
**FY December 2012
Third Quarter**

Reference documents for conference call

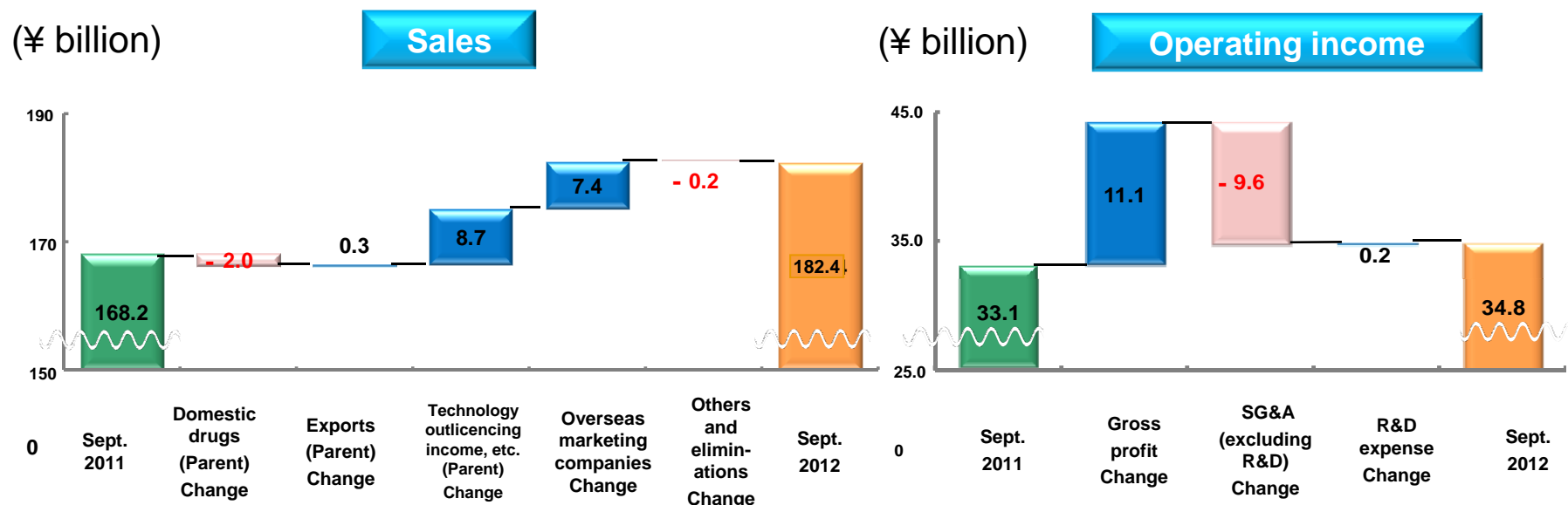
Kyowa Hakko Kirin Co., Ltd.

***Executive Managing Officer
Kazuyoshi Tachibana***

Overview of Results: Analysis of Changes

Pharmaceuticals

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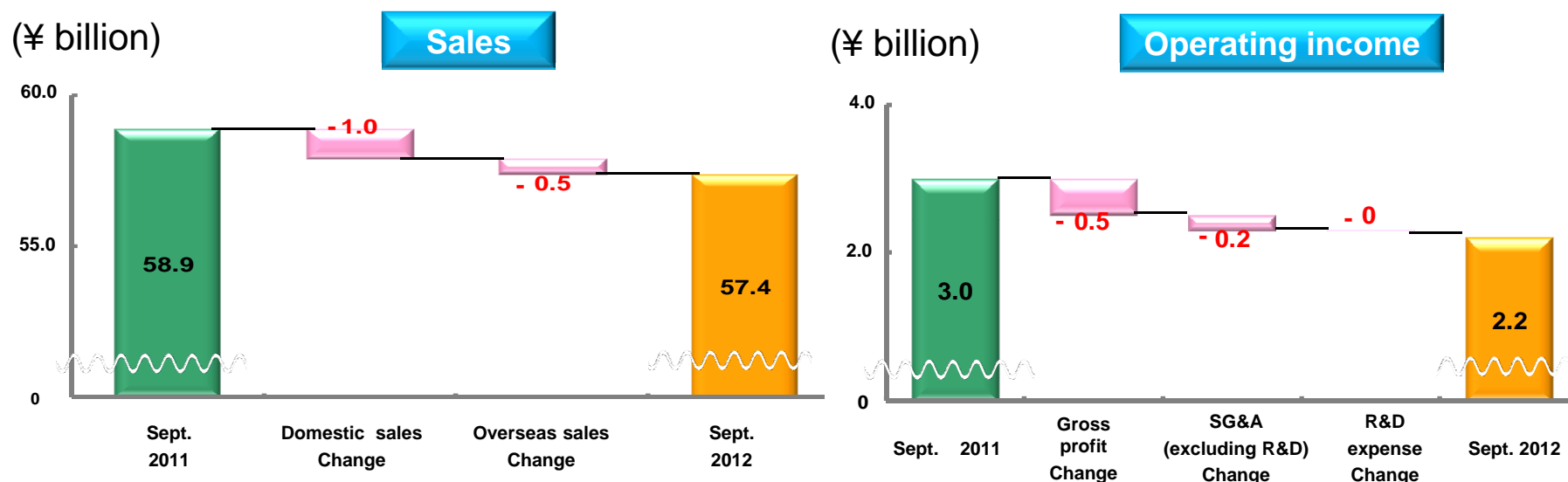


Sales

- Domestic pharmaceuticals (down ¥2.0 billion): Nesp, Regpara and Fentos grew, but there was a large revenue decline due to drug price cuts
- Exports (up ¥0.3 billion): the main factors were front-loaded shipments of Busulfex inventory reserves driven by the earlier-than-expected return of the sales rights.
- Technology outlicensing income (up ¥8.7 billion): the lump-sum payment from AVEO for Tivozanib booked last FY dropped off, but overall licensing revenue rose due to revenues from FUJIFILM KYOWA BIOLOGICS (hereinafter FKB) and others
- Overseas marketing companies (up ¥7.4 billion): the main factor was the consolidation of ProStrakan (hereinafter PSK) from the second half of fiscal 2011, which newly contributed to first half results in fiscal 2012.

Operating income

- Gross profit (up ¥11.1 billion): gross profit on domestic pharmaceuticals fell as volume increases were insufficient to offset the effect of drug price cuts, but overall gross profit increased due to revenues from FKB and others, as well as the new consolidation of PSK
- Effect of SG&A cost on operating income (down ¥9.6 billion): the main factors were the new SG&A costs resulting from the consolidation of PSK and the initial payment fees to license in saxagliptin.
- R&D expenses: (up ¥0.2 billion): almost unchanged from last year



Sales

- Domestic sales (down ¥1.0 billion): sales of tranexamic acid, which Daiichi Fine Chemical began in Q4 FY2011, grew, but both consolidated and non-consolidated subsidiaries that provide facilities and services saw a decrease in construction orders from external companies compared with last year and overall sales therefore declined
- Overseas sales (down ¥0.5 billion): demand for pharmaceutical and industrial-use raw materials, principally amino acids, continued to be strong, but revenues declined due to a large impact from the strong yen/weak euro as a result of the European credit crisis

Operating income

- Gross profit (down ¥0.5 billion): lower revenues to the large impact of the strong yen
- Effect of SG&A costs on profits (down ¥0.2 billion): higher costs for mail order business
- R&D costs (flat): same as last year

Sales of core products

Sales of major products (domestic)

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(¥ billion)

	Actual Results		Change from previous 9-month term	Forecast	Rate of progress
	Jan-Sep 2011	Jan-Sep 2012		Jan-Dec 2012	
Nesp	40.4	41.0	+2%	53.7	76%
Espo	4.0	2.9	-28%	4.0	73%
Regpara	8.2	9.5	+16%	13.0	73%
Allelock	22.2	21.8	-2%	29.1	75%
Patanol	9.8	8.5	-13%	10.1	85%
Gran	10.5	9.8	-7%	13.4	73%
Fentos	2.0	3.2	+57%	4.5	71%
Asacol	1.9	2.8	+45%	3.8	73%
Exports	7.2	7.5	+4%	9.1	82%
Technology outlicensing income	10.4	19.2	+83%	25.6	75%

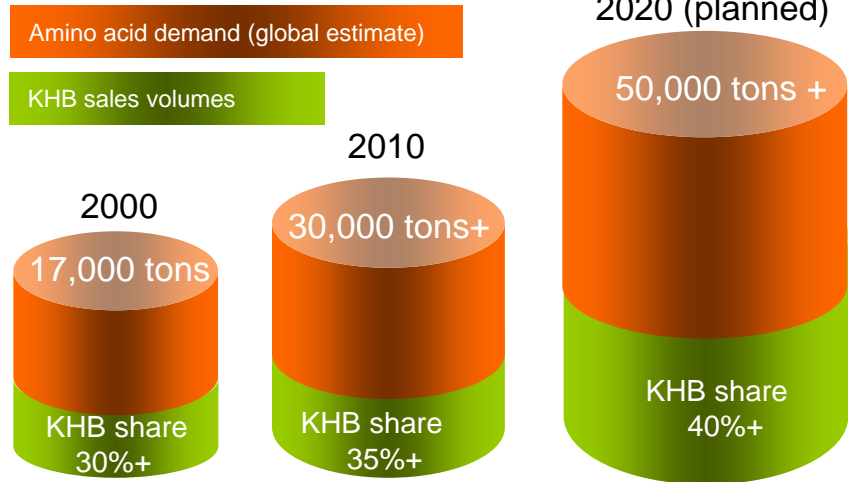
Topics

Kyowa Hakko Bio

— New production facility in Thailand —

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Trends in the 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



- ◆ Outline of new company ◆
 - THAI KYOWA BIOTECHNOLOGIES CO., LTD.
 - Wholly owned by Kyowa Hakko Bio
- ★ Outline of factory plans ★
 - Rayong Province
 - Annual production capacity: 2200 tons
 - Start of production: H2 FY 2015
 - Total capital: About ¥8.1 billion

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

High quality amino acids from advanced technology and quality management

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

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Enquiries regarding this document should be directed to:

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Safe harbor statement

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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.