

NEWS RELEASE

Media/Investor Contacts:

KYORIN Holdings, Inc.

Establishment of a Subsidiary

TOKYO, May 28, 2012 – KYORIN Holdings, Inc. (Head Office: Chiyoda-ku, Tokyo, Representative Director and President: Masahiro Yamashita, TSE Code No. 4569) has resolved at a meeting of its Board of Directors held on May 28, 2012 to establish a subsidiary and, own and operate the Shiga plant, which is to be acquired* by the subsidiary from MSD K.K. (Head office: Chiyoda-ku, Tokyo; Representative Director and President: Tony Alvarez, “MSD”).

* For additional details, please refer to “Announcement Regarding Transfer/Acquisition of MSD Shiga Plant”, separately released today.

1. Purpose of the establishment of the subsidiary

As a measure to establish a production structure that will consistently provide high quality products at low cost, one of the key issues set out in the Company’s long-term vision, “HOPE 100 (Aim for Health of People and our Enterprises) (FY2010 through FY2023)” and “HOPE100-Stage 1- (FY2010 through FY2015),” Kyorin Group has decided to conclude an agreement with MSD for the transfer of the assets of the Shiga plant and production outsourcing, and to establish a subsidiary to own and operate the plant.

The subsidiary to be established will develop a structure in which it will be able to actively respond to changes in the business environment and carry out a range of initiatives flexibly and promptly. Through these initiatives, it will aim to steadily provide products of even more sophisticated quality than the current lineup, and contribute to an improvement in production technologies and a streamlining of costs.

Kyorin Group will review the existing three plant structure, and will improve its technical capabilities by bolstering human resources and facilities, while achieving an effective and efficient allocation of resources in the future. Specifically, as part of its initiatives to establish a new production structure (including the optimization of the Group and low cost operations), the Group plans to transfer the production functions of the Okaya plant to a new plant (KYORIN Pharmaceutical Facilities Co.,Ltd) in 4 years time (by 2016).

2. Profile of the subsidiary

- (1) Name : KYORIN Pharmaceutical Facilities Co.,Ltd
- (2) Representative : Mitsutomo Miyashita
- (3) Head office : 1-4 Sasagaoka, Mizukuchi-cho, Koka, Shiga Prefecture
- (4) Scheduled establishment date : June 15,2012
- (5) Closing Date : March 31
- (6) Scope of business : Manufacture,sales,import and export of prescription medicines

(7) Capital : 10 million yen

(8) Shareholder : KYORIN Holdings, Inc. 100%

(9) Main business partners : MSD K.K.

3. Schedule

- May 28, 2012 Board of Directors meeting at KYORIN Holdings, Inc.
- June 15, 2012 Registration of the establishment of the company (scheduled)
- October 1, 2012 Commencement of operations (scheduled)

4. Future outlook

(1) Financial impact on Kyorin

Expected financial impact is minimal on the consolidated financial results for period ending March 2013.

(2) Future outlook

The subject company will begin its operations on October 1, 2012, and carry out operations to produce products that are currently manufactured at MSD's Shiga Plant.