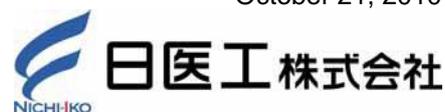




October 21, 2010



Capital and Business Alliance on R&D for Biosimilars

We hereby give notice that Nichi-Iko Pharmaceutical Co., Ltd. (headquarters: Sogawa, Toyama City; hereafter "Nichi-Iko") and Aprogen Inc. (headquarters: Daejeon, Korea; hereafter "Aprogen") have today signed a capital / business alliance agreement on research and development for Biosimilars

Aprogen is a bio venture company which receives a high level of support from the Korean government as part of its national bio-growth strategy. Advanced genetic recombination technology and the forming of efficient production systems are both essential to the development of biopharmaceuticals. Aprogen has development system technologies for highly expressive biopharmaceuticals and possesses numerous patents, and has gained attention for its innovative technologies contributing to minimizing the development and manufacturing costs that are issues for biosimilars. It is also working on several developments of biosimilars for antibody drugs (with generic names such as Infliximab, Trastuzumab, Rituximab, and so on) which have not yet been commercialized as biopharmaceuticals.

Under this agreement Aprogen and Nichi-Iko will cooperate in research and development for biosimilars, with a business alliance where Nichi-Iko will acquire sole rights for sales in Japan. Through this alliance, Nichi-Iko will acquire 33.4% of shares issued by Aprogen through a third party allocation to be carried out by Aprogen. In addition, Nichi-Iko's President and CEO Yuichi Tamura and Managing Director Eiichi Machida will be appointed as directors of Aprogen.

At the present stage in time this agreement will have little impact on Nichi-Iko's business performance. Future prospects will be informed in greater detail as they are decided.

<About Biosimilars>

Biosimilars are pharmaceuticals developed by a differing manufacturer / seller having the homogeneous or equivalent quality, safety, and effectiveness as biotechnology-derived pharmaceuticals already approved domestically as drugs with new active agents. They are termed biosimilars because it is impossible to create something exactly the same as the advance biopharmaceuticals. For antibody drugs in particular, with the difficulties of manufacturing / developing homogeneous or equivalent formulations of high complexity with over 150,000 polymers as well as sugar chains, none have been approved in Japan, Europe or the USA.

<About Aprogen>

Aprogen is a venture company which was founded in Korea in April 2000 and which has been engaged in development of clinical trial antibodies and proteins. It is a subsidiary of Schnell Biopharmaceuticals and has a team of 38 outstanding researchers working on the study and development of biopharmaceuticals. For details about Aprogen, refer to www.aprogen.com.

<About Nichi-Iko>

Nichi-Iko is a pharmaceutical company which was founded in July 1965 in Japan and which has been engaged in the manufacture and sales of generic pharmaceuticals. With "Generics for your prime choice" as its corporate slogan, it has supplied approximately 800 generic pharmaceuticals and has been used by 120,000 medical institutions in Japan, making it the country's premier generic pharmaceutical company. For details about Nichi-Iko, refer to www.nichiiko.co.jp.

<About the Biopharmaceutical Market>

Japan's biopharmaceutical market is estimated at approximately 700 billion yen (based on pharmaceutical prices) and is growing at a rate of over 10% annually.

Estimates for specific products are 57 billion yen for Infliximab, 35 billion yen for Trastuzumab, and 26 billion yen for Rituximab.