

August 25, 2003

To Whom it May Concern

Kyorin Pharmaceutical Co., Ltd.  
2-5 Kanda-surugadai, Chiyoda-ku, Tokyo  
(Securities code: 4560; TSE 1st section)

**Construction of New Production System**

Responding to amendments to the Japanese Pharmaceutical Affairs Law related to the environment, Kyorin Pharmaceutical Co., Ltd. (President: Ikuo Ogihara) has considered constructing a scheme to produce high-quality pharmaceutical products more efficiently. As a concrete measure, Kyorin has decided to construct a new international-standard drug production plant that satisfies Good Manufacturing Practices of the U.S. Food and Drug Administration within its Noshiro Plant to establish a scheme to efficiently produce large-scale products or high-technology products. Kyorin will also aim at realizing flexible operation by aggressively outsourcing small-scale products or technologically established products. As a result, Kyorin will transfer the production of the existing tablets, capsules, etc. at its Nogi Plant (Nogi-machi, Shimotusga-gun, Tochigi Prefecture) to the new plant or outsource them, and reduce the production capacity of the Nogi Plant from 2004 and close the plant in March 2006.

Kyorin will start construction of the new drug production plant at Noshiro in 2004 and start its operation in April 2006. Kyorin will invest about 8 billion yen as a capital investment for the construction. For the Okaya Plant, Kyorin intends to review part of its production items while continuing its production as in the past.

Kyorin will promote a stable supply of good and fine pharmaceutical products from the two plants, the Noshiro Plant and the Okaya Plant, from April 2006.

**< Reference: Kyorin Pharmaceutical's Production System >** As of March 31, 2003

Name of plant	Location	Main production items	Land area (m <sup>2</sup> )	Number of employees	Commencement of operation (year)
Noshiro Plant	Akita Prefecture	Bulk	106,999	26	1995
Okaya Plant Subtle	Nagano Prefecture	Fine granules, syrups, etc.	21,883	120	1947
Nogi Plant	Tochigi Prefecture	Internal solid medicines, eye-drops, etc.	80,283	193	1967

For further information, please contact:  
Kyorin Pharmaceutical Co., Ltd.  
Management Planning Department  
Telephone: 03-3293-3414  
Facsimile: 03-3293-3450