

KYOWA KIRIN

PRESS RELEASE

Basic Agreement Reached on Sale of Consolidated Subsidiary

Tokyo, October 22, 2010 ---At a meeting of its Board of Directors held on October 22, 2010, Kyowa Hakko Kirin Co., Ltd. (Kyowa Hakko Kirin) agreed to the main clauses of an agreement to sell all shares of its consolidated subsidiary Kyowa Hakko Chemical Co., Ltd. (Kyowa Hakko Chemical) to Japan Industrial Partners, Inc. (Japan Industrial Partners) or the special purpose company to be established by other investors as well as the funds that Japan Industrial Partner administers and manages that will acquire Kyowa Hakko Chemical. In consequence, a Basic Memorandum of Understanding between Kyowa Hakko Kirin and Japan Industrial Partners was signed on October 22, 2010

1. Reason for the transfer of shares

In accordance with the Group's Medium-term Business Plan for the period 2010 to 2012, against a background of intense competition in the market for pharmaceutical products, Kyowa Hakko Kirin aims to rapidly develop its product pipeline through efficient utilization of the operating resources, while selecting and concentrating its business portfolio to create a business platform capable of achieving sustained growth.

Kyowa Hakko Chemical is the leading domestic producer of oxo alcohols and its derivative products with high domestic market share. It also has several environmentally-friendly products that are fast-growing and are high value added products. As such, despite the presence of many large companies in the petrochemical industry, we believe that Kyowa Hakko Chemical has adequate business foundations that would allow for it to develop its position as a global niche player.

In order for Kyowa Hakko Chemical to achieve further growth, we have decided it would be best for Kyowa Hakko Kirin to sell its entire stake in Kyowa Hakko Chemical to a business partner that can support Kyowa Hakko Chemical's further investments. As a result, Kyowa Hakko Kirin will be able to effectively focus its business resources to its pharmaceutical products business, while Kyowa Hakko Chemical can actively implement the capital expenditure required to meet the diverse market demand, independent of Kyowa Hakko Kirin.

2. Overview of Kyowa Hakko Chemical (subsidiary to be sold)

1. Company name	Kyowa Hakko Chemical Co., Ltd.		
2. Head office	3-2-15 Nihonbashi-Muromachi, Chuo-ku, Tokyo		
3. Representative Director	Makoto Kikkawa, president and CEO		
4. Main business	Manufacturing and sales of solvents, raw materials for plasticizers, specialty chemicals, and other petrochemical products		
5. Capital	¥5,360,000,000		
6. Date of establishment	November 1, 1966		
7. Major shareholders	Kyowa Hakko Kirin; Percentage held of total shares:100%		
8. Relationships between parties to this transaction, including affiliated companies	Capital relationships:	Kyowa Hakko Kirin currently holds 22,264,000 (100%) of Kyowa Hakko Chemical's shares.	
	Personnel relationships:	11 Kyowa Hakko Kirin employees (no directors) are seconded to Kyowa Hakko Chemical. In addition to the 11 above employees, 2 employees (no directors) are seconded to consolidated subsidiaries of Kyowa Hakko Chemical.	
	Transaction relationships:	Kyowa Hakko Kirin lends operating funds, and provides internal administrative services to Kyowa Hakko Chemical.	
13. Business results of past three years Unit: Million yen except where noted			
Periods ended:	March 2008	March 2009	December 2009
Net assets	42,383	40,370	38,981
Total assets	81,005	64,595	68,788
Net assets per share (yen)	1,907.34	1,816.79	1,752.28
Net sales	107,992	89,205	52,343
Operating income	7,154	25	(2,056)
Ordinary income	7,810	1,041	(2,003)
Net income	5,297	657	(1,850)
Net income per share (yen)	238.37	29.59	(83.27)

Note 1. Kyowa Hakko Chemicals does not issue consolidated financial statements, but the segment information (consolidated) of its business (chemicals business) within its parent company, Kyowa Hakko Kirin, is as follows:

	(March 2008)	(March 2009)	(December 2009)
Total assets	83,197	75,762	80,464
Net sales	108,007	89,204	52,326
Operating income	7,169	(47)	(1,984)

Note 2. The fiscal period to December 2009 represents the 9-month period from April 1, 2009 to December 31, 2009, due to a change in the company's reporting calendar.

3. Overview of Japan Industrial Partners (transferee)

1. Company name	Japan Industrial Partners, Inc.	
2. Head office	2-1-1 Marunouchi Chiyoda-ku, Tokyo	
3. Representative Director	Hidemi Moue, President and CEO	
4. Main business	Administration and management of turnaround investment funds and related services	
5. Capital	¥100,000,000	
6. Date of establishment	November 1, 2002	
8. Relationships between parties to this transaction, including affiliated companies	Capital relationships:	No capital relationships exist between Kyowa Hakko Kirin and Japan Industrial Partners. No capital relationships exist between parties or companies related to Kyowa Hakko Kirin and parties or companies related to Japan Industrial Partners.
	Personnel relationships:	No personnel relationships exist between Kyowa Hakko Kirin and Japan Industrial Partners. No personnel relationships exist between parties or companies related to Kyowa Hakko Kirin and parties or companies related to Japan Industrial Partners.
	Transaction relationships:	No transaction relationships exist between Kyowa Hakko Kirin and Japan Industrial Partners. No transaction relationships exist between parties or companies related to Kyowa Hakko Kirin and parties or companies related to Japan Industrial Partners.

Kyowa Hakko Chemical shares are scheduled to be sold to Japan Industrial Partners or the special purpose company to be established by other investors as well as the funds that Japan Industrial Partner administers and manages that will acquire Kyowa Hakko Chemical.

4. Share holdings by Kyowa Hakko Kirin prior to and after transaction

1. Shareholding status prior to transaction	22,264,000 shares (Percentage held of total shares: 100%)
2. Number of shares to be transferred	22,264,000 shares
3. Shareholding status after transaction	0 shares (Percentage held of total shares: 0%)

5. Schedule

Resolution by board of Directors meeting	October 22, 2010
Basic Memorandum of Understanding signed	As above
Final agreement signed	Early January, 2011 (scheduled)
Transfer of shares	End. March 2011 (scheduled)

6. Outlook and forecasts

If the final agreement is signed or any subsequent developments that arise with regard to the transfer of shares, these will be announced promptly. Any expected impact on the consolidated business performance of Kyowa Hakko Kirin resulting from this transaction will be announced as soon as it is identified.

* * *

Contact:

Mr. Tetsuro Kuga, Corporate Communications Department Tel: 81 3 3282 0009

For further information please access: <http://www.kyowa-kirin.co.jp/english/index.html>

Ends