

February 21, 2011

Whom It May Concern

KYORIN Holdings, Inc.
Securities Code: 4569, TSE 1st Sec.

KYORIN Group's Participation in Environmental Hygiene

KYORIN Holdings, Inc. (Head office: Chiyoda-ku, Tokyo, Representative Director, President and Chief Executive Officer: Masahiro Yamashita) has decided to launch an environmental hygiene business as a new business in the healthcare domain.

1. Background to participation in environmental hygiene

As people's lifestyles change and health-related needs become increasingly more diversified, KYORIN Group will aim to manage the risk of a pharmaceutical business and grow the group continuously through multinuclearity in the healthcare business, while incorporating the creation of new businesses in the healthcare field in its New Medium-Term Business Plan "HOPE 100 Stage 1" (FY2010-FY2015).

Under this policy, the group has decided to take a proactive approach to an environmental hygiene business so as to contribute to medical needs and health through environmental infection control.

2. About the environmental hygiene business

The group regards environmental hygiene as being about approaching the issues of health and diseases from the environment surrounding humans and improving the environment in areas where it is harmful to humans, in order to maintain and improve health.

As the first step toward the creation of the environmental hygiene business, having established a presence in the infection-related field with its new drug business and other activities, the group is releasing the Milton Air Cleaner Kyorin and a special gel. The system is designed to clean facilities such as medical institutes, nursing facilities and public facilities.

KYORIN Medical Supply Co., Ltd. (a new trade name of Kyobundo Co., Ltd.) will promote the business while KYORIN pharmaceutical Co.,Ltd. will manufacture the product. The group will promote the product's dissemination to medical institutes and other major buyers of the product, with a view to increasing the number of buyers based on the evidence regarding efficacy and safety in cooperation with KYORIN Pharmaceutical Co., Ltd., which has a track record and knowhow in the medical field. In addition, the group will also expand the business without delay by utilizing the Milton brand, which is the brand name for disinfection/sterilization products for infants' bottles and other related articles that KYORIN Pharmaceutical Co., Ltd. has distributed since 1998.

Upon the launch of the new business, the group will increase the capital of KYORIN Medical Supply Co., Ltd. to reinforce its financial position.

3. About the new product

(1) Outline of the new product: See the reference material

(2) Release of the new product: April 2011

(3) Impact on consolidated sales and future outlook

It is expected that the release of the new product will contribute to improving the group's performance, being accompanied by a medium- and long-term increase in sales of the product. The impact on performance will be announced when details are clarified after the upcoming sales track record is carefully monitored.

4. Change of the trade name of Kyobundo Co., Ltd.

(1) New trade name: KYORIN Medical Supply Co., Ltd.

(2) Date of change: April 1, 2011

5. Increase in capital of Kyobundo Co., Ltd.

(1) Outline of the subsidiary whose capital is increased

Trade name: Kyobundo Co., Ltd. (new trade name : KYORIN Medical Supply Co., Ltd.)

Representative: Satoru Kanai, Representative Director and President

Address: 25-13, 6-chome Nishi-shinjuku, Shinjuku-ku, Tokyo

Major business domains: Sales promotion, advertising planning and production

Capital: 488,000,000 yen (after capital increase)

Major shareholder: KYORIN Holdings, Inc. 1 0 0 %

(2) Purpose of capital increase

To reinforce the financial position by strengthening the capital base, KYORIN Holdings, Inc., as parent company, will contribute a total capital increase of 952,000,000 yen in March 2011.

Reference material

About the New Environmental Hygiene Product



Milton Air Cleaner Kyorin



Milton Air Cleaner Kyorin Special gel

■ Product name

| | |
|---------------------------------|---|
| Space hygiene equipment | Milton Air Cleaner Kyorin |
| Stabilized chloride dioxide gel | Special gel for the Milton Air Cleaner Kyorin |

■ System name

| |
|---------------|
| Clo2UV System |
|---------------|

■ What is the Clo2UV (pronounced “clove”) System ?

With its potent oxidation effect, chloride dioxide (ClO₂) has powerful sterilization and deodorizing properties. It has been widely used for sterilization and odor elimination in various applications, including in drinking water in the United States for many years. On the other hand, chloride dioxide exists in the unstable form in the air. Accordingly, it has been a major challenge to generate the substance in a stable fashion. The group has successfully commercialized the (patented) technology for ensuring the continuous and stable control of the release of chloride dioxide in a business collaboration with Sunseal Chemical Co., Ltd. (Chiyoda-ku, Tokyo, Representative Director: Kohei Aoyagi) by irradiating ultraviolet rays of a specific wavelength through the special gel (stabilized chloride dioxide gel) made from the stabilized chloride dioxide manufactured by DuPont (United States). The group has named this safe and highly effective hygiene system as the Clo2UV System.

■ Characteristics of the product

- Powerful sterilization and odor elimination effect based on the Clo2UV System