

Kyowa Hakko Food Specialties Co., Ltd.
Kirin Food-Tech Company, Limited
Kyowa Hakko Kogyo Co., Ltd.
Kirin Holdings Company, Limited

**Business integration of Kyowa Hakko Foods and Kirin Food-Tech:
*Kirin Group and Kyowa Hakko Group aim to maximize synergies
by integrating their food businesses***

TOKYO April 28, 2008—Kyowa Hakko Food Specialties Co., Ltd. ('Kyowa Hakko Foods'), Kirin Food-Tech Company, Limited ('Kirin Food-Tech'), Kyowa Hakko Kogyo Co., Ltd. ('Kyowa Hakko'), and Kirin Holdings Company, Limited ('Kirin Holdings'), have reached basic agreement to integrate the food products businesses of the Kirin Group and the Kyowa Hakko Group and today signed a letter of understanding to that effect.

The two Groups announced a strategic business alliance in October 2007 and since then have been pursuing discussions on business integration and cooperation. Through the merger and integration of Kyowa Hakko Foods and Kirin Food-Tech the companies aim to maximize the corporate value of the business by creating synergies, while also enhancing its market presence, with the overall aim of proposing and delivering appealing, tasty and healthy food products and ingredients to customers, mainly in Asia and Oceania.

Kyowa Hakko Foods and Kirin Food-Tech will merge to form Kirin Kyowa Foods Company, Limited ('Kirin Kyowa Foods') as of April 1, 2009, with Kyowa Hakko Foods as the continuing company. The new company will be managed as a joint venture by Kyowa Hakko and Kirin Holdings until the end of 2010, and from January 1, 2011 will become a wholly-owned subsidiary of Kirin Holdings through the transfer of Kyowa Hakko's entire holding of shares in the new company. The merger ratio to create the new company is to be decided based on calculation of the value of the two companies.

Based on the strengths of each company in fermentation-related technology, the new company, Kirin Kyowa Foods, aims to propose and deliver to customers appealing, tasty and healthy food products and ingredients. The creation of Kirin Kyowa Foods represents a new start and it is expected to play a key role in the quantum leap in growth in the area of food and health that the Kirin Group is targeting in its long-term management vision, Kirin Group Vision 2015 ('KV2015'). Kirin Food-Tech's products include yeast extracts and the nucleic acid-type *umami* seasoning Ribotide, production of which commenced at its Indonesian factory in March this year, while leading domestic brands of Kyowa Hakko Foods include its natural seasonings, fermented seasonings and bread ingredients. Based on the broad product areas of each company, Kirin Kyowa Foods will provide value proposals that meet customer needs and strive to secure a powerful position as a leading food products and ingredients company in Asia and Oceania.

Through this merger of their foods businesses, Kyowa Hakko Group and Kirin Group aim to further enhance corporate value by leveraging their respective strengths to maximize synergies.

Appendix: Outline of the Business Integration of Kyowa Hakko Foods and Kirin Food-Tech (2 pages)

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Kirin Holdings	Corporate Communications Department	http://www.kirinholdings.co.jp	Tel: 81-3-5540-3455 Fax: 81-3-5540-3550

Outline of the business integration of Kyowa Hakko Foods and Kirin Food-Tech

1. Outline of new company (continuing company following the merger)

Name:	Kirin Kyowa Foods Company, Limited
Location:	To be decided
Representative:	Soichiro Katsura (currently President of Kirin Food-Tech), President and Representative Director (planned)

2. Outline of Kyowa Hakko Foods Specialties Co., Ltd.

Name:	Kyowa Hakko Foods Specialties Co., Ltd.
Location:	1-6-1 Ohtemachi, Chiyoda-ku, Tokyo
Representative:	Takeyuki Yoshida, President and Representative Director
Sales:	¥43.3 billion (year to March 31, 2008; consolidated)
Capital:	¥3.0 billion (as of March 31, 2008)
Main shareholders:	Kyowa Hakko Kogyo Co., Ltd. (Holding: 100%)
Established:	April 1, 2005
No. of employees:	586 (as of March 31, 2008; consolidated)
Business:	Manufacture and sale of seasonings, bakery products and bread ingredients
Main products:	Extract natural seasonings, amino-acid natural seasonings, fermented seasonings, <i>umami</i> seasonings, Chinese food sauces, Daiya yeast, Golden Arrow, egg soup

3. Outline of Kirin Food-Tech Company, Limited

Name:	Kirin Food-Tech Company, Limited
Location:	Shinkawa 1-17-24, Chuo-ku, Tokyo
Representative:	Soichiro Katsura, President and Representative Director
Sales:	¥27.2 billion (year to December 2007)
Capital:	¥5.0 billion (as of December 31, 2007)
Main shareholders:	Kirin Holdings Company, Limited (Holding: 100%)
Established:	April 1, 2002 (Changed its name from Takeda-Kirin foods Corp. in April 2007)
No. of employees:	261 (as of December 31, 2007)
Business:	Manufacture and sale of seasonings for processed foods, commercial use and home use, and other food additives
Main products:	Ribotide, brewer's yeast extract, Curdlan, Inoichiban, Sunett

4. Outline of Kyowa Hakko Kogyo Co., Ltd. (consolidated)

Sales:	¥392.1 billion (year to March 2008; consolidated)
Net income:	¥23.4 billion (year to March 2008; consolidated)
Capital:	¥26.7 billion (as of March 31, 2008)
No. of employees:	6,073 (as of March 31, 2008; consolidated)
Business:	Sale and manufacture of prescription pharmaceuticals, pharmaceutical and industrial raw materials, healthcare products, petrochemicals, food ingredients, etc.

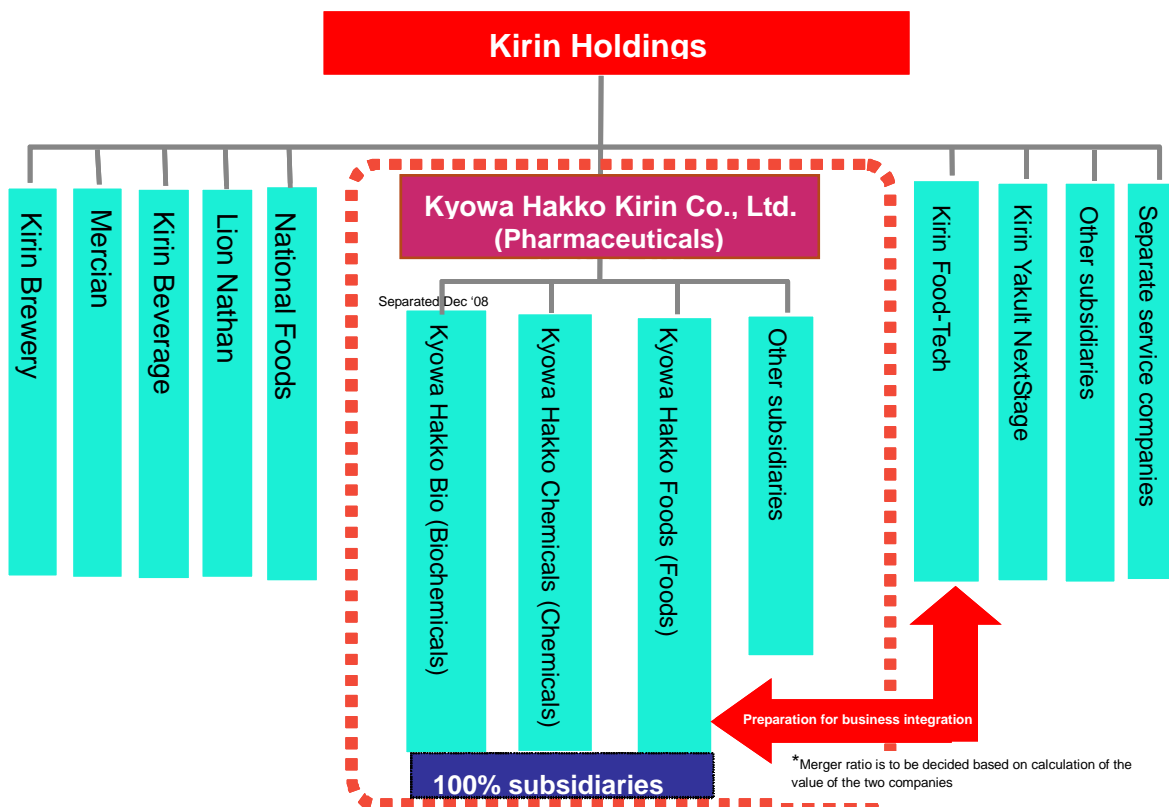
5. Outline of Kirin Group (consolidated)

Sales:	¥1,801.1 billion (year ended December 2007; consolidated)
Net income:	¥66.7 billion (year ended December 2007; consolidated)
Capital:	¥102.0 billion (as of December 31, 2007)
No. of employees:	27,543 (as of December 31, 2007; consolidated)
Business:	Sale and manufacture of alcohol beverages, soft drinks, pharmaceuticals, health and functional foods, etc.

6. Future Organizational framework

On April 1, 2009 Kyowa Hakko Foods and Kirin Food-Tech will merge, with Kyowa Hakko Foods as the continuing company. Until the end of 2010 the merged company will be managed as a joint venture by Kyowa Hakko and Kirin Holdings. On January 1, 2011 Kirin Holdings will acquire Kyowa Hakko's entire shareholding in the new company and the new company will become a wholly owned subsidiary of Kirin Holdings. (The merger ratio is to be decided based on calculation of the value of the two companies.)

Organizational structure (from October 1, 2008)



Organizational structure (from January 1, 2011)

