

## NEWS RELEASE

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### Announcement Regarding Transfer/Acquisition of MSD Shiga Plant

TOKYO, May 28, 2012 – KYORIN Holdings, Inc. (Head Office: Chiyoda-ku, Tokyo, Representative Director and President: Masahiro Yamashita, TSE Code No. 4569, “Kyorin”) and MSD K.K. (Head office: Chiyoda-ku, Tokyo; Representative Director and President: Tony Alvarez, “MSD”) announced today that the companies have reached an agreement regarding transfer and acquisition of MSD's assets at its Shiga Plant (Koka, Shiga Prefecture) and contract manufacturing.

Under the agreement, ownership of MSD's Shiga Plant is scheduled to be transferred to KYORIN Pharmaceutical Facilities Co.,Ltd. to be established on June 15, 2012, a wholly owned subsidiary of Kyorin, effective October 1, 2012, and Kyorin will engage in contract manufacturing of MSD products currently produced at the plant. In addition, most employees at the plant are expected to transfer to KYORIN Pharmaceutical Facilities Co.,Ltd..

Kyorin and MSD and Merck & Co., Inc., Whitehouse Station, N.J., U.S.A, a parent company of MSD have been developing a relationship of mutual trust through long years of various business collaborations. The agreement covering product manufacturing and supply is expected to reinforce strategic partnership.

#### Notes

##### 1. Reasons for signing the agreement

[Kyorin]

Kyorin has been promoting total optimization of a new manufacturing system, low-cost operation, global deployment, development of human resources and other initiatives across the group based on the policy of “Establishing a manufacturing system for stable and low-cost supply of high-quality products.” This is one of the key items included in Kyorin Group's long-term vision “HOPE 100 (Aim for Health of People and our Enterprises) for FY2010-2023 and “Hope 100-Stage 1-” for FY 2010-2015 which started in FY2010. As part of these efforts, the company had been considering constructing its manufacturing system, including possible opening of a new plant, as well as ensuring output and reducing costs through contract manufacturing and joint production. Kyorin decided to sign the contract expecting that the acquisition of MSD's assets at its Shiga Plant and the employment of its highly skilled employees at the plant are in line with the corporate objectives stated in Kyorin's mid-term business plan.

[MSD]

MSD has been rebuilding the optimal supply chain within its global manufacturing system and it was determined that this agreement would contribute to optimizing manufacturing system in Japan while strengthening capabilities to ensure stable product supply. Established in 1977 by former Schering-Plough K.K., Shiga Plant is one of the two major manufacturing bases of MSD in Japan along with Menuma Plant (Kumagaya, Saitama Prefecture). Since the integration of Schering-Plough K.K. and former Banyu Pharmaceutical Co., Ltd. in October 2010, Shiga Plant has been manufacturing about 22 major products, including ZETIA<sup>®</sup> (for the treatment of hyperlipidemia), PEGINTRON<sup>®</sup> (for the treatment of hepatitis C), and NASONEX<sup>®</sup> (for the treatment of allergic rhinitis).

## 2. Summary of transfer/acquisition

### (1) Assets to be transferred/acquired

Land, buildings, machines (with certain exceptions) and equipment at MSD K.K. Shiga Plant.

### (2) Overview of Shiga Plant

- Established: 1977
- Address: 1-4 Sasagaoka, Mizukuchi-cho, Koka, Shiga Prefecture
- Number of employees: Approximately 160 (As of April 1, 2012)
- Land: 61,272 m<sup>2</sup>
- Buildings: Office, laboratory, warehouse, plant, motor room, guardhouse, pump room, bicycle parking space
- Floor space: 17,293 m<sup>2</sup>
- Main products manufactured: PEGINTRON<sup>®</sup>, REBETOL<sup>®</sup>, ZETIA<sup>®</sup>, NASONEX<sup>®</sup>, CLARITIN<sup>®</sup>, BRIDION<sup>®</sup>, TEMODAR<sup>®</sup>

## 3. Transfer/acquisition schedule

- May 28, 2012 Board of Directors meeting at KYORIN Holdings, Inc.
- May 28, 2012 Signing of the contract.
- October 1, 2012 Execution of the contract (agreement) covering transfer/acquisition of Shiga Plant

## 4. Financial impact

- Financial impact on Kyorin

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

(Information: Outline of the Companies)

**KYORIN Holdings, Inc.**

- Head Office: 2-5 Kanda Surugadai, Chiyoda-ku, Tokyo
- Representative: Masahiro Yamashita, Representative Director and President
- Scope of business: A holding company that is to be in charge of all functions of all Kyorin Group companies centered on the affiliated companies that carry on pharmaceutical business.
  
- Capital: 700 million yen
- Closing Date: March 31.
- Number of employees: 80 (As of March 31, 2012)

About Kyorin Group

Kyorin Group carries on founding spirit under the corporate philosophy of cherishing life and benefiting society by contributing to better health. In addition to contributing to the treatment of disease by providing superior drugs and by building a portfolio of business that can respond to diversifying health needs, from health maintenance and advancement to disease prevention, we are working to enhance our identity as a Group and our corporate value.

**MSD K.K.**

- Head Office: Kitanomaru Square, 1-13-12, Kudan-kita, Chiyoda-ku, Tokyo
- Representative: Tony Alvarez, Representative Director and President
- Scope of business: Development, import, manufacturing, and distribution of ethical drugs and medical equipment
  
- Capital: 26,349 million yen
- Closing date: December 31
- Number of employees: Approximately 4,400 (As of April 1, 2012)

About MSD

Today's MSD is a global healthcare leader working to help the world be well. Through our prescription medicines, vaccines, biologic therapies, and consumer care and animal health products, we work with customers and operate in more than 140 countries to deliver innovative health solutions. We also demonstrate our commitment to increasing access to healthcare through far-reaching policies, programs and partnerships. For more information, visit [www.msd.co.jp](http://www.msd.co.jp)