

Please note that the following is an unofficial English translation of the original Japanese text of the press release of Nichi-Iko Pharmaceutical Co., Ltd. Nichi-Iko Pharmaceutical Co., Ltd. provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.



September 27, 2013

To whom it may concern:

Company name: Nichi-Iko Pharmaceutical Co., Ltd.  
(Securities code: 4541 Tokyo Stock Exchange, First Section)  
Representative: Yuichi Tamura  
President and CEO  
Contact: Mitsuyuki Azuma  
General Manager of Corporate Planning  
Office

(Tel: 076-442-7026)

### **Notice of Basic Agreement for Business Acquisition of Fuji Plant of Astellas Pharma Group**

We hereby give notice that Nichi-Iko Pharmaceutical Co., Ltd. (headquarters: Toyama City, Toyama Prefecture; President and CEO Yuichi Tamura; hereafter "Nichi-Iko") has as of today signed a Basic Agreement with Astellas Pharma Tech Co., Ltd. (headquarters: Chuo-ku, Tokyo; President and CEO: Takashi Shimizu; hereafter "Astellas Pharma Tech"), a subsidiary of Astellas Pharma Inc. (headquarters: Chuo-ku, Tokyo; President and CEO: Yoshihiko Hatanaka; hereafter "Astellas Pharma") to acquire through company divestiture the business of the Fuji Plant (Fuji City, Shizuoka Prefecture), one of Astellas Pharma Tech's manufacturing bases, effective from April 1, 2014.

#### Particulars

##### 1. Objective of the Acquisition of Fuji Plant's Business and Future Plans

The Nichi-Iko Group has implemented four strategies (brand / user / differentiation / cost strategies) for the final year of its "Generic Global Top 10" after the commencement of the sixth midterm management plan "Pyramid" for a period of four years starting from April 2012. However, with the publication of the Ministry of Health, Labour and Welfare's "Roadmap for Promoting the Greater Use of Generic Drugs" in April this year and with the announcement of a new target of raising the share by volume of generic drugs to 60% or more by the end of March 2018, it is necessary for the company to ensure stable supply for an increase in demand and to improve quality reliability and provision of information.

The Basic Agreement was signed on the judgment that powerful synergy could be expected through acquisition of the business of the Fuji Plant of Astellas Pharma Tech.

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Acquisition of this business is expected to have the following effects.

- (1) To secure a stable supply by increasing production capacity
- (2) To reduce costs through in-house production and utilizing the large-volume production capacity of the plant
- (3) Fusion with the excellent quality control / technological capabilities built up by the Astellas Group
- (4) To strengthen risk management through dispersion of production sites

At the same time, Astellas Pharma, to cope with the rapidly changing business environment and to realize sustainable growth, is seeking to both bolster its own production / technology functions and to establish a production system powerfully adaptive to changes through outsourcing manufacturing to external partners able to effectively ensure a stable supply of high quality pharmaceuticals. Astellas Pharma hopes to found a high quality and effective manufacturing outsourcing system for future high growth through the synergistic effect generated through the Fuji Plant under Nichi-Iko, whose basic concepts for quality and technology match with it.

## 2. The Business Acquisition Method

After concluding the Final Agreement, a wholly owned subsidiary of Astellas Pharma Tech (the name yet to be decided; hereafter "the New Company") will be set up, and as of April 1, 2014 (to be confirmed) the business of the Fuji Plant will be taken over by the New Company by an absorption-type company split, with all the shares of the New Company held by Astellas Pharma Tech being transferred to Nichi-Iko.

## 3. Date of the Business Acquisition

September 27, 2013	Signing of the Basic Agreement (corporate resolution of Nichi-Iko)
December 2013	Signing of the Final Agreement (to be confirmed)
April 1, 2014	Completion of the business acquisition (to be confirmed)

## 4. Outline of Astellas Pharma Tech and the Fuji Plant

- Astellas Pharma Tech Co., Ltd.

Headquarters: 2-5-1 Nihonbashi-Honcho, Chuo-ku, Tokyo

Senior Representative: President and CEO Takashi Shimizu

Capital: 100 million yen

Business operations: Commissioned manufacturing of treatment pharmaceuticals / active pharmaceutical ingredients in Japan and for overseas  
Commissioned manufacturing of clinical trial pharmaceuticals / active pharmaceutical ingredients, and active pharmaceutical ingredients for development

Employees: Approx. 1,670 (as of March 31, 2013)

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Manufacturing sites: Takahagi Technology Center, Toyama Technology Center, Yaizu Technology Center, Takaoka Plant, Nishine Plant, Fuji Plant

- Fuji Plant, Astellas Pharma Tech Co., Ltd.

Location: 88 Nakagawara, Fuji City, Shizuoka Prefecture

Site Area: 96,506m<sup>2</sup>

Floor Area: 57,789 m<sup>2</sup>

Employees: 370 (as of March 31, 2013)

Types of materials produced: Tablets, capsules, powdered drugs, granules, injections

Production performance: Approx. 2 billion tablets, 5 million injections

(for the fiscal year ended March 31, 2013)

#### 5. Future Prospects

Though this acquisition is not expected at this stage to impact on consolidated performance for the fiscal year ending on March 31, 2014, it is expected to contribute to business performance from the succeeding period. Any changes occurring in the future will be made public immediately.

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