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ProStrakan enters into agreement to buy Archimedes

Galashiels, UK – ProStrakan Group plc (“ProStrakan”) a subsidiary of global specialty pharmaceutical company, Kyowa Hakko Kirin Co., Ltd. (“KHK”), announces today that it has entered into an agreement with Novo A/S, a private limited liability company fully owned by the Novo Nordisk Foundation, to purchase the entire share capital of Archimedes Pharma Limited (“Archimedes”) for a consideration of £230 million in cash.

1. Purpose of the Transaction

Archimedes is a fast growing European-based specialty pharmaceutical company providing novel and advanced treatments within the therapeutic areas of pain, oncology and critical care. Its largest product is PecFent, a fentanyl nasal spray used in the management of breakthrough cancer pain in patients who are already receiving maintenance opioid therapy for chronic cancer pain. The product was developed using Archimedes’ proprietary drug delivery technology platform which is protected by several patents.

Archimedes also has a diversified product portfolio of both promoted and non-promoted pharmaceutical products marketed to healthcare professionals across Europe. It has a strong European footprint with commercial operations in the UK, France, Germany and Spain. Archimedes is based in Reading, UK, and has a development facility in Nottingham, UK. In 2013, Archimedes recorded revenues of £41 million, growing 33% from the previous year.

ProStrakan’s acquisition of Archimedes furthers KHK’s strategic vision of becoming a global specialty pharmaceutical company. The acquisition of Archimedes also delivers several strategic benefits to ProStrakan.

The transaction significantly expands ProStrakan’s critical mass in Europe by growing its businesses in four of the largest European markets: UK, France, Germany and Spain. In

each of these countries Archimedes has sales and marketing infrastructure which will complement ProStrakan's current operations.

In 2013, ProStrakan generated revenues of £155 million, growing 20% from the previous year. Archimedes brings a strong product portfolio of high growth brands which expands ProStrakan's offering in the core therapeutic areas of oncology and oncology supportive care. These brands are expected to be a key driver of growth for ProStrakan over the next several years.

In addition, the enhancement of the infrastructure and portfolio broadens the reach of ProStrakan helping it to position itself for the launch of several exciting new products currently being developed by ProStrakan's parent company, KHK. One of these products, KW-0761, is a novel antibody being developed for haematology indications such as adult T-cell leukaemia/lymphoma.

2. Outline of the Transaction

Following the completion of the acquisition, Archimedes will become a 100% owned subsidiary of ProStrakan. Closing of the transaction is subject to anti-trust approvals in Germany.

KHK intends to use its own cash on hand to consummate the transaction.

Lazard is acting as exclusive financial advisor to KHK and ProStrakan, and Wragge Lawrence Graham & Co. is acting as legal counsel to KHK and ProStrakan.

3. Outline of Archimedes

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|----------------------------|-------------------------------------|
| (1) Company Name: | Archimedes Pharma Ltd. |
| (2) Headquarters: | Reading, UK |
| (3) Representative: | President and CEO Jeff Buchalter |
| (4) Year of Establishment: | 2004 |
| (5) Capital: | £543 thousand (as of December 2013) |

- (6) Shares: Not-listed
- (7) Number of Employees: 161 (as of June 2014)
- (8) Consolidated Revenues: £41.0 million (as of December 2013)
- (9) Relationship with KHK Group: No significant relationship with Archimedes in terms of capital, human resources and business
- (10) Business Description: A European-based specialty pharmaceutical company providing novel and advanced treatments within the therapeutic areas of pain, oncology and critical care

(11) Archimedes' major products

Product	Indications	2013 Sales
PecFent	Cancer pain	14.7
Zomorph Capsules	Chronic pain / Cancer pain	7.1
Pabrinex	Alcohol dependence; lack of vitamin B & C	5.3
Gliadel Implant	High-grade glioma	4.1

(Unit: £ in millions)

4. Effects of acquisition on KHK's earnings

The financial impact of the aforementioned acquisition is under evaluation and will be announced once the details are verified.

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