

### 3. Management Policies

#### (1) Basic Management Policies

The Kyowa Hakko Kirin Group's fundamental management policy is to contribute to the health and well being of people worldwide by creating new value through the pursuit of advancements in life sciences and technology. Based on this policy, the Group is developing business around the world as a creative and innovative R&D corporation.

Our businesses aim to provide products, services, and information that deliver superior quality and performance in line with our focus on customer satisfaction. In addition, we are working to build a highly transparent and healthy corporate management that discloses accurate information in a timely and fair manner. At the same time, by fully accepting our corporate social responsibility such as through compliance and quality assurance we are striving to be a life-sciences company that earns the broad trust of society.

#### (2) Management Targets

With the aim of utilizing its business resources more efficiently and enhancing profitability the Kyowa Hakko Kirin Group has designated return on invested capital (ROIC) as a management indicator in its medium-term business plan. The medium-term business plan will be reviewed to accommodate the December financial year-end in response to the scheduled change of the financial year-end in fiscal 2009. The following chart showing our consolidated targets for the fiscal year to March 2011 have been provided as a reference.

*Billions of yen*

	FY to March, 31, 2009 Results	FY to March, 31, 2011 Targets
Net Sales	460.1	513.0
Operating income	45.3	63.3
Operating income (Before amortization of goodwill)	54.9	73.0
ROIC	14.5%	Above 16%

Note: ROIC = Operating income (before amortization of goodwill) / Fixed assets + Working capital

\*Fixed assets does not include goodwill

#### (3) Medium- and long-term management polices and issues

Based on a three-year medium-term business plan launched in fiscal 2008, Kyowa Hakko Kirin Group aims to be a world-class R&D-focused life sciences company, based on biotechnology and with the pharmaceutical business at its core. In pursuit of this vision we will actively invest business resources in our core Pharmaceutical and Bio-Chemicals businesses to further strengthen profitability in the pursuit of growth.

As regards the Pharmaceuticals business, in the domestic ethical pharmaceuticals market we are facing increased competition from US and European drug manufacturers and major domestic pharmaceutical companies and reductions of medical expenses, such as the promotion of the use of generic drugs as a part of the National Health reimbursement policy. In response to this, the Group will endeavor to further strengthen its domestic sales capabilities and expand sales of core products. Further, we will actively promote global development focusing on the Asian region. Regarding research and development, we will endeavor to generate further groundbreaking new products by focusing primarily on the areas of cancer,

kidney, and immunological diseases and by leveraging cutting edge biotechnology, primarily antibody technologies.

In the Bio-Chemicals business, through the integration of fermentation and synthetic technology we are aiming for growth in the medical treatment and healthcare areas as a biotech company. We are aiming for increased market share in the amino acid market, primarily in fluid infusion and medical foods despite price declines resulting from market entry of Chinese and other manufacturers and the effects of rapid yen appreciation. In healthcare, we are undertaking activities aimed at expanding mail-order sales of dietary supplement Remake® series while promoting the development of markets for unique materials.

In the Chemicals business, despite the effects of the global economic downturn and the influence of the strong yen on the profitability of exports, we aim to expand profits in the existing basic chemicals business by promoting cost reductions and stable operations, supported by expected high potential in Asian economies, primarily China. On the other hand awareness of environmental problems is increasing worldwide, and we intend to focus on creating environmentally friendly new products that utilize our Group strengths, and as a result build a business that is resilient to the effects of economic cycles.

Our Food business, which has been managed by Kyowa Hakko Food Specialties merged with Kirin Food-Tech in April 2009, becoming a subsidiary of Kirin Holdings, and has made a new start as Kirin Kyowa Foods.