



FOR IMMEDIATE RELEASE

Kyowa Hakko Kirin Group: Medium-term Business Plan FY2008-2010

Tokyo, April 28, 2008 -- Kyowa Hakko Kogyo Co., Ltd. (Kyowa Hakko; TSE 4151) today announced the Kyowa Hakko Kirin Group Medium-term Business Plan for the period from fiscal 2008-2010.

The core of the plan is based on the integration of Kyowa Hakko and Kirin Pharma Company, Limited (Kirin Pharma) that was announced on October 22, 2007. In accordance with the strategic alliance between Kyowa Hakko Group and Kirin Group, the plan formulates the strategic direction and financial targets for the newly created Kyowa Hakko Kirin Group and the specific steps that will be taken to achieve our goals over the next three years.

Yuzuru Matsuda, President and CEO of Kyowa Hakko said 'The integration of our business with Kirin Pharma to form Kyowa Hakko Kirin is proceeding smoothly and on schedule. We clearly exceeded the targets of our previous medium-term business plan and our new plan aims to establish Kyowa Hakko Kirin Group as a world-class, R&D-focused life sciences company, based on biotechnology and with the pharmaceuticals business at its core.'

1. Basic Group Policies

Kyowa Hakko Kirin Group has established the following basic Group policies for the period of the medium-term plan:

- (1) To rapidly integrate the personnel and the distinct corporate cultures of the two companies in order to realize our vision and achieve Group synergies.

- (2) To actively commit business resources to our two core businesses, Pharmaceuticals and Bio-Chemicals, and further strengthen profitability in pursuit of growth. We also aim to build Chemicals and Food businesses that are resilient to economic fluctuations and can record stable income, while contributing to the stability of Group profits.

- (3) To ensure thorough compliance, and by providing high quality products, aim to be a Group that is trusted for its security and safety.
- (4) To strengthen our competitiveness through the relentless pursuit of corporate reform, while aiming to strengthen our business and improve the efficiency of research and development through alliances, and merger and acquisition.
- (5) To pursue synergies with companies in similar business within the Kirin Group.
- (6) To generate a sustained flow of groundbreaking new pharmaceuticals by developing the Pharmaceuticals business of Kyowa Hakko Kirin Group, with strength in R&D as our growth driver.

2. Targets

(1) Numerical targets for fiscal year 2010 (consolidated)

Net sales	¥513 billion
Operating income (before goodwill amortization)	¥73.0 billion
Operating income (after goodwill amortization)	¥63.3 billion
ROIC (before goodwill amortization)	+16%
ROIC (after goodwill amortization)	+10%
Dividend payout ratio (Based on profit before goodwill amortization)	+30%

Note: The integration is a reverse acquisition under the rules for accounting for business combinations and following integration, in the consolidated financial statements of Kyowa Hakko Kirin Group, Kyowa Hakko is treated as having been acquired by Kirin Pharma under the Purchase Method and goodwill is recorded. At the current time goodwill arising from the reverse acquisition is expected to be approximately ¥190.0 billion and based on an expected amortization period of 20 years a provisional calculation of goodwill amortization expenses has been made.

(2) Segmental targets for fiscal 2010 (consolidated)

	(¥ billion)			
	Pharmaceuticals	Bio-Chemicals	Chemicals	Food
Net Sales	225.0	98.0	117.0	45.0
Operating income (Before goodwill amortization)	52.5	11.0	6.0	2.5
Operating income (After goodwill amortization)	43.8	10.4	5.9	2.2
ROIC (Before goodwill amortization)	+23%	+11%	+9%	+7%

3. Main strategies for the Plan period

(1) Pharmaceuticals

1. Research and Development

- Aim to generate innovative candidate products for development.
Target: Each year, two antibody compounds and two low-molecular-weight compounds to enter development.
- Pursue a synthesis of the KM Mouse, HSKI, Potelligent and Complegent technologies
- Create a research framework that fully realizes the strengths of each company.
 - Development Research Laboratories (Maebashi) and certain functions of the Discovery Research Laboratories (Takasaki) to be transferred to Fuji Research Park
 - Certain functions of the Discovery Research Laboratories (Takasaki) and Frontier Laboratories to be transferred to Tokyo Research Park
 - Integrate bio-pharmaceuticals production technology development and clinical pharmaceutical production functions at the Bio-CMC R&D Laboratories (Takasaki)
- Establish an optimal international development framework.
- Pursue the creation of unique technology.

2. Production

- Establish top class bio-pharmaceutical production technology.
- Consolidate antibody production facilities to create an efficient production framework.

3. Domestic sales

- Focus resource allocation in the Renal area and aim to win the leading market share in the ESA* market. (* Erythropoiesis Stimulating Agent)
- Further enhance our presence in the Cancer area.
- Expand our share in the Allergy area.
- Aim to enhance our presence by strengthening relationships with specialist distributors.

4. Overseas business

- Aim to maximize the value of the antibodies business.
- Establish the foundations for long-term profits in Asia
- Consider developing an in-house sales capability in Europe and the U.S.

(2) Bio-Chemicals

1. Expand sales of amino acids
 - Expand sales in growth areas of the amino acid market such as infusions and medical foods, while upgrading and strengthening amino acid production facilities.
2. Strengthen links with Daiichi Fine Chemical
 - Aim to create high value-added fine chemical products by combining fermentation technology and synthesis technology.
3. Develop the domestic healthcare business
 - Expand business by focusing on increasing the market penetration of functional fermented materials such as new healthcare material citrulline and core product ornithine.

* Plan to establish Kyowa Hakko Bio Co., Ltd. as a separate company on October 1, 2008.

(3) Chemicals

1. Strengthen business foundations
 - Achieve stable profits from existing core products, mainly basic chemicals.
 - Further expand sales of environment-friendly specialty chemicals.
2. Create distinctive products and businesses
 - Actively consider commercialization in the oxo-related product domain.
 - Aim to create new products with a focus on raw materials for lubricant oils, recording materials and waterborne resins.

(4) Food

1. Seasonings
 - Maintain a leading share in natural seasonings and fermented seasonings for processed food manufacturers.
 - Aim to increase share in the growing market for prepared foods and develop business in the Chinese market.
2. Bread ingredients
 - Maintain our leading position as solutions-type manufacturer of specialty bread ingredient products such as flavorings and improvers.

4 Strengthen Group Businesses

In accordance with the core aim of our strategic alliance, consider and promote integration and alliances between non-pharmaceutical businesses of the two Groups.

(1) In the Food business we plan to integrate Kyowa Hakko Foods Specialties and Kirin Food-Tech and establish the integrated business as an important contributor to the Kirin Group's long-term vision of realizing a quantum leap in growth in the area of food & health.

April 1, 2009: Establish Kirin Kyowa Foods Company, Limited

January 1, 2011: The merged company to become a wholly-owned subsidiary of Kirin Holdings

(2) Functional and health foods business, Alcohol and other businesses

We are currently considering functional cooperation with Kirin Yakult NextStage Co., Ltd. and Mercian Corporation.

5. Shareholders' returns

- We are targeting a dividend payout ratio of 30% or more on the basis of consolidated profits prior to the amortization of goodwill.

Note: In the consolidated financial statements for fiscal 2007 released today we are forecasting an annual dividend of ¥20 per share for the fiscal year ending March 2009.

**The above forecasts are based on information available and assumptions made at the time of release of this document about a number of uncertain factors that can affect results in the future. It is possible that actual results are materially different for a wide variety of reasons.*

* * *

Contact: Mr. Kenshiro Honda

Tel: 81 3 3282 0969

Corporate Communications Department

kenshiro.honda@kyowa.co.jp

For further information please access: <http://ir.kyowa.co.jp/english/index.cfm>

This document is an English translation of parts of the Japanese-language original. All financial information has been prepared in accordance with generally accepted accounting principles in Japan. It contains forward-looking statements based on a number of assumptions and beliefs made by management in light of information currently available. Actual financial results may differ materially depending on a number of factors, including fluctuations in exchange rates, changing economic conditions, legislative and regulatory developments, delays in new product launches, and pricing and product initiatives of competitors.