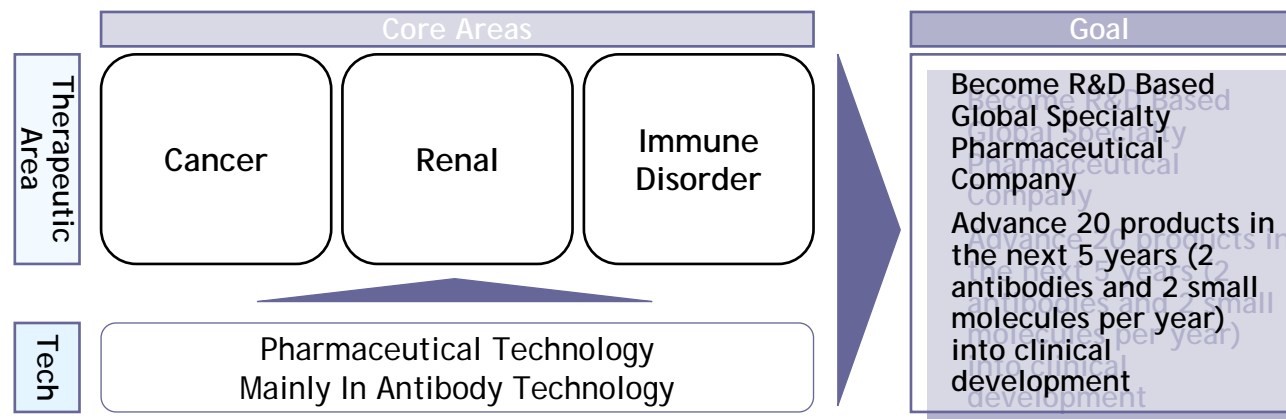
Continuous generation of
innovative novel drugs

Basic Strategy of Pharmaceutical Business

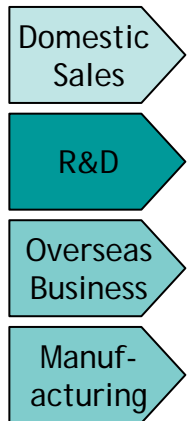
- Domestic Sales
- R&D
- Overseas Business
- Manufacturing

Research Strategy

- Core areas: Cancer, renal, and immune disorder
- Advance 2 antibody products into clinical development per year as antibody product development of both companies have been advancing smoothly
- Strengthen antibody product pipeline through combination of human antibody formation mouse and Potelligent Technology
- Advance 2 small molecule products into clinical development per year through combination of research resources
- Remain as global top-class biotechnology company continuously establishing unique drug discovery technologies such as cell-based/regenerative therapeutics and human polyclonal antibody
- As a mid-/long-term objective, advance 20 products into clinical development in the next 5 years (2 antibodies and 2 small molecules per year).



Basic Strategy of Pharmaceutical Business



Development Strategy

Advanced Development in US/EU as Basic Policy

- Blood cancer ··· Conduct completely in-house global development
- Other late-stage pipeline ··· Seek best approach among in-house development, partnership, or license-out

[Domestic Development Strategy]

- Establish an infrastructure to promote global co-study and accelerate domestic development. Consider concurrent development in Japan for domestic franchise areas such as immune disorder and renal areas
- Focus of licensing-in activity on late-stage product in cardiovascular, immunology and renal areas where the New Company has strong marketing power

Basic Strategy of Pharmaceutical Business

Domestic
Sales

Global Business Development

R&D

- Overseas Research: Key research function for innovative novel drug generation in close coordination with domestic research division

Overseas
Business

- Overseas Development: Promote efficient development utilizing each company's strength in early-stage development and also later-stage development in future

Manuf-
acturing

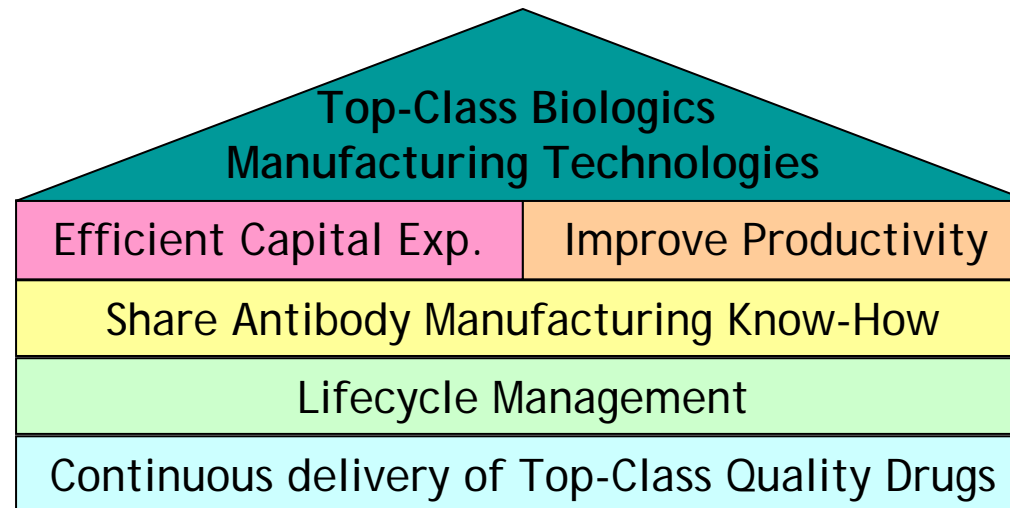
- Overseas Sales and Marketing: Position Asia as a key business development region and expand business mainly in development and sales and marketing all over the East Asian area. For the US and Europe, establish in-house marketing infrastructure in line with R&D pipeline development advancement

Basic Strategy of Pharmaceutical Business

Manufacturing Strategy



- Obtain a global top-class manufacturing technologies of biologics
- Achieve a productivity enhancement and efficient capital expenditures by sharing both companies know-how in antibody manufacturing
- Construct long-term business platform by pursuing thorough lifecycle management based on advanced product development technologies
- Provide high-quality pharmaceutical products continuously. To achieve this mission, pursue partnerships and outsourcing effectively to innovate advanced technologies in addition to current production system of both companies



Basic Strategy of Non-Pharmaceutical Businesses

With respect to non-pharmaceutical businesses, promptly establish a business operation system which will contribute to the maximization of the operation base and profitability for each party, and aim for growth in each business area

Bio-Chemicals Business:

As bio-chemicals business model is different from the pharmaceutical's in centering around materials, the business will spin-off as a subsidiary of the New Company by April 2010, and will aim to establish an independent management system and grow

·Alcohol Business and Health Products Mail-Order Business

The same business exists in the Kirin Group. The both groups will consider in detail the integration of both businesses, with the aim to strengthen competitiveness, improve management efficiency and realize further growth

·Raw materials for pharmaceutical/intermediates

Consider in detail in roles and arrangement to establish the best structure as the business is tied closely with the pharmaceutical business of the New Company

·As development and expansion of biotechnology can be expected not only in the pharmaceutical business but also in the bio-chemicals business, the bio-chemicals business will seek and commercialize state of the art technologies

Food Business:

Both Kyowa Hakko and Kirin Food-Tech in the Kirin Group provide ingredients (mainly seasoning) to manufacturers and both are trying to strengthen their home-meal and dining-out businesses, thus the both groups have substantial similarities. The both groups plan to consider in detail the integration of both businesses, with the aim of strengthening and expanding the operation base

Chemicals Business:

The both groups will aim to enhance sales of high-value added functional products, such as environmentally-friendly products which meet the vision of the New Company, while making efforts to stabilize profitability and enhance competitiveness through alliance with third parties

Financial Goals of the New Company

Financial Goals of the New Company

(billion yen)

	FY2006 (Consolidated)			FY2011	CAGR
	Kyowa Hakko	Kirin Pharma	Total	Target	
Sales	354.2	67.2	421.4	500.0	3.5%
R&D Cost	33.3	18.2	51.5	50.0	
Synergies	-	-	-	13.0	
Operating Income (Before Amortization of Goodwill)	30.6	12.0	42.6	80.0	13.4%
Amortization of Goodwill	-	-	-	9.0	
Operating Income	30.6	12.0	42.6	71.0	
Net Income (Before Amortization of Goodwill)	12.6	-	-	50.0	
Net Income	12.6	-	-	41.0	

The amortization of goodwill has been provisionally calculated based on an estimate of goodwill at the present point of time and subject to change upon various conditions

Earnings Per Share (EPS)

(yen)

EPS (Before Amortization of Goodwill)	31.3	-	-	86.7
EPS	31.3	-	-	71.1

Dividend Policy of the New Company

Target 30% or higher for consolidated dividend payout ratio based on net income before amortization of goodwill

Financial Goals of the New Company (Pharmaceuticals/Non-Pharmaceuticals)

(billion yen)

		FY2006 (Consolidated)			FY2011	CAGR
		Kyowa Hakko	Kirin Pharma	Sum	Target	
Sales	Pharmaceutical	131.5	67.2	198.7	250.0	4.7%
	Non-Pharmaceutical	222.7	-	222.7	250.0	2.3%
Sales		354.2	67.2	421.4	500.0	3.5%
R&D Expense	Pharmaceutical	28.5	18.2	46.7	45.0	
	Non-Pharmaceutical	4.8	-	4.8	5.0	
R&D Expense		33.3	18.2	51.5	50.0	
Operating Income (Before Amortization of Goodwill)	Pharmaceutical	15.7	12.0	27.7	60.0	16.7%
	Non-Pharmaceutical	14.9	-	14.9	20.0	6.1%
Operating Income (Before Amortization of Goodwill)		30.6	12.0	42.6	80.0	13.4%
Amortization of Goodwill		-	-	-	9.0	
Operating Income		30.6	12.0	42.6	71.0	

The amortization of goodwill has been provisionally calculated based on an estimate of goodwill at the present point of time and subject to change upon various conditions.

Target Sales of Major Products (Focused Products and New Products)

(billion yen)

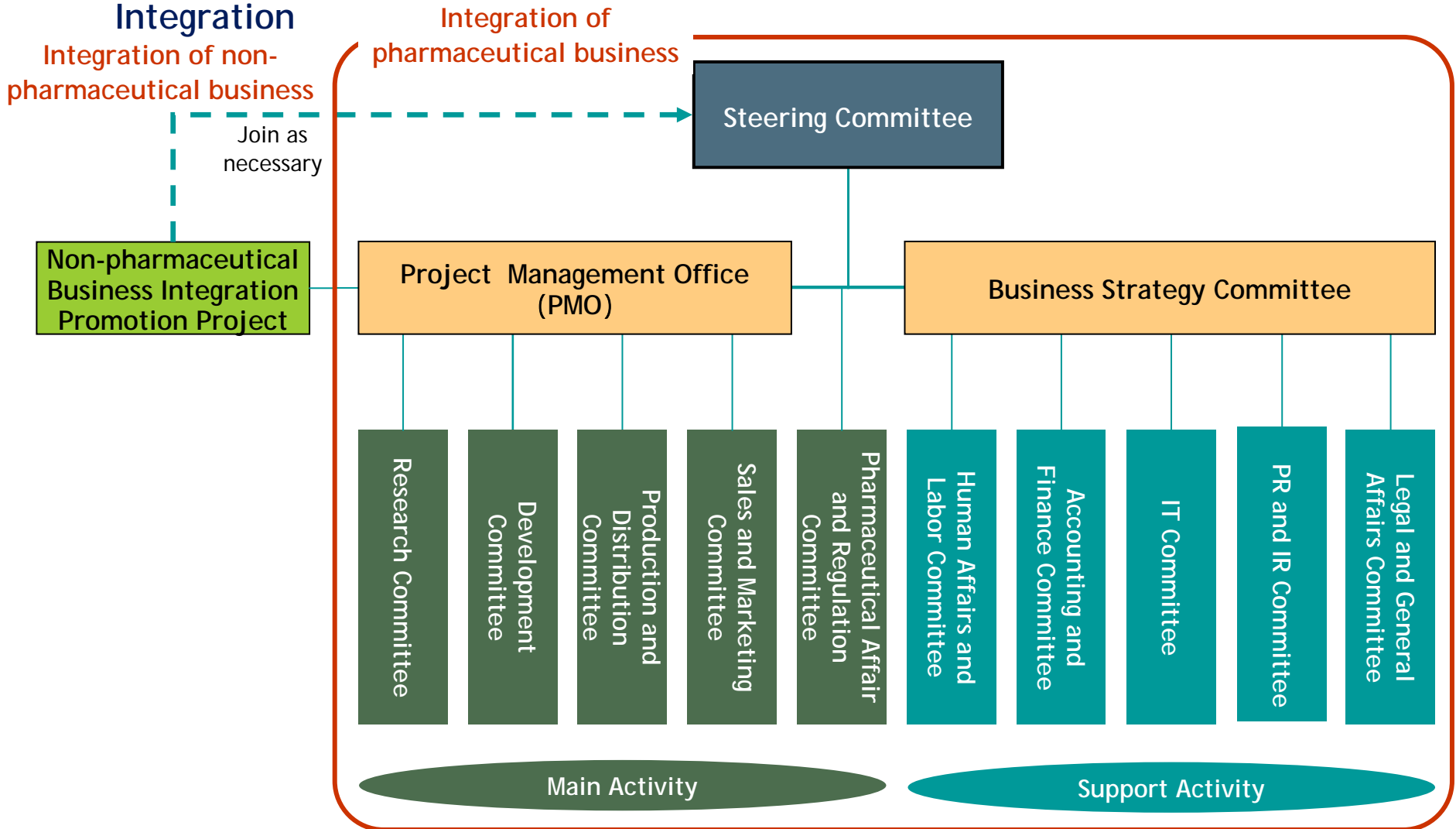
	FY2006	FY2011 Target
Espo/Nesp	40.0	60.0
Allelock	21.0	25.0
Coniel	26.3	23.0
Gran/Neu-Up	20.2	17.0
New Products(*)	-	20.0

(*) New products includes 3 products, REGPARA, Topina, and Patanol

Effects to be expected from integration of
Kyowa Hakko and Kirin Pharma

Integration Preparatory Committee

Co-chaired by the Presidents of Both Companies to Promote Smooth and Swift Integration



Integration Schedule of Kyowa Hakko and Kirin Pharma

- **October 2008 (Merger)**
 - Integration of sales and marketing bases (Pharmaceutical offices /branches/sales offices)
 - Integration of the Headquarters/back-office operations and infrastructure
 - Integration of distribution bases (3PL)
 - Integration of IT backbone systems

- **By April 2010**
 - Introduction of new personnel system
 - Partial integration of research centers
 - Effective utilization/operation of overseas offices
 - Spin off of the bio-chemicals business

Expected Effects from the Integration

Total Synergy Amount

Unit : billion yen

Item	FY2011 target
Sales Synergies	8.0
Cost Synergies	5.0
Total	13.0

* R&D synergy is not quantified

Expected Effects from the Integration

Sales Synergies

Therapeutic areas	Synergy amount (FY2011 ;billion yen)
Cancer	2.0
Renal	4.0
Other	3.0
Total	9.0

(Note): Synergies are sales amount base (operating profit base is 8.0 billion yen)

- **Strengthening of Sales Force with 1,400 of MRs**
 - Utilizing both companies' presence in cancer, renal and immune disorder areas
 - Strategic positioning of MRs in renal area
 - Increasing number of details by cross-selling in allergy and digestive areas
 - Promote Kirin Pharma's products by utilizing Kyowa Hakko's relationship with distributors
 - Improvement of presence in marketing and expansion of abilities to obtain licenses

Expected Effects from the Integration

Sales and Marketing Synergies

Mid-Term Vision of Domestic Marketing

Establishment of strong presence in domestic marketing focused in cancer, renal and immune disorder areas while strengthening and maintaining current marketing franchise

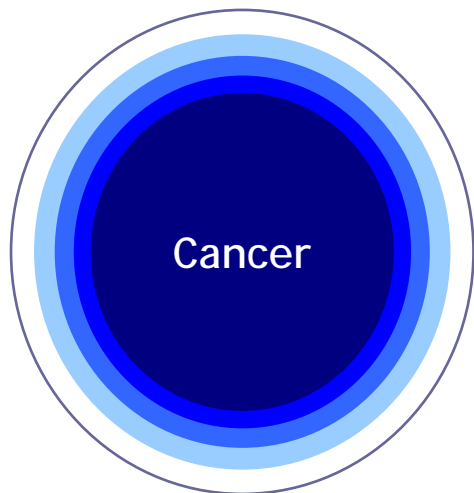
		07	08	09	10	11	12	13	14	15	16	17
Achievement from discovery stage	Antibody pipeline (cancer, immune disorder, infectious disease) Polyclonal antibody Cancer molecular target RNAi											
Deployment of overseas products in domestic market	KW -2449 KW -0761 KW -2478	KRN330 Cell-based Therapeutic										
Launch domestic developed products	ASACOL KW -2246 KW -6002	KRN654										
Maximization of new products	Topina REGPARA											
Life cycle management	NESP (dialysis) (pre-dialysis) (chemotherapy) Gran/Neu-up Gran (Top brand) KRN125 Allelock Allelock + Patanol											
Established presence as basic drugs	Coniel Depakene Nauzelin											

Expected Effects from the Integration

R&D Synergies : Synergies from Focus and Complement

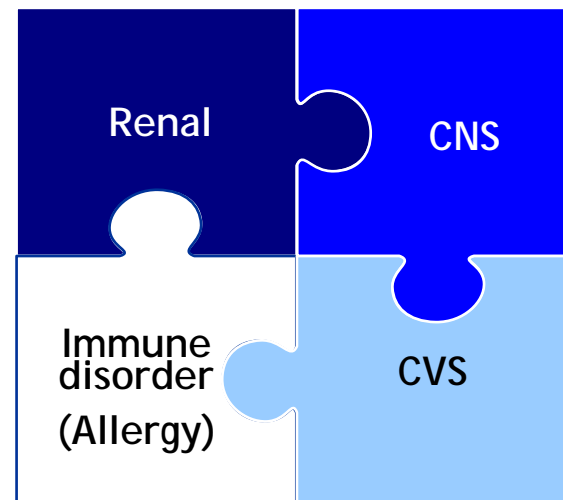
■ Founded of Sustainable Growth by Generating Sufficient Pipeline

Focused Area



- Select best framework by developing phase
 - Early clinical trial: In-house (Utilizing infrastructure of the both companies)
 - Late stage: In house, partnering and licensing out
- Mutual utilization of the both companies' strong technologies
 - Utilizing Potelligent, KM Mouse technologies

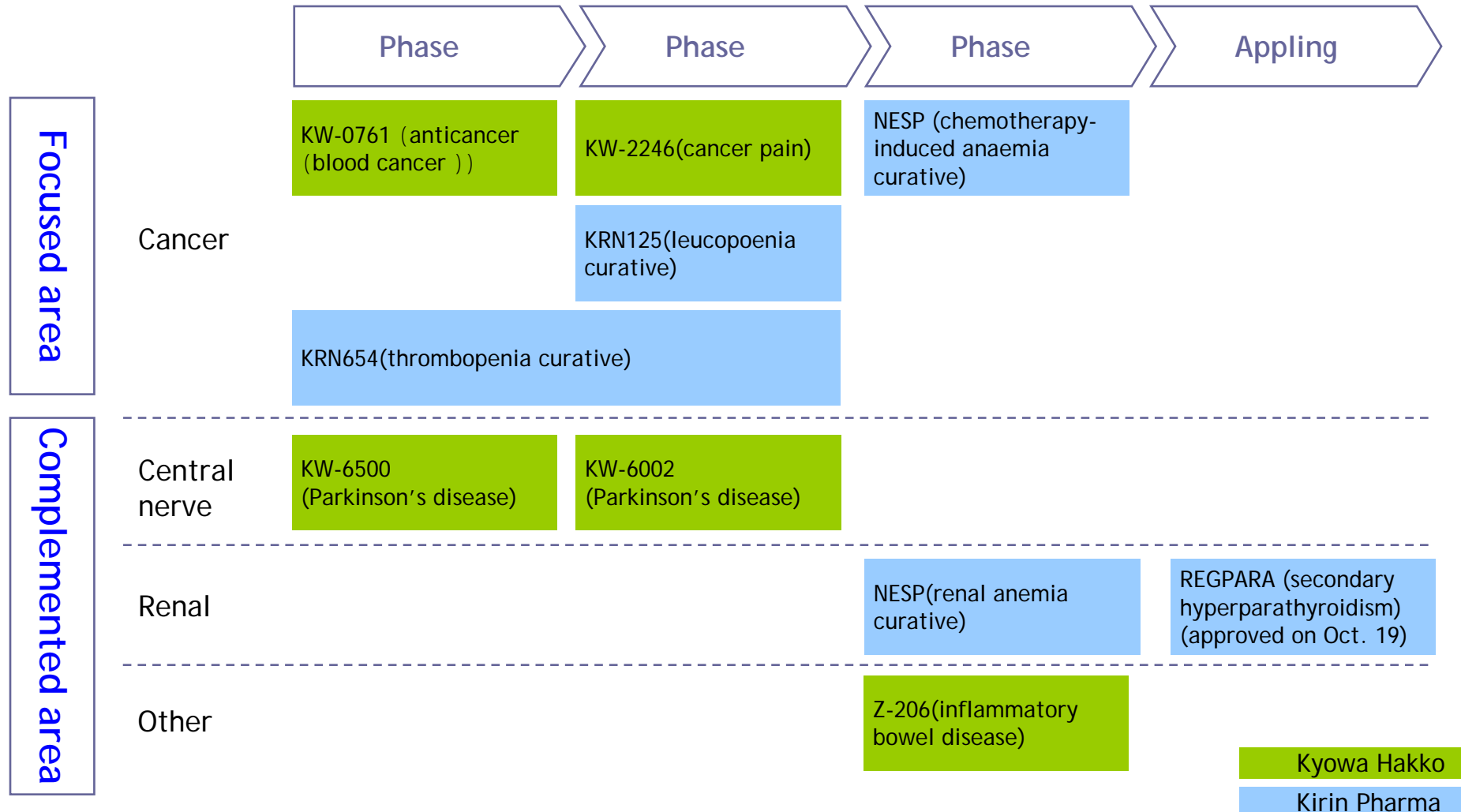
Complemented Area



- Renal, Immune disorder (Allergy)
 - Promoting advanced development domestically where can capitalize development expertise
 - Strengthening licenses

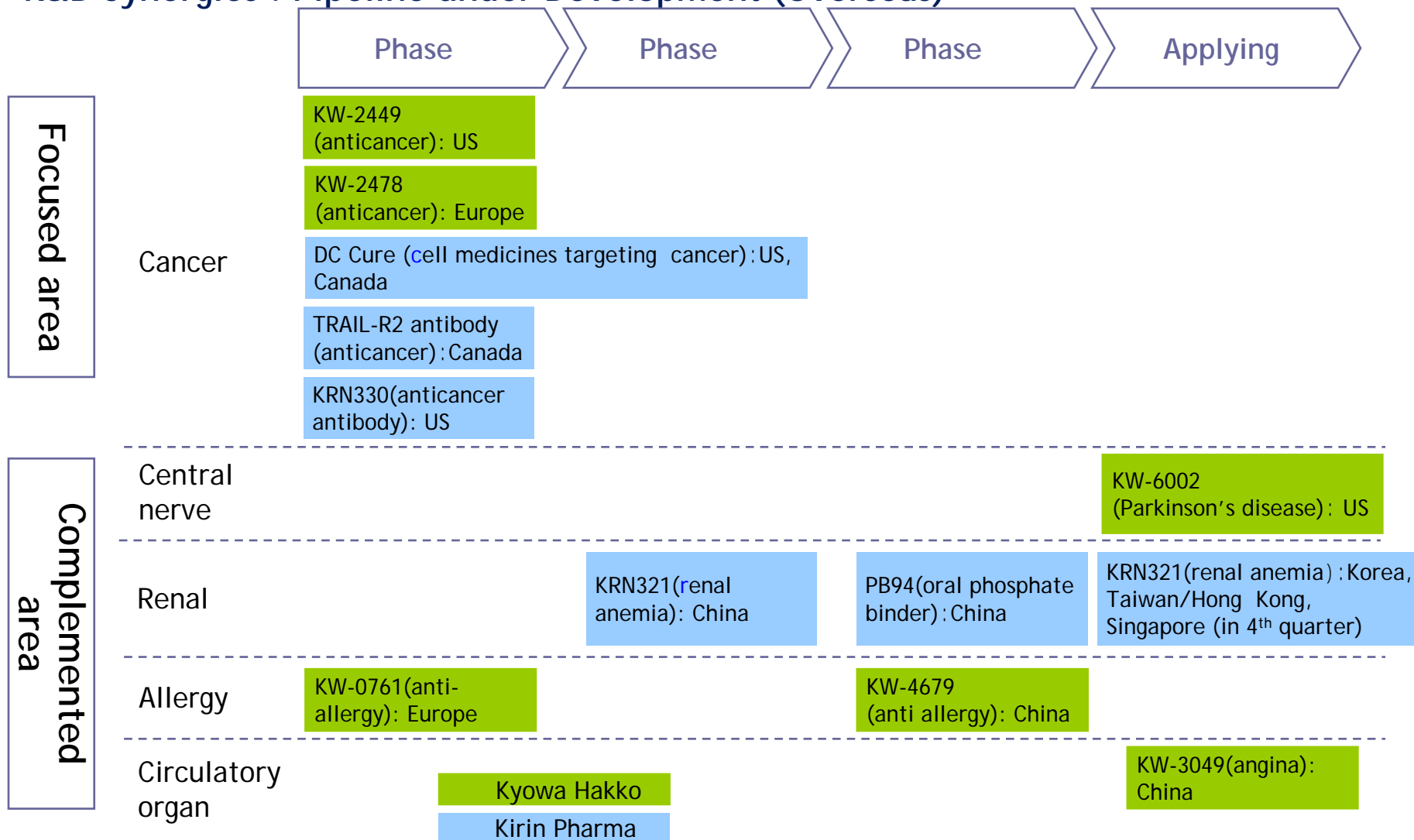
Expected Effects from the Integration

R&D Synergies : Pipeline under Development (Domestic)



Expected Effects from the Integration

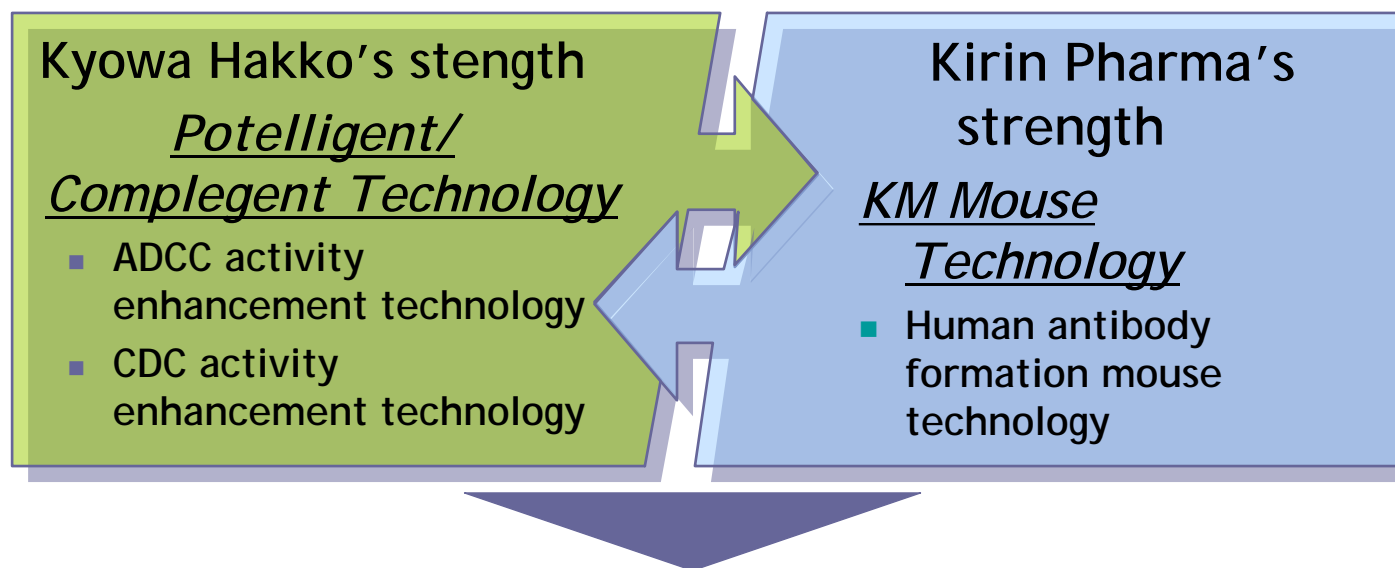
R&D Synergies : Pipeline under Development (Overseas)



Expected Effects from the Integration

R&D Synergies : Integration of Technological Expertise

- Improving drug-discovery capabilities through the integration of therapeutic antibody technologies

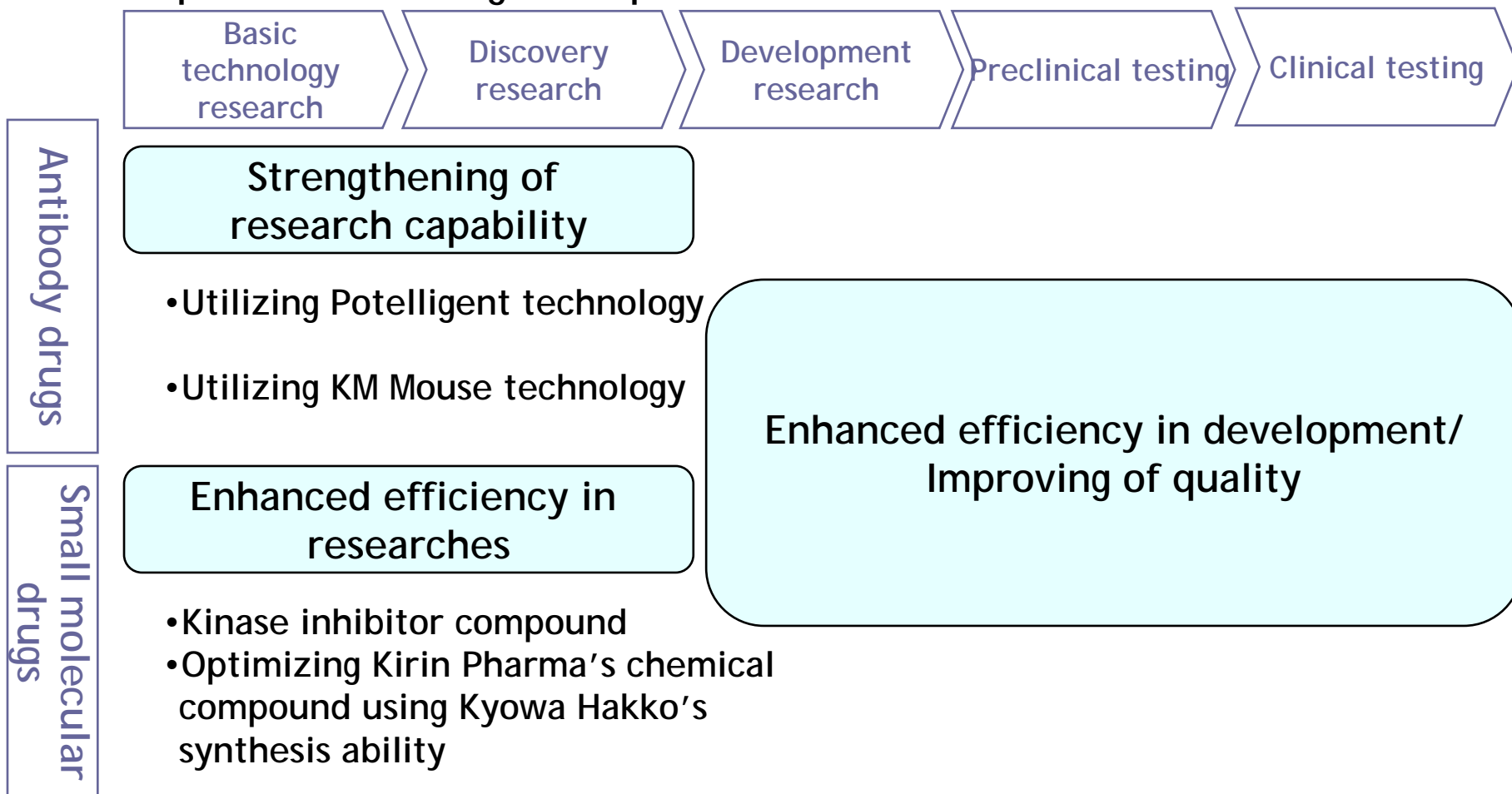


- Enhancing the ability of obtaining new antigens by improving presence of the antibody drug technology
- Accelerating development speed by multi-exploitation of antibody technologies of the both companies

Expected Effects from the Integration

R&D Synergies : Integration of Technological Expertise

- Improving drug-discovery capabilities through integration of the both companies' technological expertise

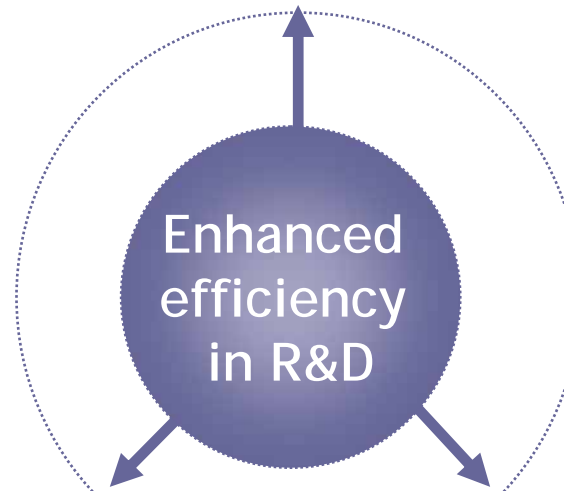


Expected Effects from the Integration

R&D Synergies : License/Alliance

Acceleration of licensing by utilizing the enhanced presence post integration

- Effective utilization of fundamental technology by licensing in late stage products in areas of CVS, immune disorder, renal disorder while leveraging enhanced presence in domestic sales force



Maintaining partnership with Amgen

- Maintaining strong relationship as an important partner who provides license of domestically developed drugs

Promoting co-research with third parties

- Reduction of overlapping areas to implement effective co-research

Expected Effects from the Integration

Cost Synergies

Synergy creation items	Synergy amount (FY2011:bn yen)
Labor cost/Outsourcing cost ✓ Natural reduction/reduction of mid-career recruiting (150 people or less), re-allocation of people	3.0
Administration costs/Depreciation costs ✓ Integration of offices and infrastructure ✓ Reduction of investment through unification of offices/IT investment plan, etc.	2.0
Total	5.0

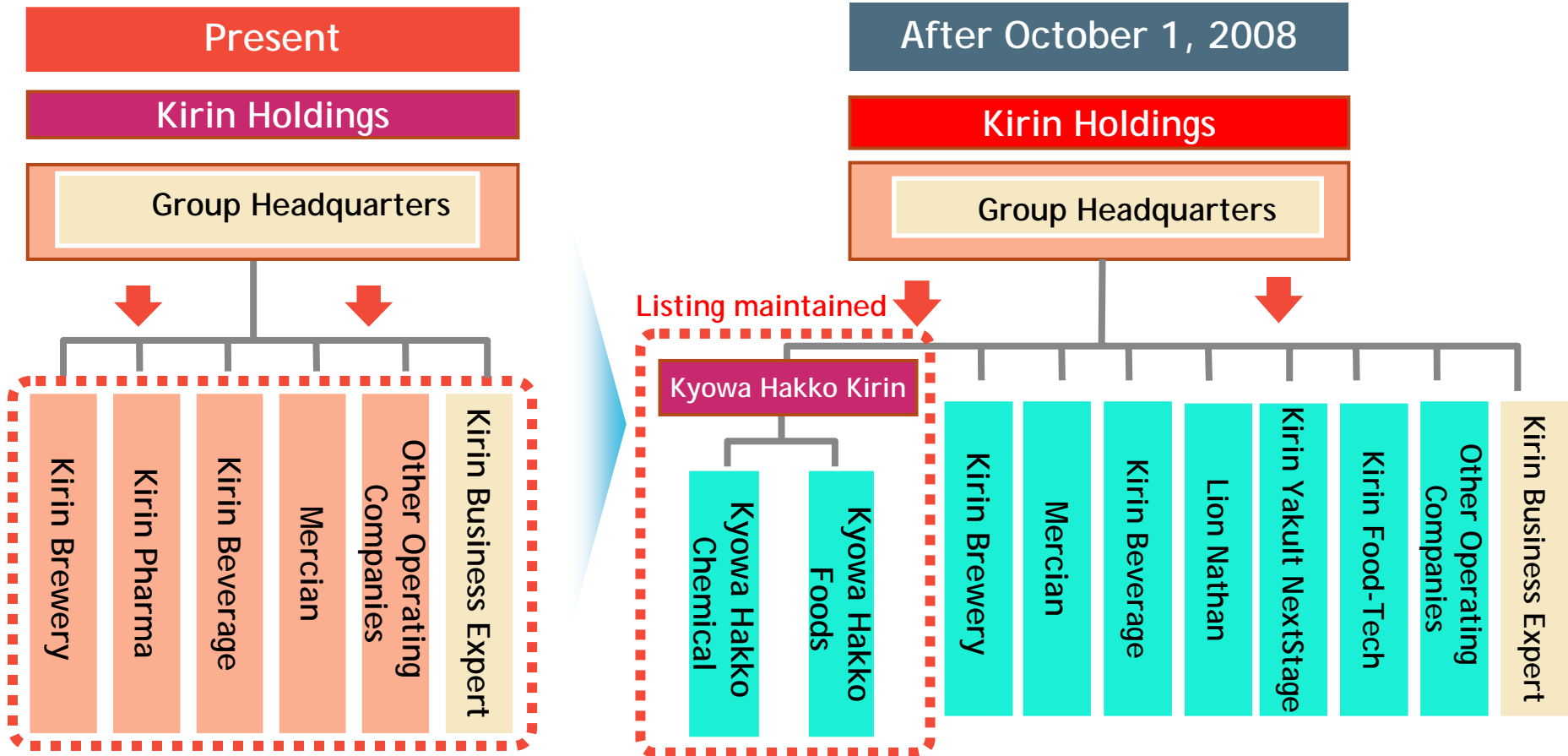
Integration Cost

Expense item	Expense amount (FY2008 ~ FY2010 Total :billion yen)
System Integration Cost, Offices Integration Costs, etc.	5.0

Positioning of this Strategic Alliance in the Kirin Group

New Kirin Group Organization Chart (After October 2008)

Kyowa Hakko Kirin will consolidate Kirin Pharma as its subsidiary through a share exchange (April 1, 2008), and both company will merge on October 1, 2008
 Kyowa Hakko Kirin will operate the pharmaceutical business as its core business, and Kyowa Hakko as a surviving company will maintain its listing on stock exchange
 Kirin Holdings will acquire a 50.1% stake in the new company through a tender offer and a share exchange



The Strategic Position of this Alliance on Kirin's Long Term Business Framework (KV2015)

Signification of this alliance on KV2015

Accelerating growth and enhance competitiveness, by partnering with the best partner in the core pharmaceutical business where growth is expected

Advancing the formation of the ideal group business portfolio through strategic alliance between the groups

Strengthening position in Pharmaceuticals/Health foods and functional foods business in addition to Alcohol/Soft drinks business

Ensure the realization of KV2015 in 'food and health' area through the integration of technological expertise of both groups in 'fermentation and bio'

KV2015 Group vision

- We will create various **bonds** close to customers and give them the sense of well being that comes from **food and health**
- We will closely link our **Fermentation and Bio, Manufacturing, and Research and Marketing** technical expertise and pursue distinctive value, and the highest product quality
- We aim to be the leading company in Asia and Oceania focusing on three businesses—**Alcohol Beverages, Soft Drinks and Pharmaceuticals**

KV2015 Targets (trillion yen)		2006	2015
Sales	Including alcohol tax	1.68	3
	Excluding alcohol tax	1.27	2.5
Operating income ratio	Cf. sales excl. alcohol tax	9%	Over 10%
Overseas ratio	Sales (excl. alcohol tax)	18 %	Approx. 30%
	Operating income	27%	Approx. 30%

(For reference) Impact to Kirin Group Financial

Combined FY2007 financial forecasts
(sum of Kirin Holdings and Kyowa forecasts)

Sales JPY 2,200bn

Operating income JPY 150bn

Ordinary income JPY 140bn

Net income JPY 57bn

Adjusted for amortization of goodwill and additional interest expenses
(Cost synergies, etc. are not reflected)

Appendices

Kyowa Hakko Kogyo Co., Ltd.

(1) Name	KYOWA HAKKO KOGYO CO., LTD.
(2) Address	1-6-1 Ohtemachi, Chiyoda-ku, Tokyo
(3) Representative	Yuzuru Matsuda, President and CEO
(4) Net Sales	354.2 billion yen (fiscal year ended March 31, 2007/ consolidated)
(5) Net Income	12.6 billion yen (fiscal year ended March 31, 2007/consolidated)
(6) Paid-in Capital	26.7 billion (as of March 31, 2007)
(7) Major Shareholders	The Mater Trust Bank of Japan Ltd. (Trust account), The Dai-ichi Mutual Life Insurance Company, Japan Trustee Bank, Ltd. (Trust account), The Norinchukin Bank, Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Account for Mizuho Bank, Ltd. Asset Management Re-entrust Services
(8) Year of Incorporation	1949
(9) Number of Employees	5,756 people (as of March 31, 2007, consolidated)
(10) Business Description	Production and sales of pharmaceutical products for medical professionals, raw materials for industrial and pharmaceutical use, healthcare products, products for the agriculture and livestock industry and the fishing industry, alcohol, etc
(11) Principal products	Coniel, Allelock, Depakene, various amino acids

Kirin Group, Kirin Pharma

Kirin Group

(1) Net Sales	1,665.9 billion yen (fiscal year ended December 31, 2006/consolidated)
(2) Net Income	53.5 billion yen (fiscal year ended December 31, 2006/consolidated)
(3) Paid-in Capital	102.0 billion yen (as of June 30, 2007)
(4) Employees	23,332 people (fiscal year ended December 31, 2006, consolidated)
(5) Business Description	Production and sales of alcohol beverage/soft drinks, pharmaceutical products and health and functional food products, etc.

Kirin Pharma Company, Limited

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

Estimate of Goodwill Amortization

Under accounting for business combinations, this share exchange is regarded as a “reverse acquisition.” The “purchase method” will be applied and “goodwill” will be recorded as if Kirin Pharma had acquired Kyowa Hakko on the consolidated financial statements of the New Company

Estimate of goodwill

Market value of Kyowa Hakko (acquisition cost)	approx. 480.0 billion yen (A)
.....based on share price prior to rumor article on the alliance	
Value of Kyowa Hakko net assets	approx. 300.0 billion yen (B)
.....estimated for March 31, 2008	
<hr/>	
Estimated value of goodwill (A-B)	approx. 180.0 billion yen

Period of goodwill amortization (scheduled)

20 years (straight-line amortization method)

Estimate of goodwill annual amortization

approx. 9.0 billion yen annually approx. 180.0 billion yen ÷ 20 years

The annual amortization will be recorded in “sales, general & amortization cost” in the consolidated income statement

The amortization of goodwill has been provisionally calculated based on an estimate of goodwill at the present point in time and subject to change upon various conditions.

This material is intended for informational purposes only and is not a solicitation or offer to buy or sell securities or related financial instruments.