

Medium-term business plan FY 2013 to 2015

***To become a global specialty pharmaceutical
company***

January 31, 2013

**Kyowa Hakko Kirin Co., Ltd.
President and CEO
Nobuo Hanai**

This document contains certain forward-looking statements relating to such items as the company's (including its domestic and overseas subsidiaries) forecasts, targets and plans. These forward-looking statements are based upon information available to the company at the present time and upon reasonable assumptions made by the company in making its forecasts, but actual results in practice may differ substantially due to uncertain factors.

These uncertain factors include, but are not limited to, potential risks associated with the pharmaceutical industry's domestic and international operating environment, intellectual property risks, the risk of adverse reactions to pharmaceutical products, legal risks, risks arising from product manufacturing deficiencies, risks due to fluctuations in the market prices of raw materials, fuel and products, as well as exchange rate and financial market volatility.

This document contains information on pharmaceutical products (including products under development), but its contents should not be construed as promotion, advertising or as a medical recommendation.

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FY 2010-2012 Medium-term business plan

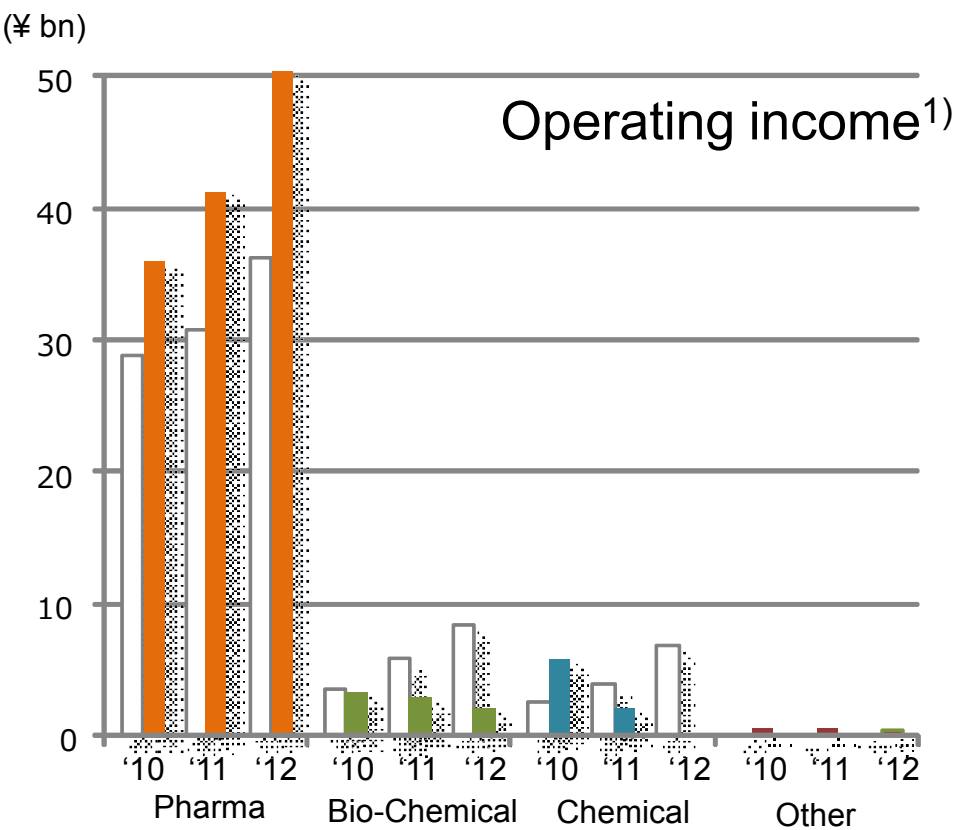
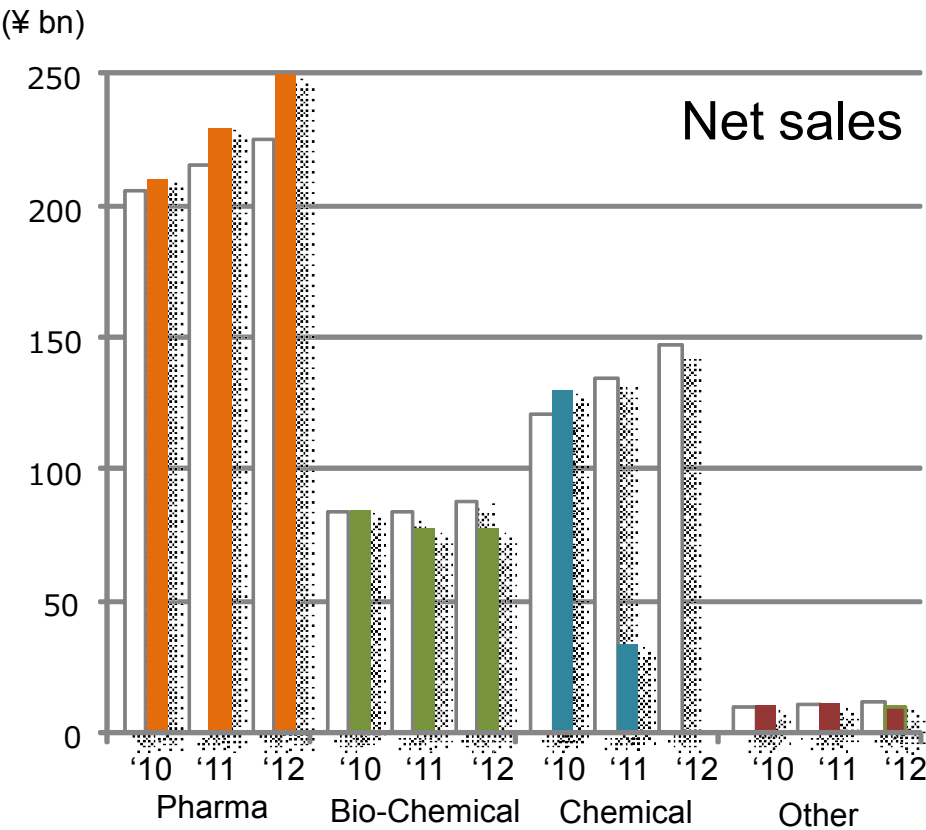
Accelerated pipeline development through efficient use of management resources

- Selection and concentration of business portfolio
 - Divested Chemicals and other businesses
 - Acquired ProStrakan, ensuring penetration of USA/Europe pharmaceutical markets
 - Entered biosimilars business through joint venture with FUJIFILM Corporation
- Strengthened profitability by reorganizing production facilities
 - Reorganized production facilities including those of the Bio-Chemicals business
 - Constructed new production facilities with automated equipments.
- Developed highest global standards for antibody technology business
 - Launched *POTELIGEO*, the world's first *POTELLIGENT* therapeutic antibody
 - Promoted out licensing and advanced therapeutic antibody through development stages



Building a unique operating foundation worldwide

2010 -2012 Medium-term business plan: Results



Blank columns: MTB targets
Colored columns: Results

	2010 -2012 MTB ²⁾	FY2012 plan	FY2012 results	Difference between plan and results	Achievement ratio
(¥ bn)					
Net sales	454.0	333.0	333.1	+0.1	100%
Operating income ¹⁾	51.7	52.0	52.9	+0.9	102%

¹⁾ Income after amortization of goodwill ²⁾2012 targets as set forth in the 2010 Medium-term business plan
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2010 -2012 Medium-term business plan: Pipeline and product launches

Entered 10 products into clinical trials,
revealing the benefit of our integration synergies

Products newly entered into clinical trials*: 10 compounds


KHK4563, KHK2866, LY2523355, CEP-37250/KHK2804, KHK2898, RTA 402, KHK4827, KHK6188, KHK4577, KHK7580

Products launched in Japan (new drugs, expanded applications, additional dosages/changes)

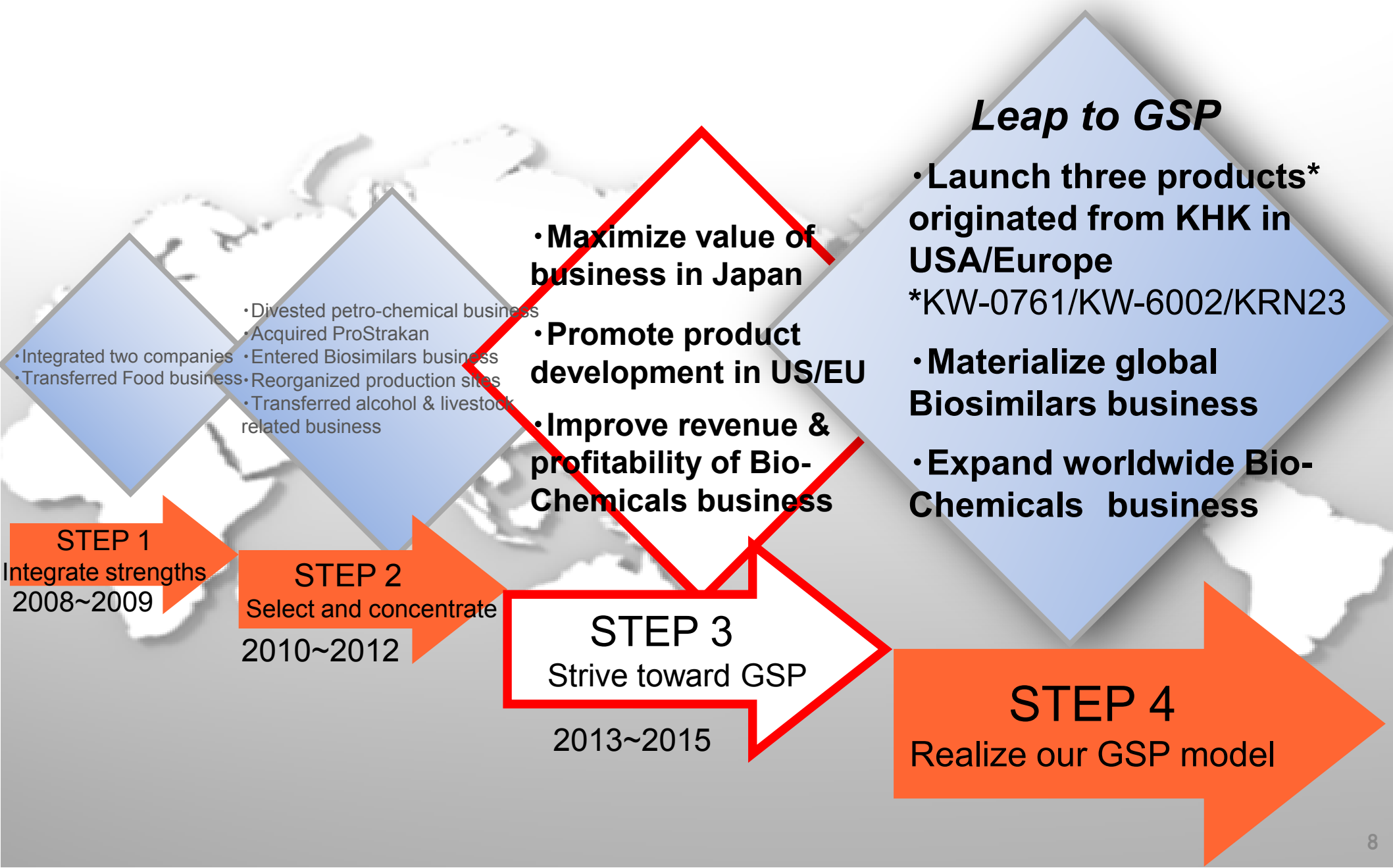
2010	2011	2012
NESP subcutaneous	Romiplate	Apokyn
ALLELOCK (infants)	ALLELOCK Powder	POTELIGEO
ALLELOCK (OD)	NAUZELIN OD	Change to liquid volumes of NESP
DESMOPRESSIN (Room temperature)		MINIRINMELT OD



Filed
KW-6002
KW-2246
NESP (infants)
TOPINA (infants)
Dacarbazine
Leunase
ACTIVACIN
Pasetocin

 New drugs  Expanded applications  Additional dosages/changes

*Phase1 as defined by FPI (First Patient In)



FY 2013-2015 Medium-term business plan and strategy

Become a global specialty pharmaceutical company

1. Further strengthen competitiveness in Japan through our category-based strategy*
2. Expand our business base in the USA, Europe and Asia and aim to become GSP
3. Strengthen the revenue base of our Bio-Chemicals business

* Category-based strategy applies to the following four disease areas:
Nephrology; Oncology; Immunology & Allergy; and Central Nervous System.

Leveraging Kyowa Hakko Kirin Group synergies to achieve sustainable growth by responding to environmental changes

(¥ bn)	FY 2012 Results	FY2013 Planned		FY2015 Guidance ¹⁾	Compared to FY2012
Net sales	333.1	338.0		358.0	+24.9
Operating income ²⁾	52.9	55.0		60.0	+7.1
(operating income to sales ratio)	(15.9%)	(16.3%)		(16.8%)	
Ordinary income ²⁾	49.0	49.0		53.0	+4.0
Net income ²⁾	24.1	30.0		30.0	+5.9
EPS ³⁾ (¥)	61.0	71.7		71.7	+ 10.7

1) To be updated annually 2) Income after amortization of goodwill 3) EPS calculated using net income before amortization of goodwill

***To become a global specialty
pharmaceutical company***

FY 2013-2015 Medium-term business plan

= Pharmaceuticals business =

Increase revenues by further strengthening competitiveness in Japan through category-based strategies and contributions from ProStrakan

(¥ bn)	FY 2012 Results	FY2013 Planned		FY2015 ¹⁾ Guidance	Compared to FY2012
Net sales	249.8	251.0		260.0	+10.2
Operating income ²⁾ <small>(operating income to sales ratio)</small>	50.3 (20.2%)	49.0 (19.5%)		52.0 (20%)	+1.7
R&D expense <small>(Sales to R&D ratio)</small>	41.3 (16.6%)	40.7 (16.2%)		40.0 (15.4%)	(1.3)

1) To be updated annually

2) Operating income after amortization of goodwill

● Core strategy

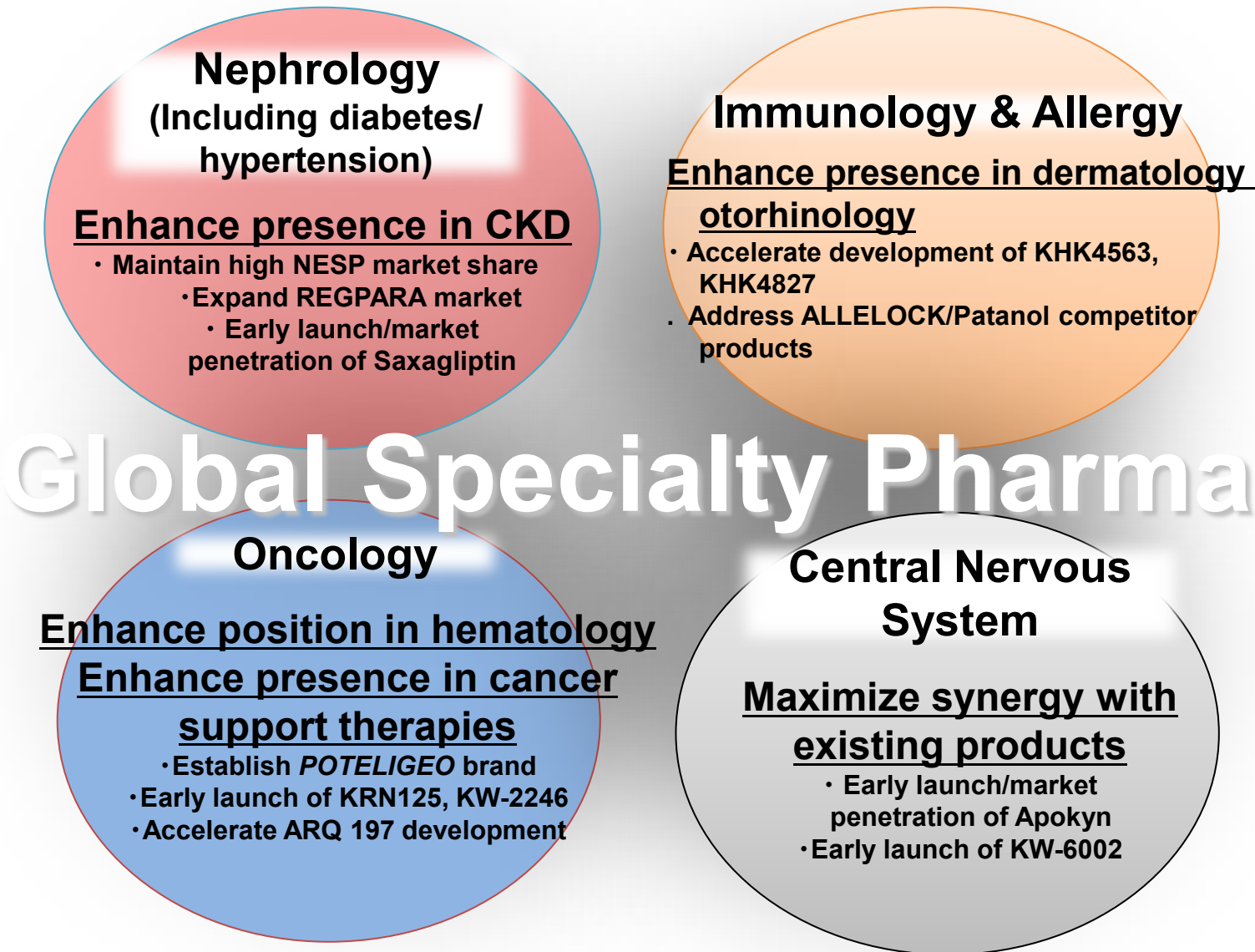
- Further strengthen competitiveness in Japan through our category-based strategy
- Enhance business foundations in USA, Europe and Asia aiming to become a global specialty pharmaceutical company
- Create a corporate culture and organization appropriate for a global specialty pharmaceutical company

Core strategy 1.

Further strengthen competitiveness in Japan through our category-based strategy

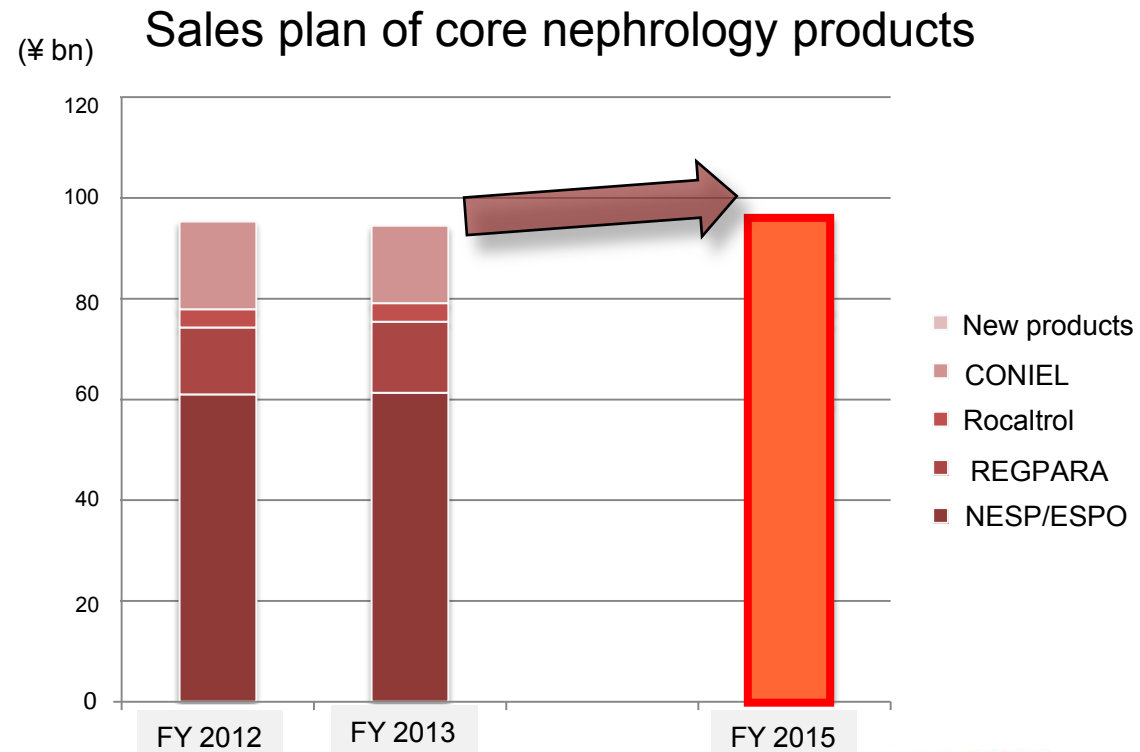
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Implement PPM* in each category from R&D to S&M
Realize sustainable growth while enhancing productivity



Strive to be a thought leader in chronic kidney disease (CKD) therapy

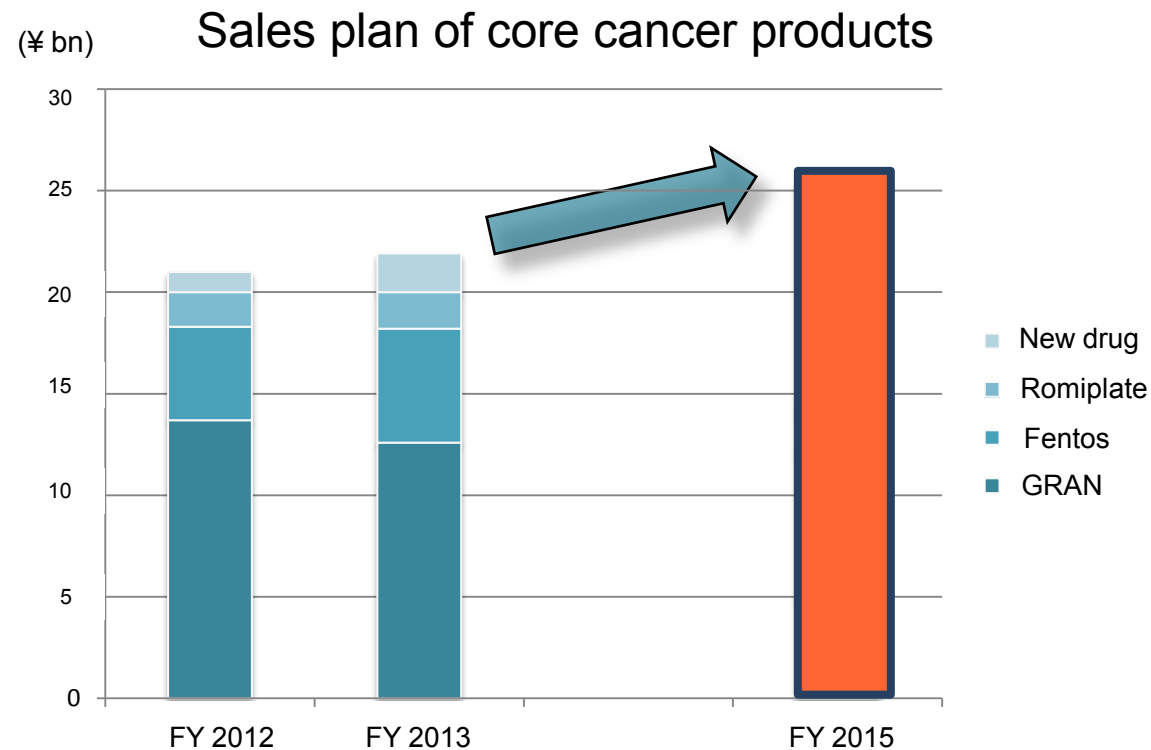
- Maintain leading share in renal anemia therapy, primarily through *NESP*
 - Enhance value of *NESP* through unified injection volume for predialysis chronic kidney diseases
- Utilize largest renal specialist MR structure
 - Promote sales through 400 MRs
- Create product line-up to broadly cover CKD market
 - Respond to therapeutic needs
- Introduce antidiabetic agent
 - DPP4 inhibitor saxagliptin



(NESP) **ネスプ**®

Enhance our position in oncology area primarily through POTELIGEO

- **Replace GRAN with new product**
- **Continue activities to promote appropriate usage of proprietary therapeutic antibody POTELIGEO**
- **Continue to launch new investigational drugs**
 - KW-2246
 - KRN125



Expand indications of KW-0761

- ATL 1st Line
- CTCL
- PTCL



ポテリジオ (POTELIGEO)

Continue to provide value in allergy drug market
where competition is being intensified

- Anti-allergy drug
 - Continue to improve product value, primarily of ALLELOCK OD*tablet/granules
- Anti-allergy eye-drops
 - Further strengthen its No.1 position in the category

*OD: Oral Disintegrant

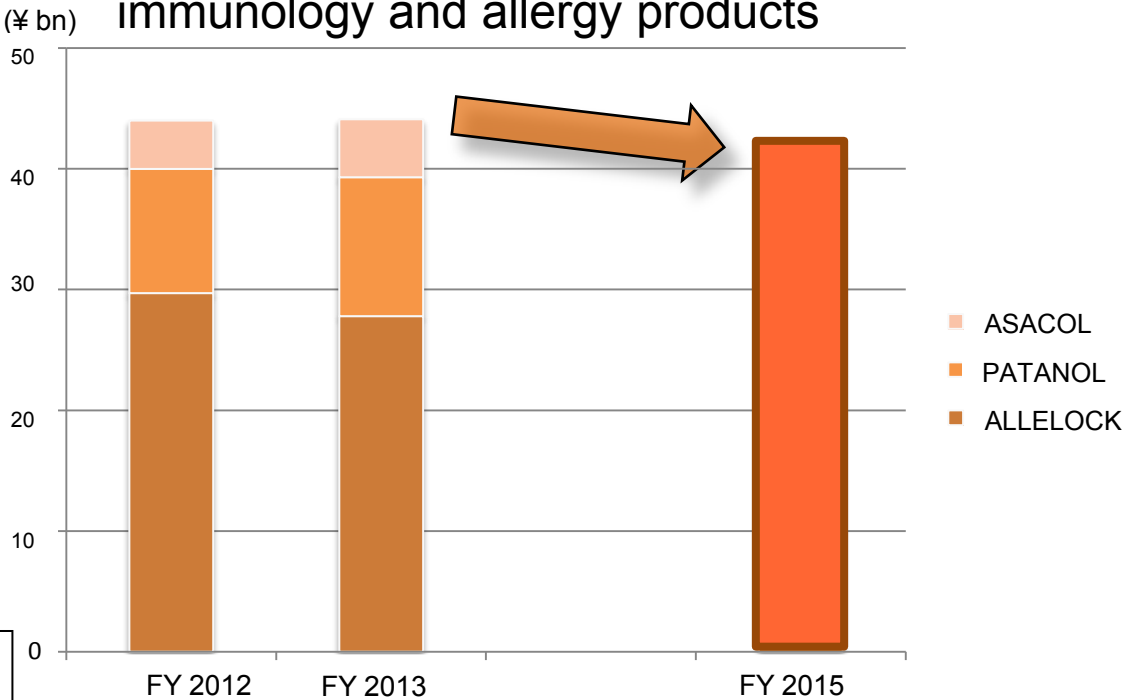


Accelerate development of new therapeutic antibodies

- KHK4563
- KHK4827

Expand indications of Z-206 (ASACOL)

Sales projection of core immunology and allergy products

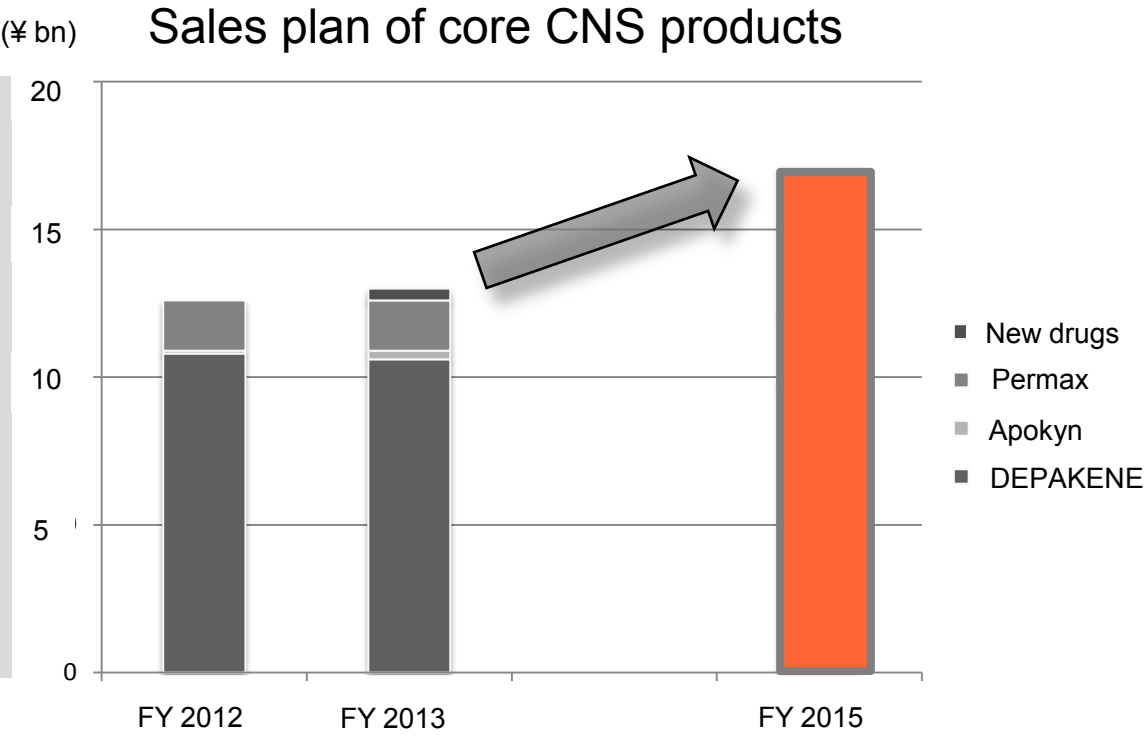


アロック
(ALLELOCK)



Focus on expanding products for treatment of Parkinson's disease and penetrating markets with new drugs

- Apokyn
 - Accelerate market penetration
- Launch proprietary investigational drug
 - KW-6002



Develop new low molecular drug
• KHK6188



アポカイン®
(Apokyn)

Core Strategy 2. Overseas strategy

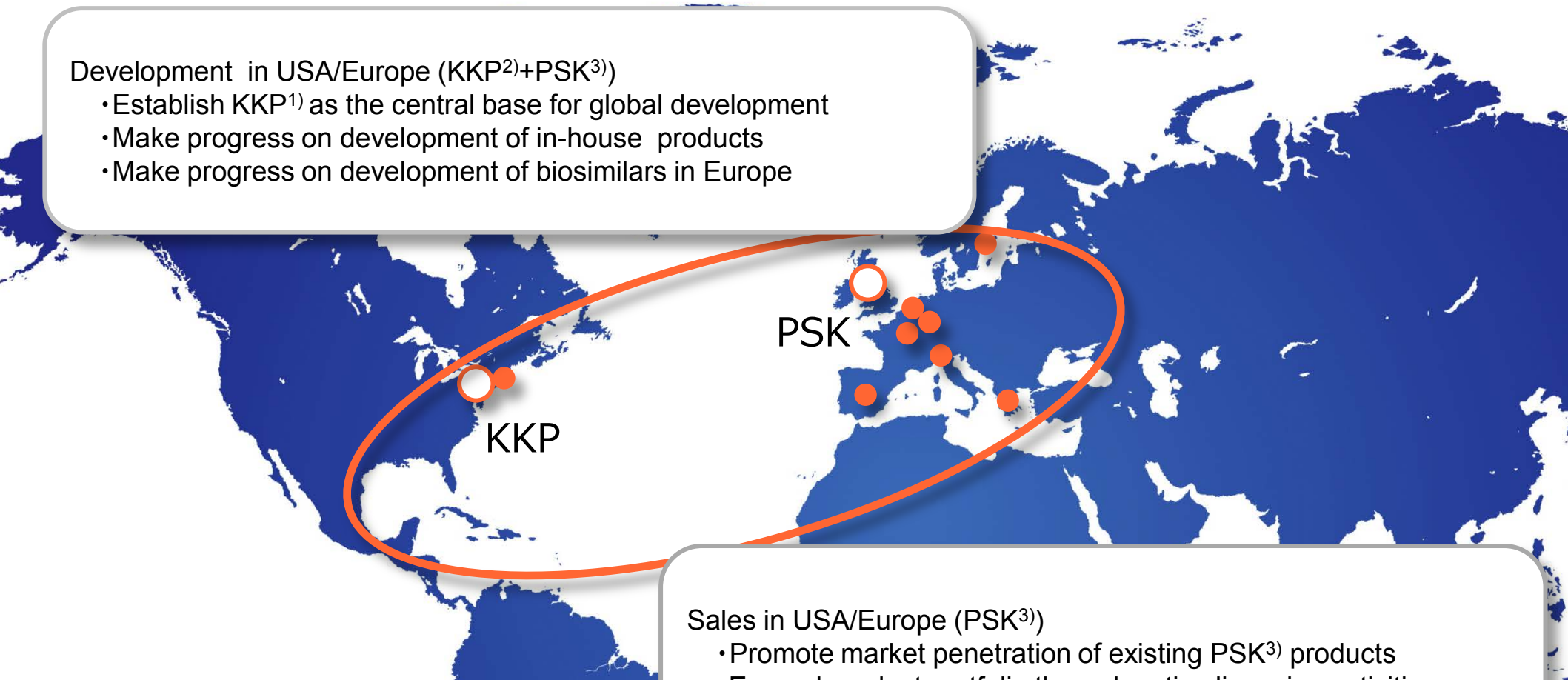
Europe/USA: Development/sales structure

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***Development in USA/Europe: Promotion of ODDO¹⁾ centering on KKP²⁾
Develop robust sales structure for smooth transition to a global specialty
pharmaceutical company***

Development in USA/Europe (KKP²⁾+PSK³⁾)

- Establish KKP¹⁾ as the central base for global development
- Make progress on development of in-house products
- Make progress on development of biosimilars in Europe



Sales in USA/Europe (PSK³⁾)

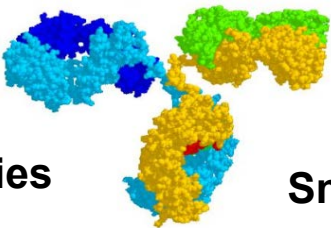
- Promote market penetration of existing PSK³⁾ products
- Expand product portfolio through active licensing activities
- Build structure for KW-0761 market launch in the Americas

- 1) One Drug Development Organization
2) Kyowa Hakko Kirin Pharma, Inc.
3) ProStrakan, Inc.

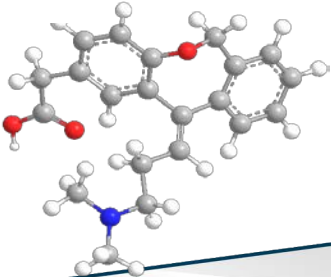
Acceleration of drug discoveries

- Discovery of new drugs for unmet needs
- Improvement of R&D success rates through collaboration with medical institutions

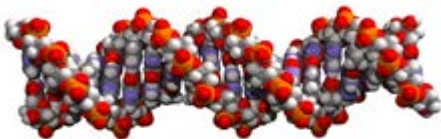
Antibodies



Small molecules



Oligonucleotides



Translational Research

Open Innovation

Infinite pursuit of cutting-edge scientific progress

Biotechnology

Technology platform, a key strength

Passion & Integrity

Researchers' integrity and passion towards drug discovery



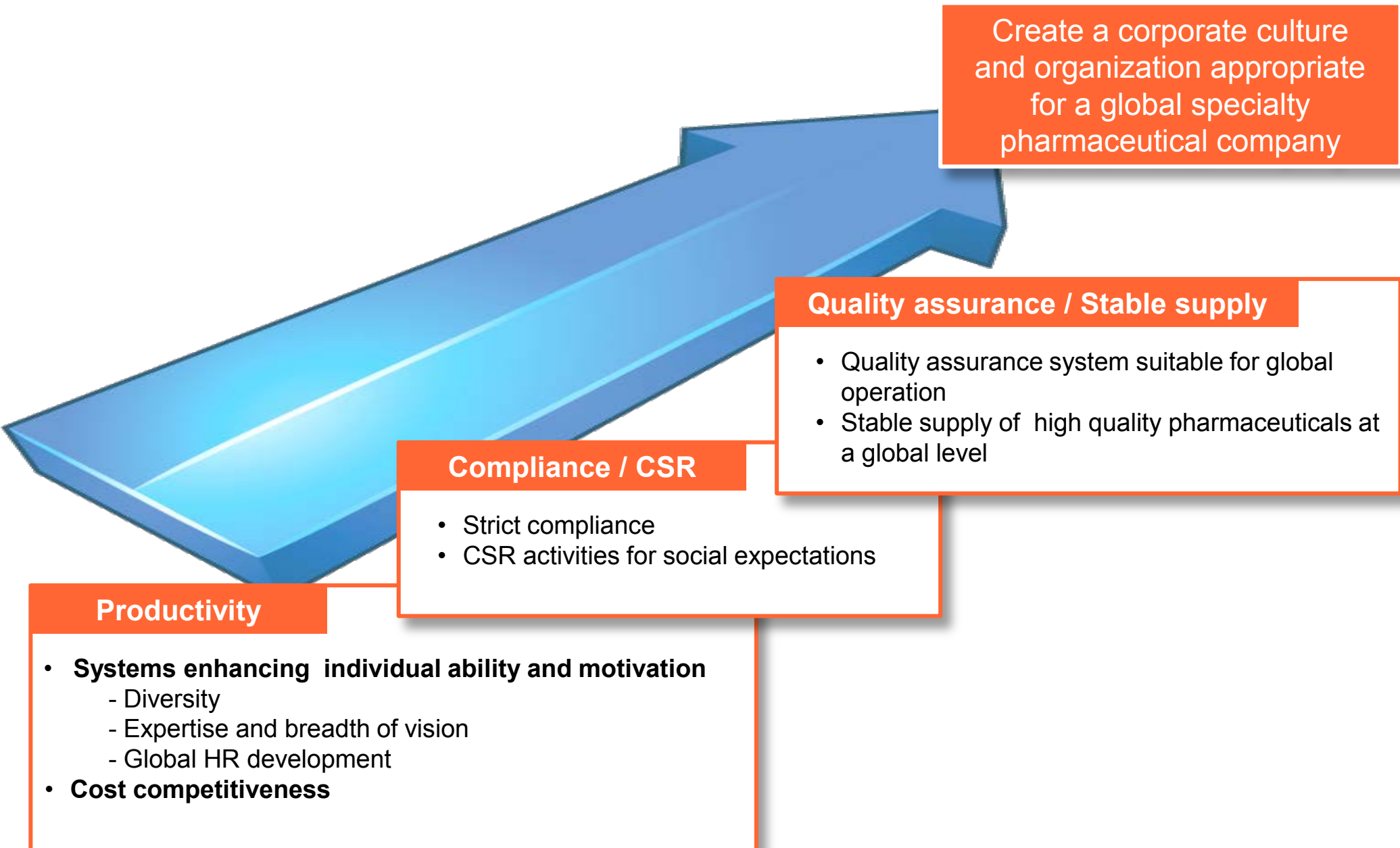
Core pipeline currently filed or scheduled for application

Name	Target	Region	Phase	Application schedule
KW-6002	Parkinson's disease	Japan	Filed	Mar. 2012
OPC-262 (Saxagliptin)	Diabetes	Japan	Filed*	Apr. 2012
KW-2246	Cancer pain	Japan	Filed	Dec. 2012
KRN125	Febrile neutropenia for chemotherapy patients	Japan	Phase 3	2013
KW-0761	ATL, 1st line combination therapy	Japan	Phase 2	2013
	<i>PTCL & CTCL</i>	Japan	Phase 2	2013
	<i>ATL</i>	USA/Europe	Phase 2	2015
	<i>CTCL</i>	USA	Phase 3	2016
KW-3357	Disseminated intravascular coagulation Congenital antithrombin deficiency	Japan	Phase 3	2014

*: Filed by Otsuka Pharmaceutical; Launch scheduled for current period

Core strategy 3. Improvement of corporate culture and organization toward Global Specialty Pharmaceutical company

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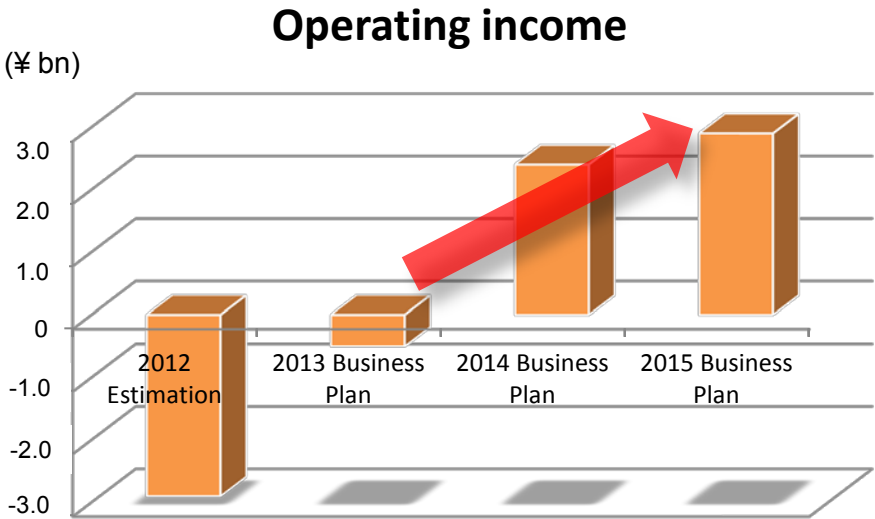
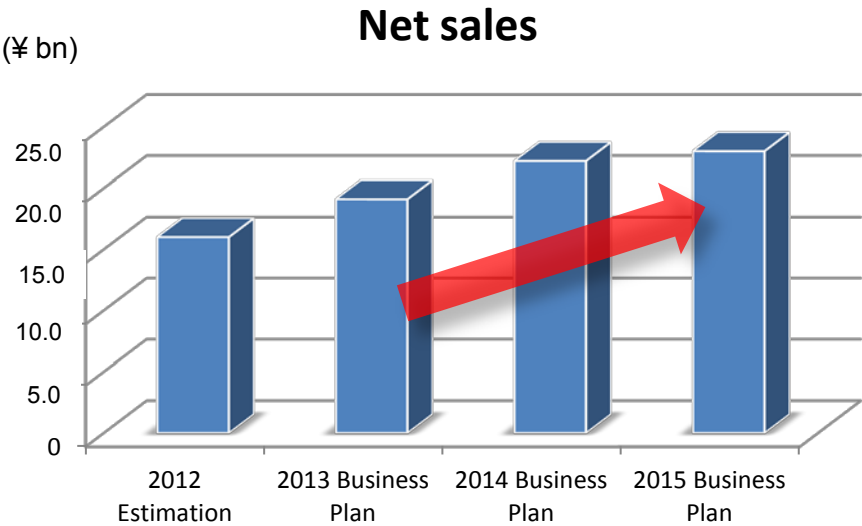
Steady growth: Road to profitability*

ProStrakan

- Europe :
 - Sancuso: Launch
 - Abstral: Sales increase & profit improvement
- USA:
 - Fareston (breast cancer product):Sales increase
 - Continuation of product licensing in oncology category



*:Operating income after amortization of goodwill



Advancing to next stage using venture network

BioWa

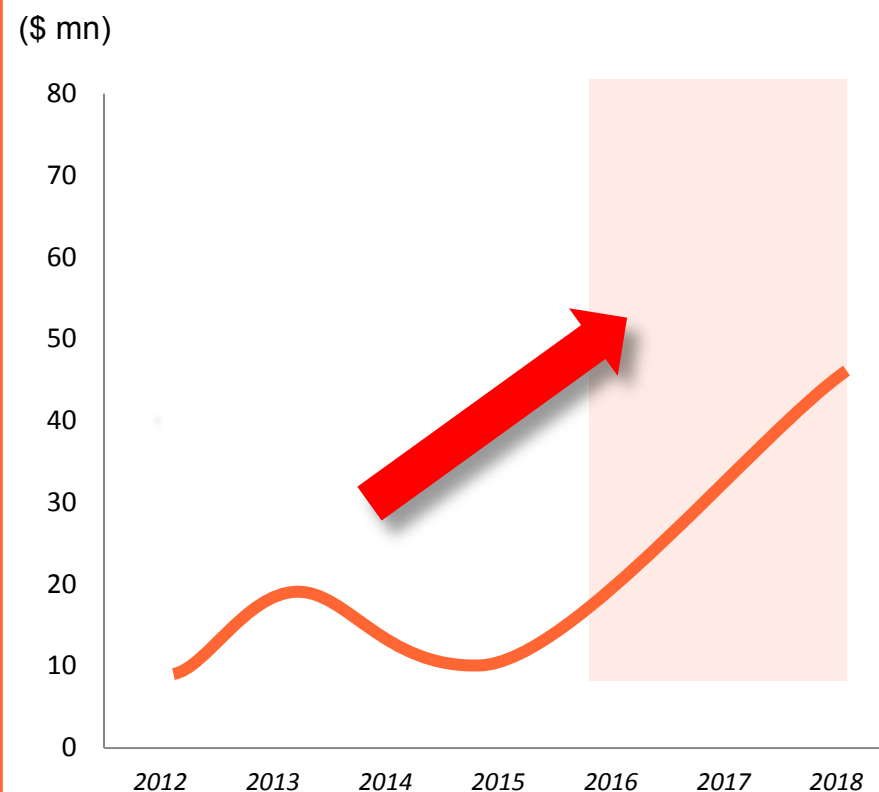
- Maximizing value of POTELLIGENT® and other technologies
 - Promoting licensing
 - Out licensing developed product

+

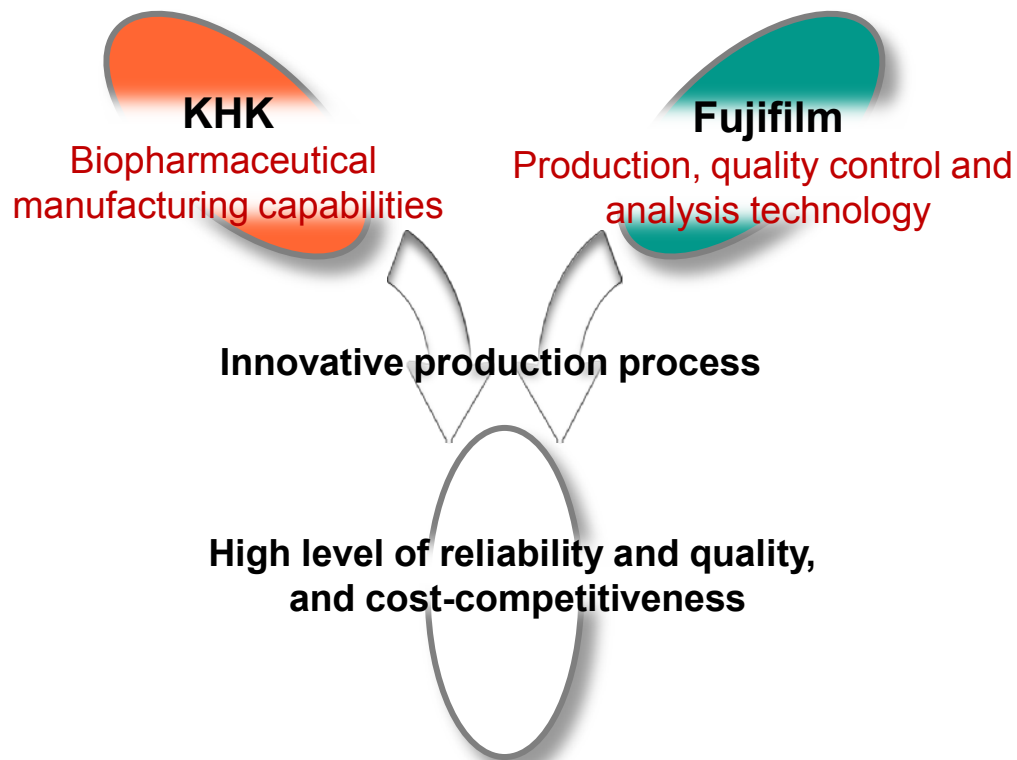
**Acquisition of promising seeds
for drug discovery**

- Promotion of open innovation
- Accurate evaluation of seeds potential through collaboration with research base

Sales trend forecast (image)



Initiate adalimumab biosimilar clinical trials in Europe in 2013 H1



The concept of Interchangeable biosimilars is a valuable opportunity to demonstrate our strengths in biopharmaceutical manufacturing

- **Development plan:**
 - Development of four biosimilars
 - Clinical trials of one biosimilar per year from 2013
- **Initial targets:**
 - **Adalimumab** (clinical trials to begin in 2013)
 - **Bevacizumab** (clinical trials to begin in 2014)



Photo: Manufacturing and Development Center

A strong presence in the pharmaceutical, medical and healthcare fields

FY 2013-2015 Medium-term business plan

= Bio-Chemicals business =

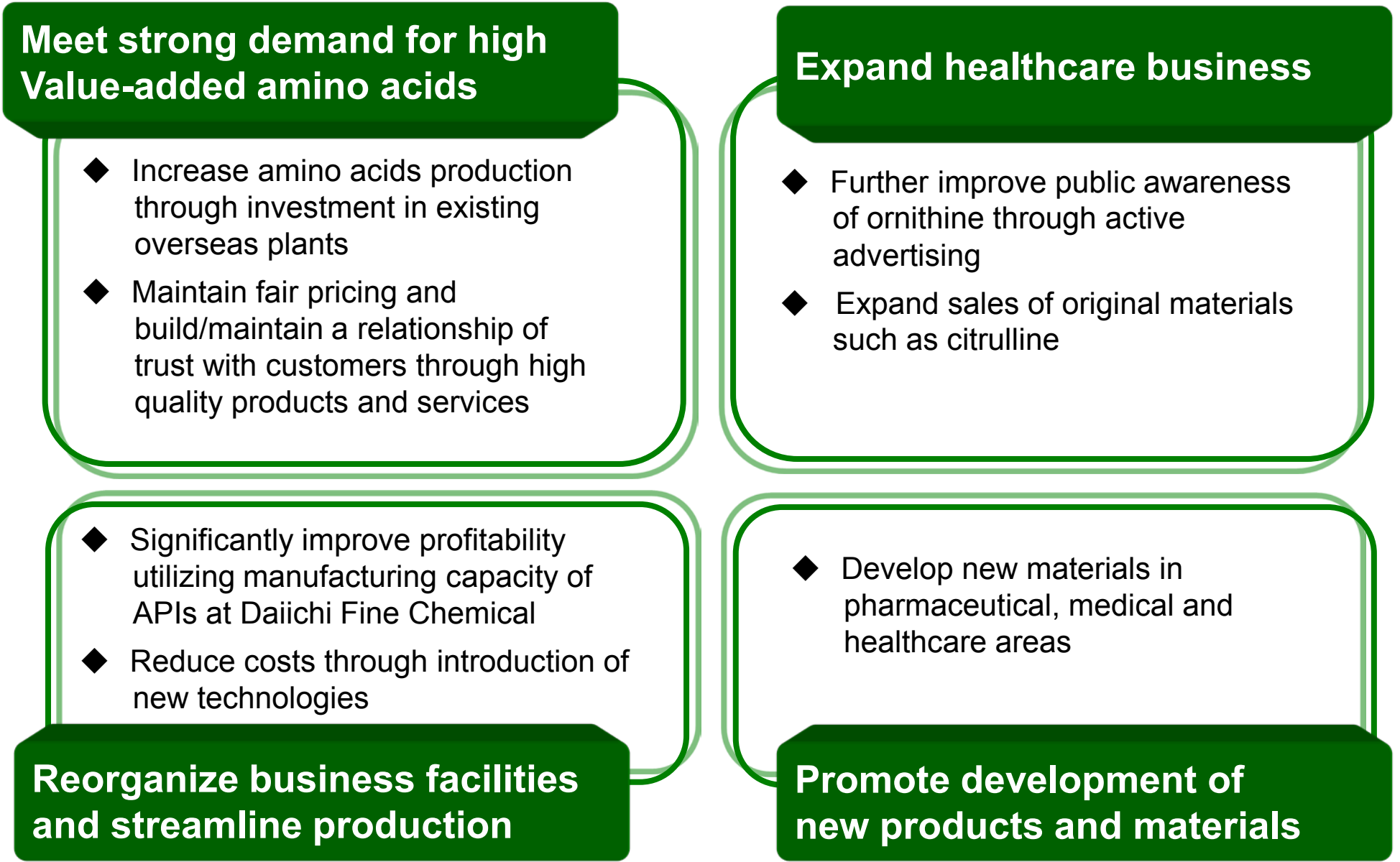
Strengthen profitability through on-going business restructuring
Reconstruct business foundation minimizing
impact of exchange-rate fluctuations

(¥ 100 mn)	FY2012 Results	FY2013 Plan		FY2015 ¹⁾ Guidance	Compared to FY2012
Sales	769	810		910	+141
Operating income ²⁾ (operating profit ratio)	21 (2.8%)	58 (7.2%)		80 (8.8%)	+59

1) To be updated annually 2) Operating income after amortization of goodwill

- **Factors increasing profitability**
 - Cost reductions
 - Volume increase of amino acids
 - Production of tranexamic acid and APIs*
 - Expansion of healthcare business in Japan

** : Active Pharmaceutical Ingredients



FY 2013-2015 Medium-term business plan

= Shareholder returns =

Targeting a consolidated dividend ratio of 40% before goodwill amortization

Basic policy

● Dividend

Stable dividend policy

Consolidated dividend payout ratio

2010 MTB: targeted 30% or more

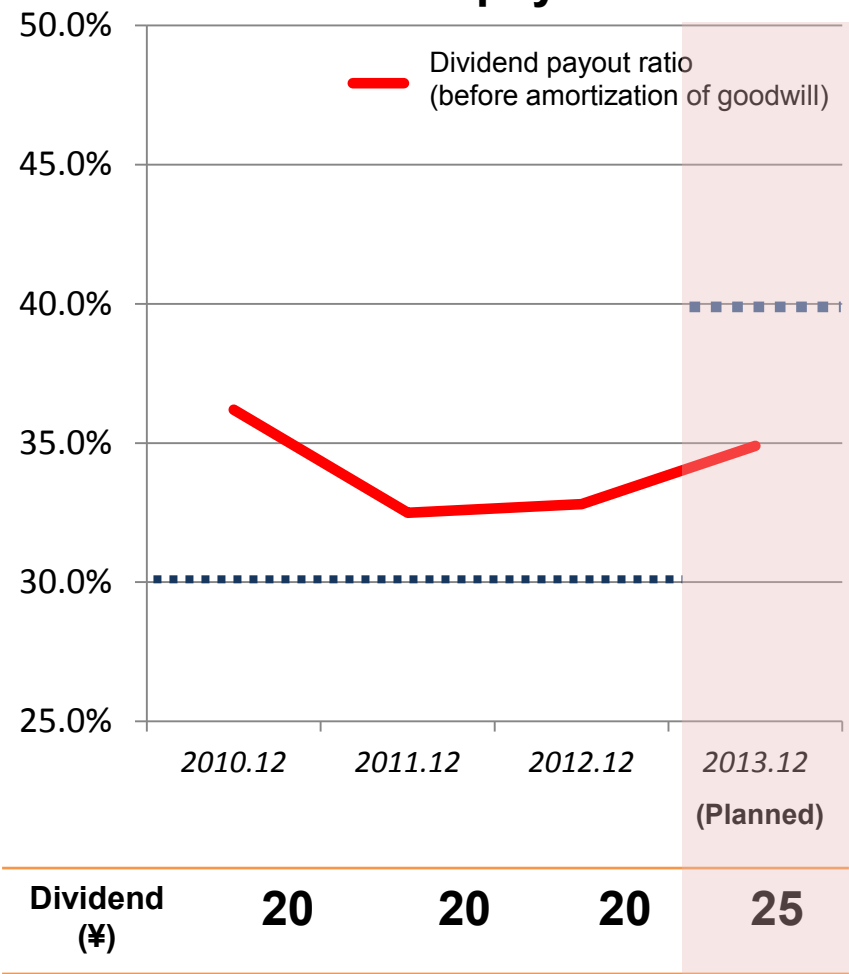


2013 MTB: Targeting 40% or more

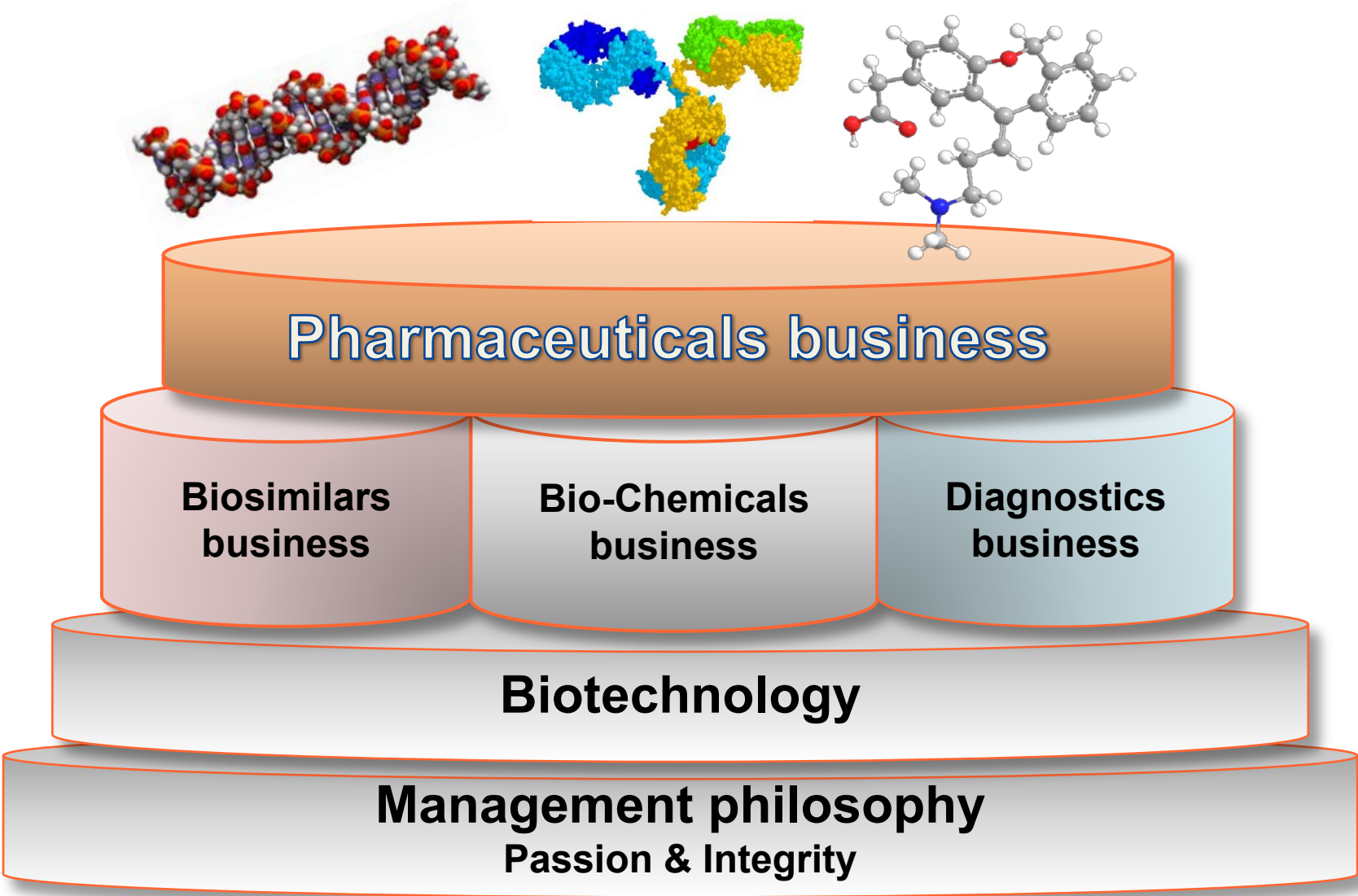
● Share repurchase

Fast and flexible response

Consolidated dividend and dividend payout ratio



Leap to a Global Specialty Pharmaceutical company



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**If you have any inquiries regarding this presentation please call:
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Tel: +81-(0)3-3282-0009**

APPENDIX

2013 Medium-term Business Plan

Management targets by business segment

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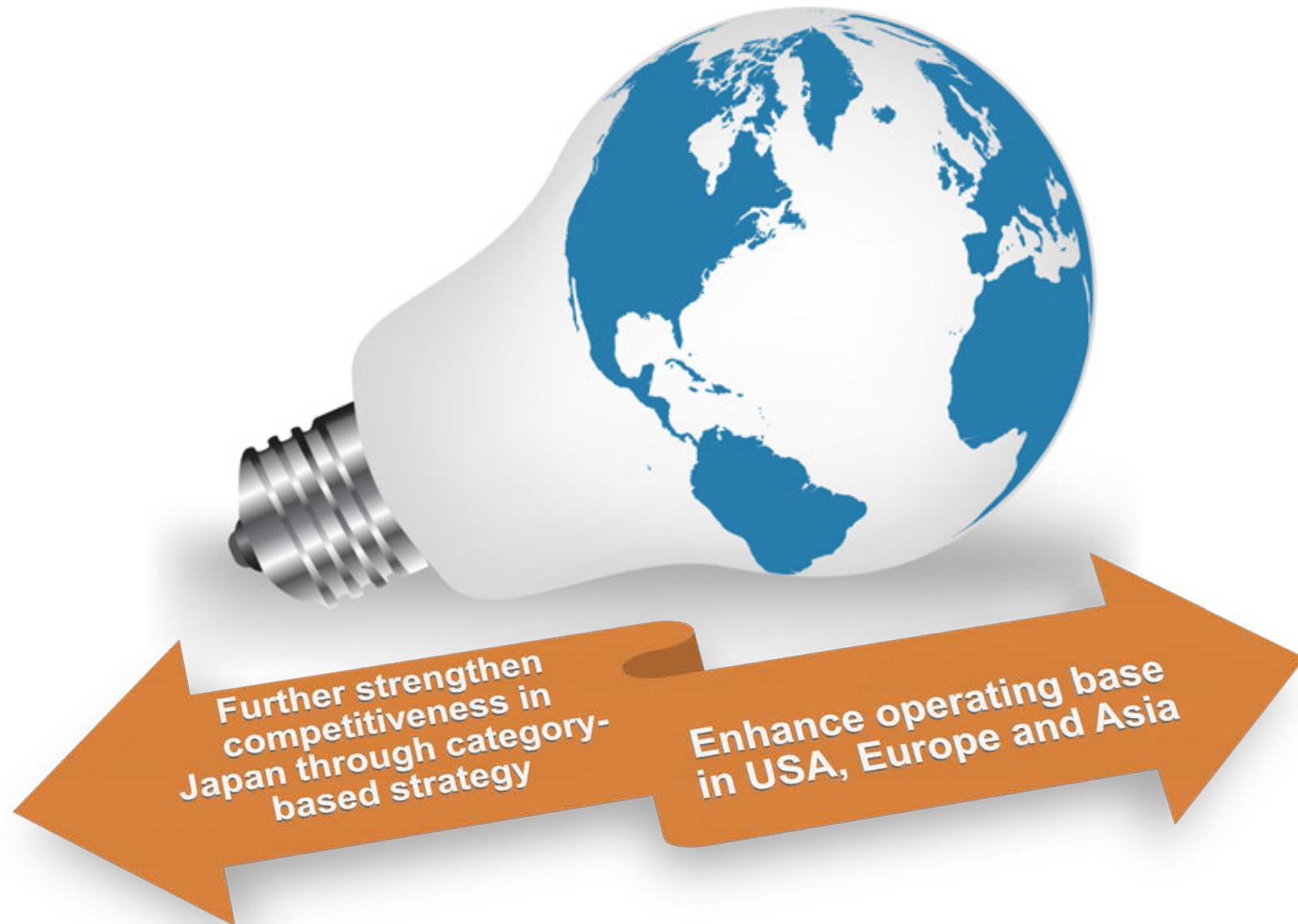
(¥ bn)	FY2012 Results	FY2013 Planned	FY2015 Guidance ¹⁾	Compared to FY2012
Net sales	333.1	338.0	358.0	+24.9
Pharmaceutical	249.8	251.0	260.0	+10.2
Bio-Chemical	76.9	81.0	91.0	+14.1
Others	6.3	6.0	7.0	+0.7
Operating income²⁾	52.9	55.0	60.0	+7.1
Pharmaceutical	50.3	49.0	52.0	+1.7
Bio-Chemical	2.1	5.8	8.0	+5.9
Others	0.3	0.2	1.0	(2.0)

1) To be updated annually 2) Operating income after amortization of goodwill

R&D expense	44.8 <i>13.4%</i>	44.0 <i>13.0%</i>	43.0 <i>12.0%</i>	(1.5)
Pharmaceutical	41.3 <i>16.6%</i>	40.7 <i>16.2%</i>	40.0 <i>15.4%</i>	(1.3)
Bio-Chemical	3.4 <i>4.5%</i>	3.3 <i>4.1%</i>	3.0 <i>3.3%</i>	(2.0)

Net sales to R&D expense ratio figures have been italicized

To become a global specialty pharmaceutical company



**Kyowa Hakko Kirin
Group management
philosophy**

The Kyowa Hakko Kirin Group companies strive to contribute to the health and well-being of people around the world by creating new value through the pursuit of advances in life sciences and technologies.

Business vision

Kyowa Hakko Kirin will be a Japan-based Global Specialty Pharmaceutical Company contributing to human health and well-being worldwide through innovative drug discovery and global commercialization, driven by state-of-the-art antibody technologies mainly in the core therapeutic areas of oncology, nephrology and immunology.

Aims for 2015

Category-based strategy

Accelerate therapeutic competitive advantage by becoming a major category player

Overseas strategy

Expand global business in accordance with country- and region-specific business strategy

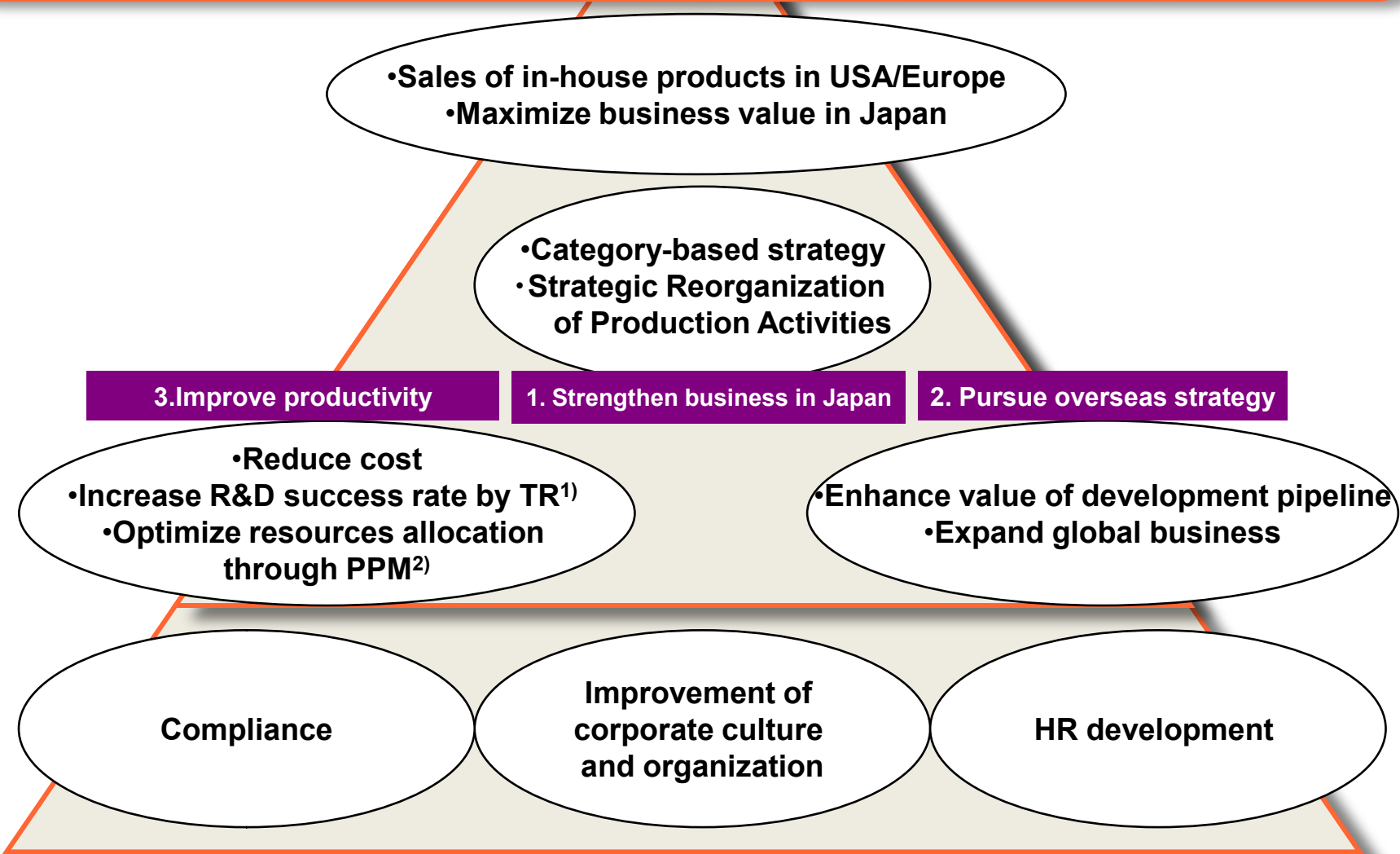
Compliance / Organization

Build a structure and environment appropriate for a global specialty pharmaceutical company

Productivity

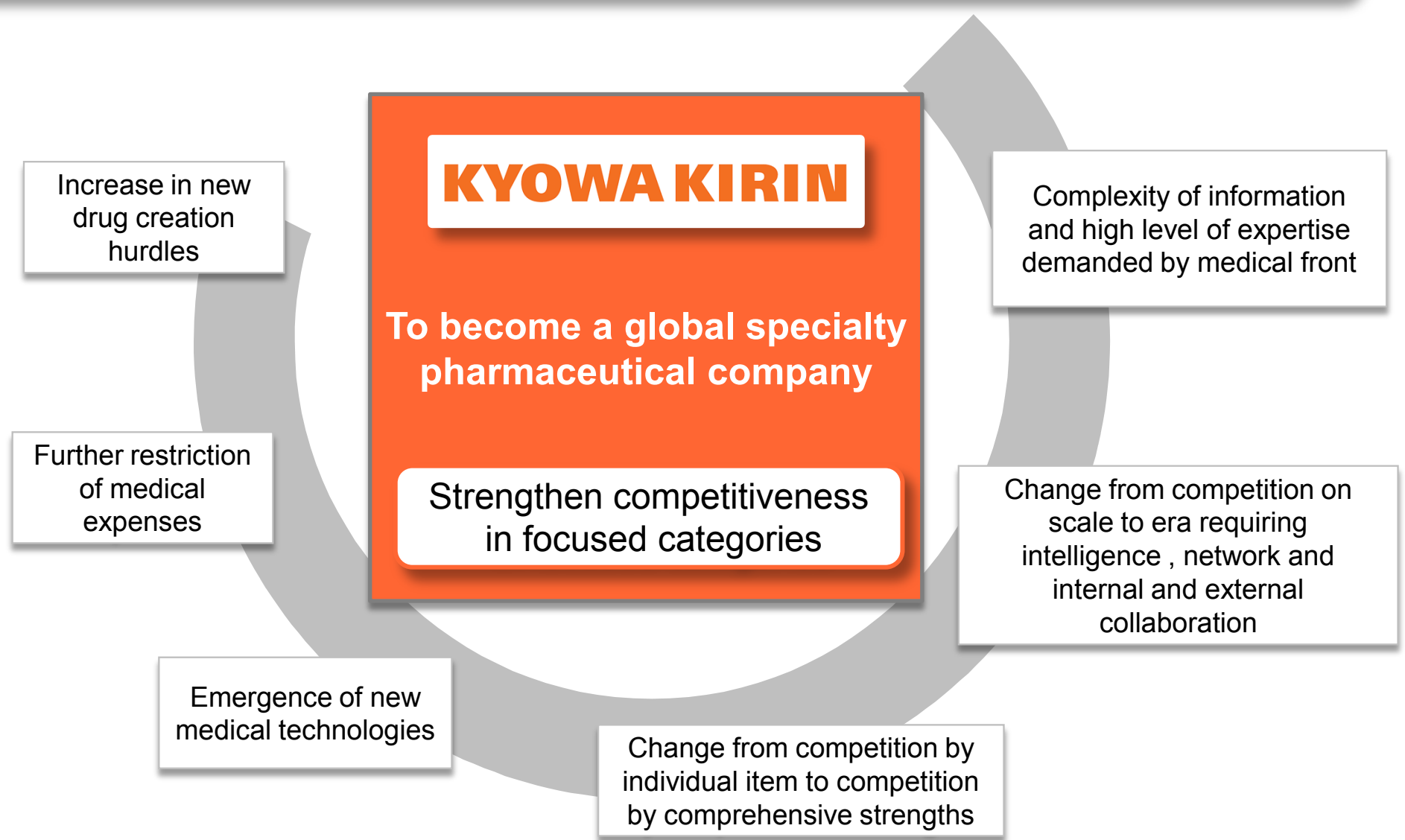
Create a high-productivity environment which brings out individual abilities and organizational strengths

Kyowa Hakko Kirin will be a Japan-based Global Specialty Pharmaceutical Company contributing to human health and well-being worldwide through innovative drug discovery and global commercialization, driven by state-of-the-art antibody technologies mainly in the core therapeutic areas of oncology, nephrology and immunology.



1) TR : Translation research 2) PPM: Product portfolio management

To win in an increasingly challenging external environment



Core strategy 2. Overseas strategy

Asia: Development/Sales structure

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- *Promote development centering on KHK with utilization of local subsidiaries, etc.*
- *Introduce new products in each country under sales and marketing scheme adapted to respective healthcare environment*

Kyowa Hakko Kirin China Pharmaceutical

- Accelerate development (NESP and others under multinational developments)
- Improve sales by strengthening sales-force capabilities
- Initiate *in vitro* diagnostics business

Kyowa Hakko Kirin (Hong Kong)

- Strengthen sales capabilities for targeted clinical departments and improve sales of existing products
- Launch new products and promote market penetration (Sancuso, Nplate)

Kyowa Hakko Kirin Korea

- Build strong presence in targeted treatment area for cancer, nephrology and hematology
- Accelerate multinational studies by strengthening development capability

Kyowa Hakko Kirin (Taiwan)

- Launch new products and promote market penetration (Sancuso, Nplate)
- Reorganize sales structure corresponding to upcoming biosimilar entry

Kyowa Hakko Kirin (Thailand)

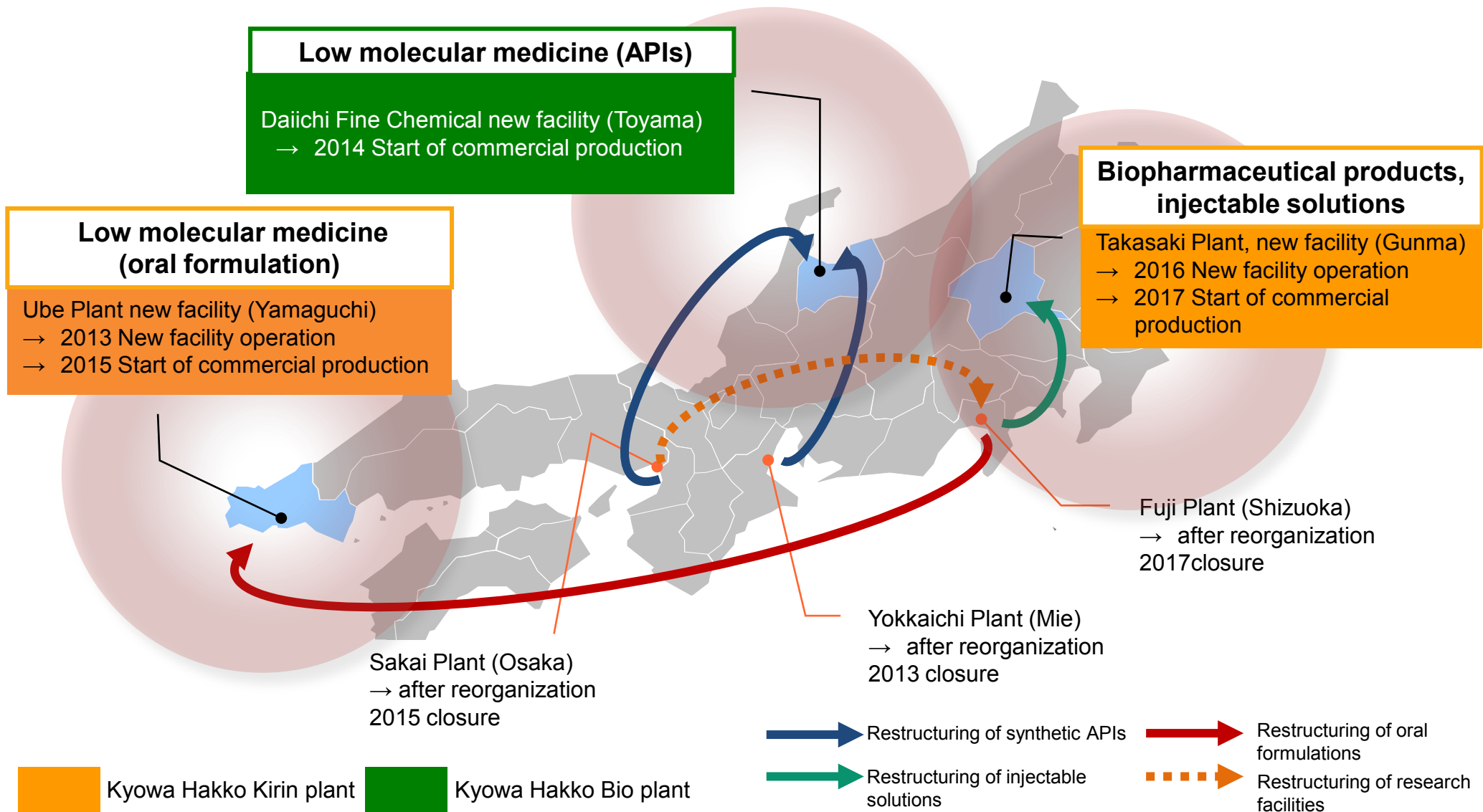
- Launch new products and promote market penetration (Regpara)
- Enhance presence in Nephrology

Kyowa Hakko Kirin (Singapore)

- Promote sales in Malaysian market
- Launch new products and penetrate market (Regpara, Sancuso, Nplate)

Progress of reorganization plan of production and research facilities

Reorganization and consolidation of each function is proceeding as planned



Name	Partner	Phase			Application	Remarks
		I	II	III		
Tivozanib (KRN951)	AVEO Astellas				FDA	Cancer (VEGF receptor inhibitor)
KW-2871 (Low-fucose antibody)	Life Science					Cancer (Anti-GD3 antibody)
MEDI-563 (KHK4563:POTELLIGENT®)	MedImmune					Asthma (Anti-IL-5R antibody)
KRN5500	DARA					Peripheral neuropathy
LY2523355	Eli Lilly					Cancer (Mitotic kinesin Eg5 inhibitor)
AMG 761 (KW-0761:POTELLIGENT®)	Amgen					Asthma (Anti-CCR4 antibody)
RGI2001	REGiMMUNE	Phase1/2				Immunosuppressive
SAR252067	Sanofi					Inflammatory bowel disease (anti-LIGHT antibody)

(as of January 24, 2013)

Contribute to the advancement of personalized medicine through companion diagnostics

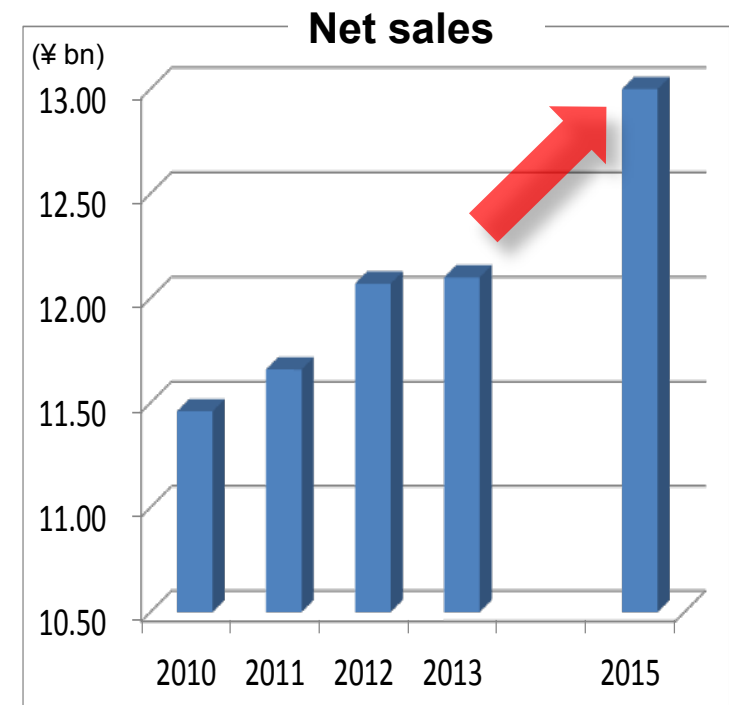
Group synergy

Development of companion diagnostics can be synchronized with new drug development at Kyowa Hakko Kirin from early stage



Basic strategy

- Challenge as a pioneer in companion diagnostics
- Pursue business synergy through integrated strategy for diagnostic reagents and instruments
- Strengthen market access capabilities through its subsidiary in China
- Enhance cost competitiveness and increase production capacity through facility investment



Kyowa Hakko Kirin Group management philosophy

The Kyowa Hakko Kirin Group companies strive to contribute to the health and well-being of people around the world by creating new value through the pursuit of advances in life sciences and technologies.

Business vision

We will utilize innovative fermentation and synthesis technologies and continue to supply superior quality, high value-added functional materials that satisfy needs in the pharmaceutical, medical and healthcare fields to become the world's premier biochemical manufacturer.

Aims for 2015

Product value enhancement

Increase product value by further strengthening collaborations with Group companies to stably supply safe and secure products under solid quality assurance system and strong branding

Profitability improvement

Achieve high profitability structure by steadily implementing restructuring plan for higher productivity and low cost operation

Growth strategy

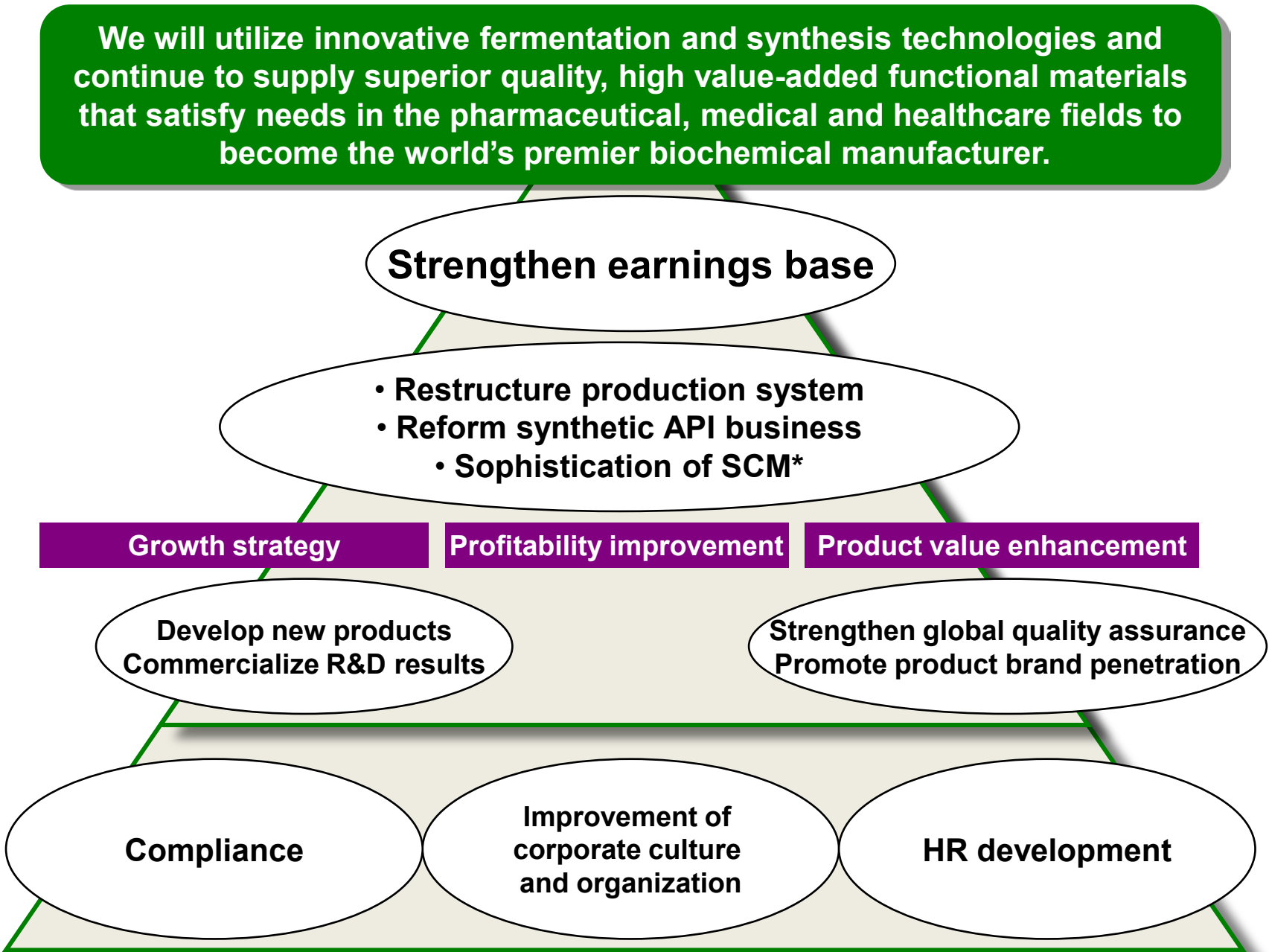
Achieve sustainable growth in the pharmaceutical, medical and healthcare fields through creation of new materials and new business development

Compliance

Realize steady business operations from CSR points of view, environmental conservation/protection and compliance, by working together with other group companies

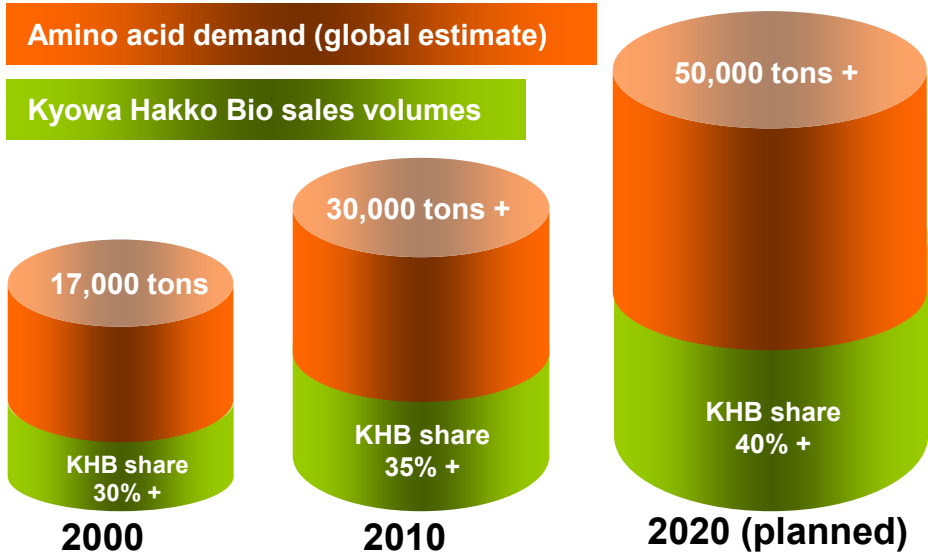
HR / Organization

Achieve vigorous corporate culture with high-productivity in which individual abilities and organizational strengths can be exercised as global enterprise



* SCM: Supply chain management

Trends in the high value-added amino acid market

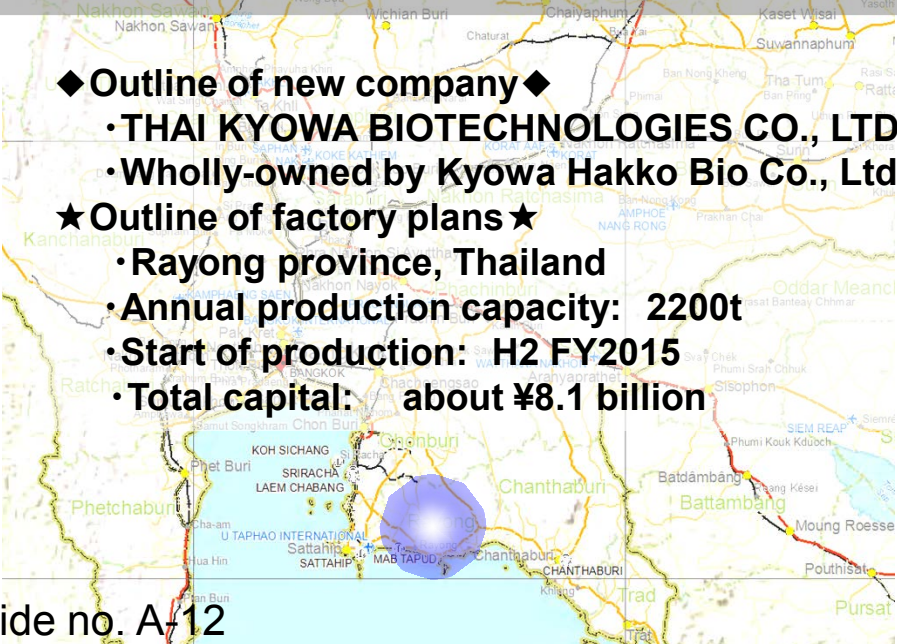


Targeting value-added amino acid market for pharmaceuticals, medical treatment and healthcare:

- ✓ High growth globally
- ✓ Rapid market expansion, particularly in Asia, in recent years
- ✓ Forecasting similar growth in overseas markets

Bolstering production capacity to secure market share and capture opportunities in a growing market

Established subsidiary in Thailand—new production facility for amino acids



New facilities in resource-rich South East Asia, close to markets

High-quality amino acids by advanced production technology and quality management

Customer assurance and satisfaction through steady supply of high-quality products