

For immediate release

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Kyorin Pharmaceutical Co. Ltd .

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TSE 1st Section, Stock code: 4560

Mid-Term Business Plan – Kyorin MIC-05 Plan

Kyorin Pharmaceutical Co. Ltd . (President Ikuo Ogihara) is announcing its Mid-Term Business Plan: Kyorin MIC-05.

The poor economic environment and the aging population are causing tremendous change in the supply dynamics of the medical industry, reflected by the revision of the National Health Care system and the launch of insurance for day-care services. The pharmaceutical companies face a rough road with a reduction in medical and drug expenses and rising costs for drug R&D.

Kyorin continually seeks to increase corporate value by delivering new drugs that contribute to health worldwide. There is no other way to succeed in the 21st Century. To ensure this future, management sees it necessary to evolve to a new stage embodying a spirit of R&D which creates globally unique drugs in our franchise (expert) business areas. The Kyorin MIC-05 Plan is a specific outline of this vision. Our entire organization is focused on the goals of the Kyorin MIC-05 Plan and we hope for your continued support.

Please see the attached Kyorin MIC-05 Plan

Questions and comments can be directed to:

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Mid-Term Business Plan Kyorin MIC- '05 Plan

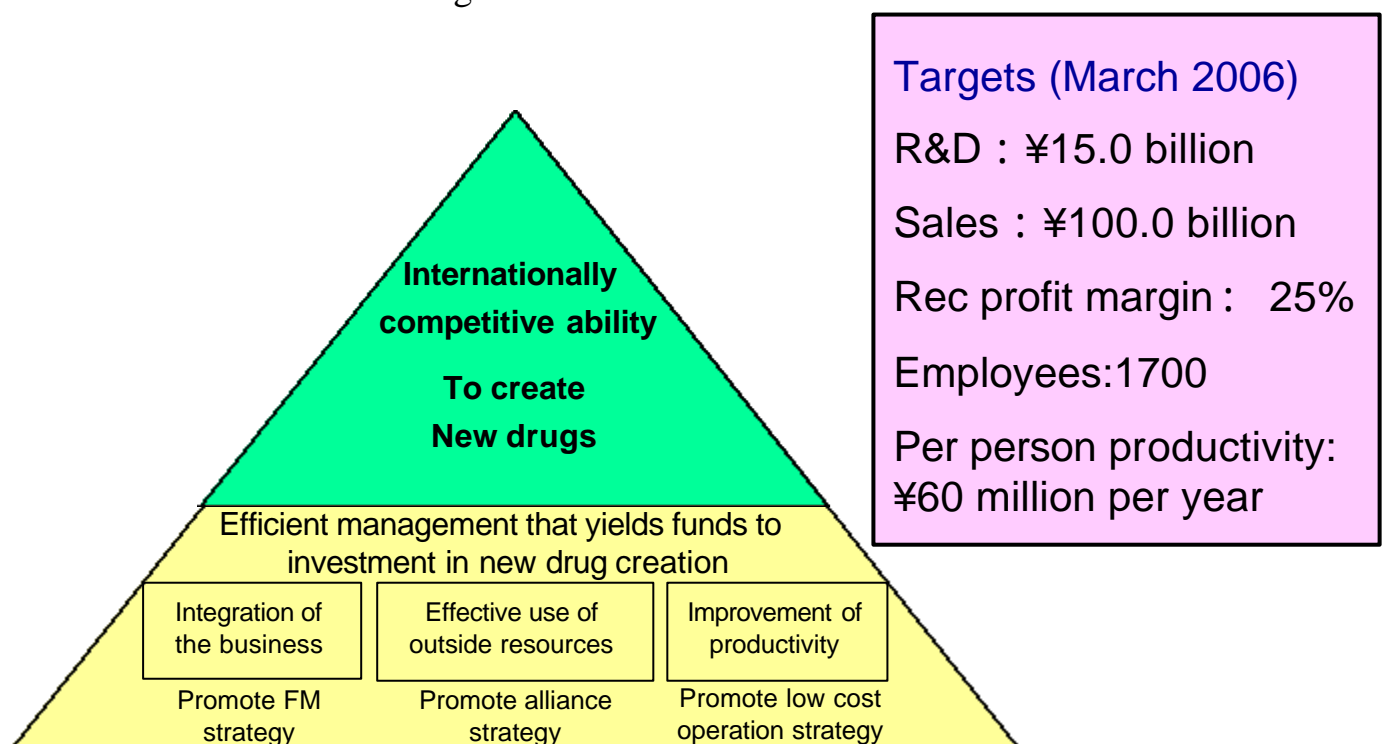
M : Marketing I : Innovation C : Challenge

<New Corporate Grand Design >

To be a research-oriented company of world-class new drug R&D ability in its Franchise Marketing area

< P r i n c i p a l of MIC - '05 Plan >

Priority investment in new drug creation scheme for FM area to efficient by find out the seeds of new drugs and to seek the Opportunities of global drug development in combination with the strategic alliances



Concentrated capital investment in enhancing the internationally competitive ability to create new drugs . (R&D expenditure of ¥ 15 billion in 3/06)

To generate that level of new drug R&D investment funds , an efficient management system will be established through the concentration of the selected business, effective use of outside resources and improvement of productivity Focused use of investment capital in strengthening new drug creation that is world-class competitive. (R&D in 3/06 of ¥ 15 billion)

To generate that level of new drug R&D investment Kyorin is building an efficient management system that conducts greater focus on the business, effective use of outside capital and improvements in productivity

< Basic Strategy 1 >

Build globally competitive new drug R&D model

1. Primary R&D areas of expertise

Diseases (quinolones, synthetic antibacterial agents, new segment antibacterials)

Immunologies and allergies (PDE research)

Metabolic diseases (PPAR related research)

2. Kyorin core technology

Apply human resources and technology to medicinal chemistry (optimal selection of candidates using advanced synthesizing technology, molecular design technology and combi-chem technology)

3. Network with outside R&D institutions

Proteomics R&D, codevelopment of bio informatics technology

Building network of institution with leading-edge technology for new drug creation in US, Japan and Europe (such as The Scottish Biomedical Foundation Ltd.)

Investment in biotechnology venture businesses

Ratio of in-house drug discovery to licensed drug discovery 1:1

< Basic strategy 2 >

Efficient management that generates new drug R&D investment funds

) Integration of the business – FM strategy

1. Customers first operation in FC3 fields

Respiratory, otorhinology, urology (FC3 fields)

Build strong reliable relation with medical professionals and patients by focusing management resources on the FC 3 fields

2. Goals of the FC strategy

Raise sales weight in FC 3 fields from 42% to 70% of domestic sales

(20% average growth)

Increase market share of FC 3 fields from 1% to 2.7% aiming to be a share leader in the otorhinology market

Visit and interview with 100% of registered FC3 field medical doctors (60,000 total)

650 MR coverage and foster knowledgeable and skillful MRS with expertise in FC 3 fields

) Effective use of outside resources – Alliance strategy

1. Strengthen alliances that maximize sales efficiency

Enough supply of product pipeline in FC field (licensing-in, introduction of new products utilizing surplus cash)

- Stress evaluation for licensing-in of drugs in advanced stage such as in Phase III, NDA or already on the market specifically in the field of less original development candidates : otorhinology and urology

Co-marketing, contractual sales outsourcing and product line restructuring in non-FC fields

Promote alliances that maximize sales

2. Facilitate R&D alliances to shorten lead time of new drug development

Speedy new drug development by way of licensing-out of original compounds/drugs overseas

- Kyorin conducts studies through early phase
- After early phase , aggressively license out originals to speed up new drug development

Aggressive alliances in co-development

3. Exploitation of the M&A that can accelerate growth of Kyorin

) Productivity improvement / low-cost operation strategy

1. Restructuring production system by integrating resources, technologies, by reduction in product items, and by utilizing outsourcing and alliances,

Firm commitment to keep COGS ratio at 30%

2. Acceleration and increased efficiency in new drug development by revolutionizing development process

3. Establishment of CMC structure as Effective process from R&D to real production of bulk and dosage form

4. Efficiency improvements in sales activities by the introduction of a new information supply system using IT and a new sales scheme