

Kyorin to Announce MIC-'09 Mid-Term Business Plans

Kyorin Pharmaceutical Co., Ltd. (President: Ikuo Ogihara) announced the launch of Kyorin MIC-'09 Mid-Term Business Plans.

The pharmaceutical industry has recently been faced with ever-rising R&D costs due to the increased global competition in a new epoch-making drug creation, while a negative impact has been posed by an unprecedented reduction in healthcare and drug expenditures politically implemented in developed countries, including Japan. Domestic drug manufacturers are compelled to meet the requirements of increased competitiveness caused by expanded market share of multi-national gigantic pharmaceutical companies as well as the ongoing M&A wave within the industry.

Kyorin understands that the mission of a pharmaceutical company lies in development of the medicine with excellent efficacy and safety profile. We therefore deem it of utmost importance to epoch-making pharmaceuticals that enhance the health for the people living all over the world, and that will promote our corporate values. We also recognize that the enforcement of business platforms that bolster drug R&D activities is indispensable for the creation of a new epoch-making product.

Based on the changes in the recent business environment as well as the situations in which Kyorin finds itself, we launched the Kyorin MIC-'09 Plans to demonstrate the new corporate image to which we aspire: a distinguished and integrated healthcare company based on reliableness with the core business in drug creation. With the fundamental principles of "Evolution and Innovation II", the mid-term plans have been established to further "Evolve" the existing business model for drug creation, as well as to "Innovate" novel business activities that will bolster the pharmaceutical business. Specifically, Kyorin will fulfill its mission as a pharmaceutical company by introducing groundbreaking, high-efficacy products with giving efforts more towards new drug creation. The company will also seek to the business models, which enable to quickly create profitability. In accordance with our consideration that it is essential to establish an unshakable economic foundation, which bolsters high-risk, high-return, and long-term drug creation business, we are determined to set ourselves to the task of establishing novel businesses that follow the pharmaceutical businesses, while reinforcing competitiveness of the existing pharmaceutical business.

For the detailed outline of the Kyorin MIC-'09 Mid-Term Business Plans, please refer to the attachment.

Outline of the Kyorin MIC-'09 Mid-Term Business Plans

(M: Marketing

I: Innovation

C: Challenge)

NEW CORPORATE IMAGE AND IDENTITY

A distinguished and integrated healthcare company based on reliableness with the core business in global drug creation.

KEYNOTE POLICIES "Evolution & Innovation II"

In order for Kyorin to continue to be an enterprise with valuable presence, Kyorin seeks to :

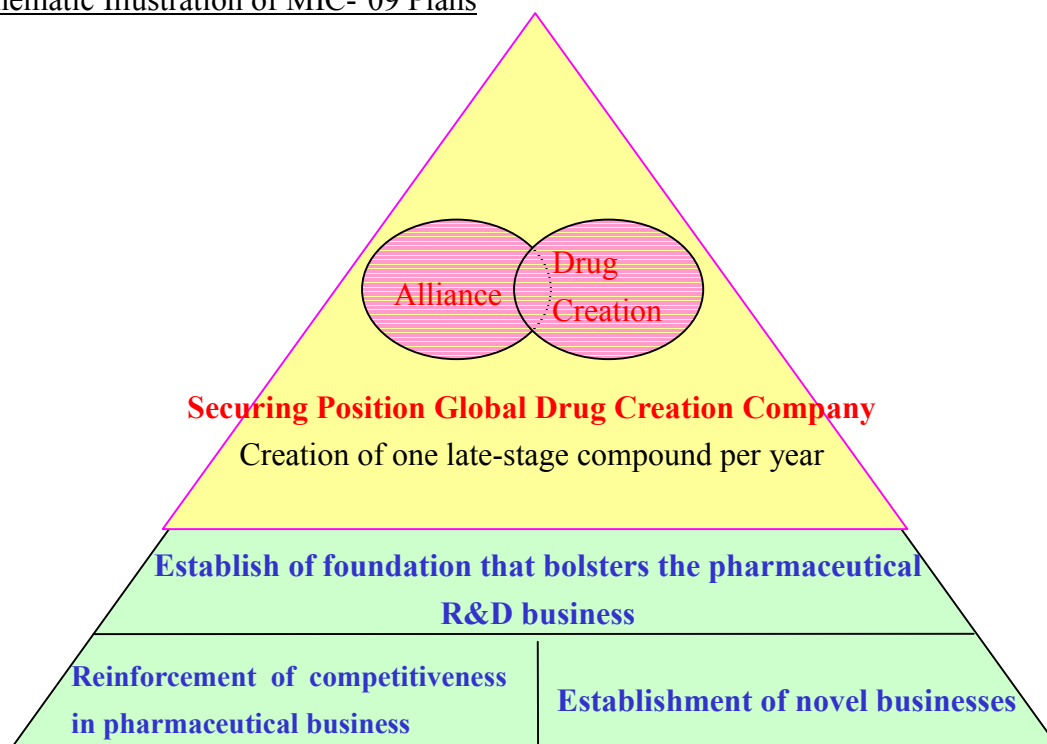
- Evolve the existing business models for the pharmaceutical R&D,
- Innovate new businesses that will bolster the pharmaceutical R&D business, and
- Improve its shareholder value by enhancing profit-oriented management and capital efficiency towards the numerical goal of 7.0% return on equity (ROE).

Numerical Goals By the End of Fiscal Year 2009

-ROE: 7.0%

-Compound in the late stage: one per year

Schematic Illustration of MIC-'09 Plans



BASIC STRATEGIES

The company's basic mid-term management strategies include:

- Securing the company's position in the global pharmaceutical marketplace by strengthening R&D capabilities and positive alliances;
- Enforcing competitiveness of the pharmaceutical business as the foundation for sustaining high-risk, high-return, and long-term drug creation business endeavors; and,
- Establishing novel businesses that follow the pharmaceutical business.

<Strategy1>

Securing the Company's Position as the Global Drug Creation Pharmaceutical Company

Kyorin's drug creation business model will transform to one that aims at the out-licensing of late-stage compounds from the investment in the foundation of drug R&D.

- ①To establish the global drug creation system based on the three organization built in the previous MIC-'05.

Kyorin will strengthen new drug creation ranging from research studies to establishing a Proof of Concept (POC: proof of drug efficacy and safety in humans). The company will target first-in-class and best-in-class pharmaceuticals in the late-stage of the development process at a rate of one compound per year by means of:

- i) Establishing a global drug discovery system
- ii) Enforcing POC evaluation capabilities (in terms of speed and quality)
- iii) Reinforcing documentation management
- iv) Promoting reinforcement scheme for overseas clinical development
- v) Strengthening management of intellectual properties

To promote positive alliance relationships for the purpose of quickly enhancing and optimizing the values of the late-stage compounds.

<Strategy 2>

Enforcing Competitiveness of the Pharmaceutical Business as the Basis for Extended Investments in the Drug Creation Business

- ① To enhance competitiveness of the domestic sales and marketing framework by:
 - i) Investment for strengthening partner relationships with potential long-term consumers:
 - Increasing the number of items and prescriptions per custom,
 - Achieving 100% interview rates of 50,000 target physicians(including 26,000 franchised physicians) in the FC areas (respiratory internal medicine, otolaryngology and urology) as well as 100% prescription (one target physician prescribes at least one our product)
 - Year-end average of 630 active medical representatives (MR)
 - ii) Enforcing life-cycle management strategies for existing products.

The company will sustain the sales growth rates of the core products by life-cycle management programs (pursuit of improved efficacy of Mucodyne on chronic respiratory diseases, Kipres fine granules for young child and Kipres new indication of allergic rhinitis; post marketing scientific research on Ketas, etc.).
2. To optimize profits from the new drug, Uritos.
3. To promote alliance strategies including M&A:
 - i) In-licensing of new drugs and /or drugs already to enrich the product line-up in the three FC areas.
 - ii) Promotion of marketing partnership to optimize product sales

<Strategy 3>

Establishing novel businesses that follow the pharmaceutical business

- Embodying the corporate philosophy of “Contribution to Health”.
- Taking steps to launch distinguished health-related businesses with a view to securing stable corporate growth, which will complement high-risk, long-term drug creation endeavors.
- The new envisaged areas include:
 - Generic (GE) business that wins consumer confidence
 - Healthcare businesses which are recommended by physicians
 - Wellness businesses effectuated in cooperation with medical treatment

<p>The proposed new enterprises and the numeric goals mentioned in the Kyorin MIC-'09 Medium-Term Business Plans, though having been based on the most recent data and information available by business environment analyses, may be subject to modification due to possible changes in economical situations and industry circumstances,etc.</p>
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