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May 14, 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: Noboru Inasaka
Managing Executive Officer and General
Manager of Management Division
(Tel: 076-432-2121)

Policy of Countermeasures against Large-Scale Acquisitions of Share Certificates, etc. of Nichi-Iko Pharmaceutical Co., Ltd. (Takeover Defense Measures)

At the 46th Annual General Meeting of Shareholders held on February 25, 2011, Nichi-Iko Pharmaceutical Co., Ltd. (the “Company”) obtained the shareholder approval to implement countermeasures against large-scale acquisitions of shares of the Company (the “Original Plan”), in order to forestall abusive acquisitions against the Company as an initiative to protect and enhance the corporate value of the Company, and in turn, the common interests of shareholders, and the Original Plan was implemented on the same date.

Thereafter, the Company has, paying close attention to such development as the amendments of Financial Instruments and Exchange Act and related governmental and ministerial ordinances, and taking into consideration recent progress of the discussions regarding the takeover defense measures as an initiative to further protect and enhance the corporate value of the Company, and in turn, the common interests of shareholders, continued to review the Original Plan.

The Company hereby announces that, as a result of such review, the Company has resolved, at the meeting of the Board of Directors held today, to implement the following countermeasures against large-scale acquisitions of shares of the Company (the “New Plan”) by replacing the Original Plan which will expire at the closing of the Annual General Meeting of Shareholders, subject to approval by the majority of shareholders with voting rights in attendance at the 49th Annual General Meeting of Shareholders of the Company scheduled to be held in June, 2013 (the “Annual General Meeting of Shareholders”).

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Please be noted that, as of today, there is no approach or offer whatsoever with respect to large-scale acquisitions of the Company's shares. Also, please see Exhibit 1 for the status of major shareholders.

I. Basic policy regarding what and how a person controlling decisions on the Company's financial and business policies should be

Since the Company is a listed company, the Company's shares, etc. may be freely traded by the shareholders and investors. Therefore, the Company, in principle, does not deny large-scale acquisitions of shares, etc. of the Company.

Decisions on whether or not to accept the offer for large-scale acquisitions will relate to the issue of who shall be in charge of the management of the Company, and the Company believes that, ultimately, such decisions should be made freely by individual shareholders.

However, in recent years, cases have been becoming evident in the Japanese capital market in which sudden large-scale acquisitions of share certificates, etc. are unilaterally forced through without securing reasonable information and time to review the substance of the acquisition or having sufficient process of discussion and agreement with the management of the target companies.

The Company believes that, even such hostile large-scale acquisition of share certificates, etc. of the Company is not necessarily detrimental to the corporate value of the Company, and in turn, the common interests of shareholders, depending on the specific conditions and method, and therefore, will not uniformly deny all of such acquisitions.

However, some of such unilateral large-scale acquisitions of shares may be detrimental to corporate value of the Company, and in turn, common interests of shareholders. Such large-scale acquisitions include, among others, those virtually force the shareholders to sell their shares by not providing enough information on such large-scale acquisition, those do not ensure sufficient time for the shareholders to examine the conditions and methods of such large-scale acquisition or for the Board of Directors of the Company to make alternative proposals, or those lack intention to sincerely conduct reasonable management.

The Company believes that the person who controls decisions on the Company's financial and business policies must be someone who, based on its thorough understanding on the corporate identity of the Company, source of the corporate value of the Company and trust relationship with stakeholders of the Company, sincerely aims to protect and enhance the corporate value of the Company, and in turn, the common interests of shareholders, in a medium-to-long term.

Therefore, the Company believes that anyone who makes proposal for large-scale acquisition of shares that may be detrimental to our corporate value, and in turn, common interests of shareholders, as described above, or who conducts any similar action, is inappropriate as a person to control decisions on Company's financial and business policies.

II. Efforts to realize the basic policy

The Company believes that stable and continuous enhancement of the corporate value must be given top priority in order to enhance common interests of shareholders, and has made efforts in

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various ways to enhance common interests of shareholders, including efforts to enhance corporate value under the sixth medium-term management plan “Pyramid” as described in 1. below and efforts to reinforce corporate governance based on basic philosophy regarding corporate governance as described in 2. below.

The Company believes that these efforts will enhance the corporate value of the Company, and in turn, the common interests of shareholders, and will be properly reflected to the value of the shares of the Company, and ultimately, will prevent such large-scale acquisitions that may be seriously detrimental to the corporate value of the Company and the common interests of shareholders, and will contribute to the basic policy regarding control of the Company, which is established this time and described in I. above.

1. Efforts to enhance corporate value by the sixth Medium-Term Business Plan “Pyramid”

Since its founding in 1965, the Company has continued to manufacture and market highly economical, high-quality ethical drugs in its efforts to respond to expectations of people longing for healthy lives. Although the core business of the Company is generic pharmaceuticals, it also sells such new drugs as “Sedapiain Inj. 15”, an antagonist analgesic it developed independently, and “Unicon Tablets”, a sustained-release theophylline imported from overseas, and as it pursues development of generic pharmaceuticals utilizing its experience in new drug development, its products are used in approximately 132,000 medical institutions throughout Japan.

Also, in 1980, we became the first generic pharmaceuticals manufacturer to list its shares on the Second Section of the Nagoya Stock Exchange and, in 1981, the first to achieve listing on the Second Section of the Osaka Securities Exchange, and were promoted to the First Section of both exchanges in November 2008, and in December 2010, its shares were listed on the First Section of the Tokyo Stock Exchange.

In recent years, coping with health-care expenses has become a crucial challenge for Japan, and widespread use of low-cost generic pharmaceuticals is being promoted as one of the measures to meet this need. In April 2006, as a measure to promote the use of generic pharmaceuticals, Japan’s prescription format was changed and medical treatment fee was revised, which resulted in an expansion of the generics market mainly in dispensing pharmacies. Also, introduction of Diagnostic Procedure Combination (DPC) inpatient hospital payment system has been pursued in the hospital market, and with respect to drug selection in hospital treatment, centering on injectable drugs, low-cost generic pharmaceuticals market is expanding.

In June 2007, a goal of “increasing generic pharmaceuticals’ share by volume to 30% or more (under an old criterion) by 2012” was announced by the Ministry of Health, Labor and Welfare, and expansion of use of generic pharmaceuticals was promoted. As the needs expanded, on October 15, 2007, the Ministry of Health, Labor and Welfare announced “Action Program to Promote Safe Use of Generic Pharmaceuticals” regarding stable supply, quality assurance and provision of information, etc. by generic pharmaceutical manufacturers, and explicitly provided measures to promote the use of generic pharmaceuticals with ensured reliability.

Thereafter, the “Roadmap for Promotion of Further Use of Generic Pharmaceuticals” was announced by the Ministry of Health, Labor and Welfare on April 5, 2013, which stated that “new target share by volume for the generic pharmaceuticals shall be 60% or more (a new criterion) by

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the end of March 2018”, and the expansion of demand for generic pharmaceuticals is believed to continue.

In order to promptly respond to such change in market environment, the Company has compiled the sixth medium-term management plan “Pyramid” (the “Medium-Term Management Plan”) in March 2012 (for four fiscal years from April 2012 to March 2016), and in order to be successful in becoming “one of the top 10 generic pharmaceutical companies in the world” by achieving 130 billion yen of net sales and 14.3 billion yen of operating income by the final fiscal year, the Company, by increasing its organizational power and strengthening its corporate base, is implementing the following four strategies.

(i) Brand strategy

To become an indispensable manufacturer of generics by continuing to provide worldwide customers with unique and satisfactory products and services that can only be offered by Nichi-Iko.

(ii) User strategy

To provide products and services that satisfy customer demands and absorb customer demands to reflect in improvement of products and services.

(iii) Differentiation strategy

To encourage all employees to seek the value which Nichi-Iko can provide to customers and further enhance it as a source of future competitiveness.

(iv) Cost strategy

To improve its cost management methods in order to continue generating profits.

The management team of the Company is committed to make the best effort to further enhance the corporate value of the Company’s Group, and in turn, the common interests of shareholders, by speedily corresponding to issues above as a professional generic pharmaceutical manufacturer from a medium-to long-term viewpoint and achieving its Medium-Term Management Plan.

2. Basic policy regarding corporate governance and efforts to reinforce corporate governance based on such policy

In addition to the aforementioned efforts, the Company is proceeding with the establishment of the corporate governance system of the Company’s Group as an effort to contribute in successfully implementing the basic policies described in I. above.

The Company recognizes that thorough compliance, transparency of management and consciousness of corporate ethics, and carrying out proper decision-making and speedy business execution are the basics of corporate governance, and the enhancement and strengthening of the above is the material challenge for the management.

The Company Group believes that, with “We, Nichi-Iko, strive to provide products which meet various requirements from patients, pharmacists, doctors, wholesalers and pharmaceutical companies in the global market as one of the most respected, well established generic companies in the world.” as the mission statement, enhancement of its autonomy of management, continued

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proper relationship with each stakeholder including the shareholders in a long and sustainable term and fulfillment of its accountability will contribute to the enhancement of its corporate value and common interests of shareholders.

Specifically, in order to clarify the responsibility of the directors toward the shareholders, their term of office is set to be one year. Also, through adopting executive officer system and thereby separating from the directors' management decision-making and supervisory responsibility, appointing one external director, and having three external statutory auditors out of four statutory auditors, the Company strives to establish a fair management monitoring system with high objectivity and transparency. Furthermore, in accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act, the Company has established and prepared an internal control committee regarding the internal control system, which is the system necessary to ensure the appropriateness of the business of the company (including a system to keep the execution of operation by the directors in compliance with the laws and regulations and the article of incorporation), details of which is prescribed under the ordinance of Ministry of Justice.

The Company acknowledges, and continue to make efforts to ensure that, in compliance with the laws and regulations, it is the best way to establish corporate governance of the Company's Group to constantly examine the decision-making mechanism most suitable to accurately identify the demand of the society and various risks, to increase management efficiency, to enhance competitiveness and to aggressively challenge the market trends, and react promptly.

As the environment surrounding the generic pharmaceutical market is significantly changing, based on the mission statement "We, Nichi-Iko, strive to provide products which meet various requirements from patients, pharmacists, doctors, wholesalers and pharmaceutical companies in the global market as one of the most respected, well established generic companies in the world.", the Company's Group hopes to continue to fulfill its social responsibility as a generic pharmaceutical manufacturer by providing highly economical, high-quality ethical drugs to the Japanese citizens and strive for the enhancement of the corporate value, and in turn, the common interests of shareholders.

III. Details of the New Plan (Efforts to prevent the Company's financial and business policies from being controlled by an inappropriate party in light of the basic policy regarding control of the Company)

1. Purpose of the implementation of the New Plan

The Company implements the New Plan for the purpose of protecting and enhancing the corporate value of the Company, and in turn, the common interests of its shareholders. The detailed view of the Company regarding the implementation of the New Plan is as follows.

The Company operates as a generic pharmaceutical manufacturer, and as described in II. above, is engaging in various initiatives to contribute to the basic policy as described in I. above, as a part of the implementation of the Medium-Term Business Plan aiming for corresponding to the demands from the society and further strengthening its corporate structure.

Therefore, in the event that the Company receives a proposal for a Large-Scale Acquisition (as defined in 2. (1) (a) below; hereinafter the same) from a Large-Scale Acquirer, it is extremely

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important for the shareholders to make a proper judgment on whether or not to accept such proposal for a Large-Scale Acquisition, based on sufficient understanding on the business conditions of the Company and the corporate value of the Company taking into consideration various initiatives the Company is already engaging in, and the specific conditions and methods of such Large-Scale Acquisition.

Also, the Company believes that, in order for the shareholders to make proper judgment on whether or not to accept such proposal for Large-Scale Acquisition, not only one-sided information provided by the Large-Scale Acquirer but information provided from the Board of Directors of the Company, which is actually in charge of the management of the Company and is conversant with its business characteristics as well as various initiatives described above, and evaluations and opinions of the Board of Directors of the Company regarding such Large-Scale Acquisition need to be provided to the shareholders, and moreover, it is essential that sufficient time for the shareholders to give careful consideration is secured.

Furthermore, from the viewpoint of protecting and enhancing the corporate value of the Company, and in turn, the common interests of shareholders, if the Company determines that it is necessary to have the conditions and methods of the Large-Scale Acquisition changed or improved, the Company believes that negotiation with the Large-Scale Acquirer on the conditions and methods of the Large-Scale Acquisition and proposing alternative ideas will become necessary, and therefore sufficient time for such actions must be secured as well.

If the Company determines, as a result of evaluation and examination as to whether or not the conditions and methods of such Large-Scale Acquisition will contribute to protecting and enhancing the corporate value of the Company, and in turn, the common interests of shareholders, including the management policies of the Company after the Large-Scale Acquisition contemplated by the Large-Scale Acquirer, that such Large-Scale Acquisition is seriously detrimental to the corporate value of the Company, and in turn, the common interests of shareholders, including cases where the Large-Scale Acquirer accumulates shares and conducts an abusive management which only pursues self-interest as the major shareholder, or where the Large-Scale Acquirer practically coerces the shareholders to sell the shares of the Company or create a situation in which the shareholders are forced to sell the shares of the Company at lower price that does not reflect the real corporate value of the Company, then necessary and reasonable countermeasures must be implemented against such Large-Scale Acquisition.

Based on the foregoing policies, in order to facilitate the shareholders to make proper judgment as to whether or not to accept the acquisition, the Board of the Directors of the Company hereby establishes rules regarding the Large-Scale Acquisition (“Large-Scale Acquisition Rules”) so that the Board of Directors can obtain necessary information from the Large-Scale Acquirer and secure sufficient time to evaluate and examine the content of such information, and provide the shareholders with necessary time for their judgment (including judgment on alternative proposals).

Also, under the New Plan, if the Large-Scale Acquirer contemplating the Large-Scale Acquisition was requested to provide sufficient information and a sufficient time for evaluation and examination but did not follow such request, or if the Large-Scale Acquirer carries out or attempts to carry out a Large-Scale Acquisition that will be seriously detrimental to the corporate value of

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the Company, and in turn, the common interests of shareholders, countermeasures may be implemented.

Therefore, the New Plan is a plan to prevent Large-Scale Acquisitions by such Large-Scale Acquirer, and the implementation of the New Plan is a part of the efforts to prevent gaining of control on decisions on the Company's financial and business policies by a party who is inappropriate in light of "Basic Policy Regarding Control of the Company" established by the Company.

2. Details of the New Plan

The Large-Scale Acquisition Rules are rules under which, prior to a Large-Scale Acquisition, (i) the acquirer must in advance provide necessary and sufficient information regarding the Large-Scale Acquisition to the Board of Directors of the Company, and (ii) the commencement of the Large-Scale Acquisition is permitted only after a certain assessment period for the Board of Directors of the Company.

The outline of the Large-Scale Acquisition Rules is as follows:

(1) Establishment of the Large-Scale Acquisition Rules

(a) Acquisitions of the shares of the Company subject to the New Plan

Under the New Plan, if any action that falls under (i) or (ii) below or any action similar to them (the "Large-Scale Acquisition," except for those actions approved by the Board of Directors of the Company in advance; and any person who conducts or plans to conduct a Large-Scale Acquisition is hereinafter referred to as the "Large-Scale Acquirer") is conducted or contemplated, the Company may implement countermeasures under the New Plan:

- (i) An acquisition of the Share Certificates, etc. (*kabuken tou*)¹ issued by the Company that would result in the Holding Ratio of Share Certificates, etc. (*kabuken tou hoyuu wariai*)³ of holders (*hoyuusha*)² amounting to 20% or more; or
- (ii) A Tender Offer (*koukai kaitsuke*)⁵ that would result in the Ownership Ratio of Share Certificates, etc. (*kabuken tou shoyuu wariai*)⁶ of Share Certificates, etc. (*kabuken tou*)⁴ subject to the Tender Offer, when aggregated with the Ownership Ratio of Share Certificates, etc. of Persons in Special Relationship (*tokubetsu kankei-sha*)⁷ totaling 20% or more of the Share Certificates, etc. issued by the Company.

(b) Prior submission of "Large-Scale Acquisition Statement" to the Company

Unless pre-approved by the Board of Directors of the Company, a Large-Scale Acquirer is required to submit to the Company's President & CEO a "Large-Scale Acquisition Statement" before commencing a Large-Scale Acquisition, in a form prescribed by the Company and written in Japanese, containing an undertaking that the acquirer follows procedures set out in the New Plan and certain other items.

The following information shall be included in the Large-Scale Acquisition Statement.

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- (i) Outline of the Large-Scale Acquirer:
 - a. name and address;
 - b. name of the representative;
 - c. purpose of the company and its business;
 - d. outline of major shareholders or large contributors (top 10 in number of shares held or percentage of contribution);
 - e. contact information in Japan; and
 - f. governing law for establishment.
 - (ii) Number of the Company's share certificates, etc. currently held by the Large-Scale Acquirer, and the trading history of the Company's share certificates, etc. by the Large-Scale Acquirer during 60 days prior to the date of submission of the Large-Scale Acquisition Statement;
 - (iii) Outline of the Large-Scale Acquisition which the Large Scale Acquirer proposes (class and number of share certificates, etc. the Large Scale Acquirer contemplates to acquire through the Large-Scale Acquisition, and the outline of the purpose of the Large-Scale Acquisition (including acquisition of control or participation in management, portfolio investment or strategic investment, transfer or other disposal of the Company's share certificates, etc. to any third party after the Large-Scale Acquisition, or if important proposal acts, etc.⁸ or any other actions are contemplated, such fact and the outline thereof. If there are multiple purposes, specify all of them.))
 - (iv) Undertaking to follow the Large-Scale Acquisition Rules
- When submitting the "Large-Scale Acquisition Statement", a certified copy of commercial registration, certified copy of registered matters, a copy of the articles of incorporation or any other document that proves the existence of the Large-Scale Acquirer, shall be attached.
- (c) Provision of "Large-Scale Acquisition Information"

Following the submission of the "Large-Scale Acquisition Statement" described in (b) above, the Large-Scale Acquirer is required to provide necessary and sufficient information in Japanese for the shareholders to make judgments, and the Board of Directors of the Company to evaluate and examine, the Large-Scale Acquisition (the "Large-Scale Acquisition Information"), according to the following procedure.

First, the Company will, within ten business days⁹ after the Large-Scale Acquisition Statement has been submitted (first day excluded), send out the "List of Large-Scale Acquisition Information" describing information that should be initially submitted, to the address stated in (b)(i) e. above, and disclose the same to the shareholders, and therefore the Large-Scale Acquirer is expected to provide to the company sufficient information in accordance with the List of Large-Scale Acquisition Information.

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Also, if the Board of Directors of the Company objectively and reasonably determines that the information provided by the Large-Scale Acquirer in accordance with the List of Large-Scale Acquisition Information described above to be insufficient for the shareholders' judgment and the Board of Directors of the Company's evaluation and examination, considering the content and condition of the Large-Scale Acquisition, additional information which the Board of Directors of the Company requests separately shall also be provided by the Large-Scale Acquirer.

Regardless the content and condition of the Large-Scale Acquisition, information listed in the following items shall be, in principle, included as a part of the List of Large-Scale Acquisition Information:

- a. Details of the Large-Scale Acquirer and its group (including name, history, amount of capital or contribution, aggregate number of shares issued, names, careers, shareholding of representatives, officers and employees and other constituent members and other statuses of the company, etc., and financial position and operating results and other financial conditions for the last two fiscal years, intra-group relationship of the Large-Scale Acquirer (including, but not limited to, capital relationship, trading relationship, interlocking officers and employees and other personal relationship, contract relationship and histories of those relationships).);
- b. The purpose (specific content of the purpose disclosed in the Large-Scale Acquisition Statement), method and content (including the opinion on the legality of the Large-Scale Acquisition) of the Large-Scale Acquisition;
- c. Kind and amount of consideration for the purchase (in the event that securities, etc. are used as consideration, the status of the issuer of such securities, etc. and kind and exchange ratio of such securities, etc. and in the event securities, etc. and cash are used as consideration, kind, exchange ratio of such securities, etc. and the amount of cash shall be stated) and the basis and process of calculation of such amount (with respect to the calculation basis, the ground for calculation shall be specifically stated, and if such amount differs from the market price or the price in a trade recently conducted by the Large-Scale Acquirer, the amount of such difference shall be stated as well. Also, with respect to the difference in the amount of the purchase price depending on the kind of share certificates, etc., details such as the conversion policy shall be stated specifically. Regarding the process of calculation, if a third party opinion was obtained upon the calculation, name of such third party, outline of the opinion and process of determination of the amount taking such opinion into consideration shall be specifically stated);
- d. Status of funding necessary for the Large-Scale Acquisition, and the outline of the source of such funding (including, in case of deposits, balance by the type of deposit, in case of borrowings, borrowing amount, business type of the lender, content of the loan agreement, and in case of any other method of funding, the content, amount of funding, business type of the source of funding);
- e. Timing of acquisition, number of share certificates, etc. acquired and acquisition price for each time with respect to all of the acquisitions of the Company's share

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certificates, etc. made by the Large-Scale Acquirer's Group in the past, and the timing of sales and the number of share certificates, etc. sold and the selling price for each time of all of the share certificates, etc. of the Company sold in the past;

- f. If there is any lease agreement, collateral agreement, repurchase agreement, contract for sale and purchase or any other material agreement or arrangement in connection with the Company's share certificates, etc. already held by the Large-Scale Acquirer (the "Collateral Agreement, etc."), the kind of such agreement, the counterparty of such agreement, specific content of such Collateral Agreement, etc. such as the number of share certificates, etc subject to such agreement.;
- g. If there is any Collateral Agreement, etc. scheduled to be executed or any other agreement scheduled to be entered with a third party in connection with the Company's share certificates, etc. scheduled to be acquired at the Large-Scale Acquisition by the Large-Scale Acquirer, the kind of Collateral Agreement, etc. or any other agreement scheduled to be entered with a third party, the counterparty of such agreement, specific content of such Collateral Agreement, etc. or any other agreement scheduled to be entered with a third party, such as the number of share certificates, etc. targeted, etc.;
- h. If the purpose of the Large-Scale Acquisition is acquisition of control or participation in management, the methods of acquiring control or participating in management of the Company and the Company's Group contemplated after the completion of the Large-Scale Acquisition, and management policies after the acquisition of control or plans and policies on exercising voting rights after participating in management. Past experience in investment, management, business involvement in relation to any company or any other corporation in the same type of business as the Company (including those outside Japan), the details thereof, results, etc. If any organization restructuring, corporate group restructuring, dissolution, disposal or transfer of any material assets, significant amount of borrowing, appointment or dismissal of representative directors, change in the composition of officers, material change with respect to dividend and capital policies, or other material significant change in the management policies of the Company and the Company Group or any action having a material effect is scheduled, the details and necessity thereof;
- i. If the purpose of the Large-Scale Acquisition is portfolio investment or strategic investment, policies on holding of share certificates, inc., policies on sale and purchase, policies on exercise of voting rights, after the Large-Scale Acquisition and reasons thereof;

If the Large-Scale Acquisition is carried out as a strategic investment with the purpose of a long-term capital alliance, the necessity thereof;

- j. If the purpose of the Large-Scale Acquisition is important proposal acts, etc., or if any important proposal acts, etc., may take place after the Large-Scale Acquisition, purpose, details, necessity and timing, of such important proposal acts, etc. and information on in what situation such important proposal acts, etc. may take place;

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- k. If any further acquisition of share certificates, etc. is scheduled to take place after the Large-Scale Acquisition, the reason and content thereof;
- l. If the share certificates, etc. of the Company may be delisted after the Large-Scale Acquisition, such fact and the reason thereof;
- m. If there is any common intention (including contracts, other agreements or arrangements to engage in the joint purchase of the shares certificates, etc. of the Company on or after the submission date of the Large-Scale Acquisition Information) between Large-Scale Acquirer and the third party in connection with the Large-Scale Acquisition, the purpose and content thereof and the outline of such third party; and
- n. If any change in relationship with the Company's employees, counterparties, clients, community, or any stakeholder of the Company is contemplated after the completion of the Large-Scale Acquisition, specific details thereof.

If the Company considers that the shareholders need to know the fact that a proposal for Large-Scale Acquisition has been made or the information provided by the Large-Scale Acquirer in order to make their judgment, the Company will disclose all or part of such information at the time deemed appropriate.

Also, if the provision of the Large-Scale Acquisition Information by the Large-Scale Acquirer is reasonably determined to be completed at the meeting of Board of Directors of the Company, the Company shall make a notification to that effect to the Large-Scale Acquirer (the "Completion Notice of Provision of Information") and promptly disclose it.

(d) Establishment of the Board of Directors Evaluation Period, etc.

After making the Completion Notice of Provision of Information, the Company will set the period, depending on the degree of difficulty of the evaluation of the Large-Scale Acquisition, during which the Board of Directors of the Company evaluate, consider, negotiate over, form an opinion on, and draft an alternative plan (the "Board of Directors Evaluation Period"), and the length of which is 60 days in the case of the acquisition of all share certificates, etc. of the Company by way of a tender offer only in consideration for cash (Japanese currency) or 90 days in the case of any other Large-Scale Acquisitions (in both cases, the initial dates are not counted).

Furthermore, in cases where it is inevitable that the Board of Directors of the Company cannot reach a resolution determining whether or not to implement or not implement the countermeasures within the Board of Directors Evaluation Period due to certain reasons, including failure of the independent committee to make recommendations as stated in (3) (b) (ii) below within the Board of Directors Evaluation Period, the Board of Directors, based on a resolution of the independent committee, may extend the period up to 30 days (the initial date is not counted) to the extent necessary.

If the Board of Directors of the Company decides to extend the Board of Directors Evaluation Period, the Company shall make an appropriate disclosure in a timely and appropriate manner as to the specific period and the reason for the necessity of such

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specific period, in accordance with the applicable laws and regulations and stock exchange regulations.

The Large-Scale Acquirer may commence the Large-Scale Acquisition only after the Board of Directors Evaluation Period has elapsed.

The Board of Directors of the Company will thoroughly evaluate and examine the Large-Scale Acquisition it receives, with advice from external experts if necessary, during the Board of Directors Evaluation Period and will carefully form its opinion with respect to the Large-Scale Acquisition as the Board of Directors of the Company, make notice to the Large-Scale Acquirer and disclose it to shareholders in a timely and appropriate manner. In addition, if necessary, the Board of Directors of the Company may negotiate over the terms and method of the Large-Scale Acquisition with the Large-Scale Acquirer and may present alternative plans to shareholders.

(2) Policy of countermeasures against Large-Scale Acquisitions

(a) Conditions for implementing countermeasures

- (i) If a Large-Scale Acquirer conducts a Large-Scale Acquisition without complying with the Large-Scale Acquisition Rules.

If a Large-Scale Acquirer conducts or plans to conduct a Large-Scale Acquisition without complying with the Large-Scale Acquisition Rules, the Board of Directors of the Company will deem such Large-Scale Acquisition to be seriously detrimental to the corporate value of the Company and, in turn, the common interests of shareholders, regardless of its specific terms and method, and take the countermeasures necessary and appropriate to protect and enhance the corporate value of the Company and, in turn, the common interests of shareholders.

- (ii) If a Large-Scale Acquirer conducts a Large-Scale Acquisition in compliance with the Large-Scale Acquisition Rules

If a Large-Scale Acquirer conducts or plans to conduct a Large-Scale Acquisition in compliance with the Large-Scale Acquisition Rules, the Board of Directors of the Company will not, in principle, take any countermeasures against the Large-Scale Acquisition, even if it objects to the Large-Scale Acquisition, although it may still express a dissenting opinion, propose an alternative plan or give an explanation to shareholders. It is shareholders who will make decisions as to whether or not to accept the proposal of Large-Scale Acquisition, taking into consideration the Large-Scale Acquisition Information as well as the opinion thereon and alternative plan to the Large-Scale Acquisition of the Board of Directors of the Company.

However, even if the Large-Scale Acquirer conducts or plans to conduct the Large-Scale Acquisition in compliance with the Large-Scale Acquisition Rules, the Board of Directors of the Company may take the necessary and appropriate countermeasures to protect and enhance the corporate value of the Company and the common interests of shareholders, if the Board of Directors of the Company considers that the Large-Scale Acquisition will be seriously detrimental to the

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corporate value of the Company and, in turn, the common interests of shareholders such as a case the purpose of the relevant Large-Scale Acquisition is only to pursue the short-term profit for the Large-Scale Acquirer. More specifically, if any Large-Scale Acquisition is considered to be falling under any of the categories set out in Exhibit 2 or objectively and reasonably doubtful, such Large-Scale Acquisition will be considered to be seriously detrimental to the corporate value of the Company and, in turn, the common interests of shareholders.

(b) Details of the Countermeasures

As countermeasures against a Large-Scale Acquisition under the New Plan, the Company will, in principle, in accordance with a resolution of the Board of Directors of the Company, allot share options (the “Stock Acquisition Rights”) without contribution as outlined in Exhibit 3. If it is appropriate to implement other countermeasures which are permitted under the Companies Act and other laws and regulations and articles of incorporation of the Company, other countermeasures might be taken.

(3) Systems and procedures to ensure the rationality and fairness of the New Plan

(a) Confirmation of the shareholders’ opinion with respect to the introduction of the New Plan, effective period, continuation and abolition

(i) Confirmation of the shareholders’ opinion

It is obvious that it is desirable to reflect the shareholders’ opinion in implementing the New Plan. In order to do so, the Company has decided to introduce the New Plan subject to the approval by the majority of voting rights of the shareholders present at the Annual General Meeting of Shareholders. Therefore, the New Plan will not be introduced if such approval is not obtained.

(ii) Effective period, continuation and abolition

The effective period of the New Plan will be three years ending on the close of the 52nd Annual General Meeting of Shareholders which is scheduled to be held in June 2016, and thereafter, the approval of the General Meeting of Shareholders shall be obtained every three years as to the continuation of the New Plan (including the continuation with partial modification).

In addition, (i) if the Company’s General Meeting of Shareholders approves a proposal for abolishment of the New Plan or (ii) if the Board of Directors of the Company resolves to abolish the New Plan, the New Plan will be abolished at that time, even before the expiry of the effective period.

Furthermore, its continuation, abolition or amendment will be discussed or determined at the first meeting of the Board of Directors held after the close of the Annual General Meetings of Shareholders of the Company to be held in 2014 and 2015.

Board of Directors of the Company may amend the New Plan within the scope of the basic policy or the intention behind the approval at the General Meeting of

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Shareholders or within the scope of the amendment of the related laws and regulations and the listing system stipulated by the listed stock exchange or its interpretation or operation, to the extent reasonably necessary.

In addition, the term of office of directors of the Company is one year as stipulated in the articles of incorporation and the term of office of all directors of the Company will expire at the close of the Annual General Meeting of Shareholders. Therefore, the New Plan may be abolished at any time even before the expiration of the term through the exercise of the voting rights for the proposal for the appointment of directors, which enables shareholders to confirm their opinion for the New Plan.

If the New Plan is abolished or amended, the Company will promptly disclose such abolishment or amendment, and any other matters which the Board of Directors of the Company considers appropriate, pursuant to the applicable laws and regulations and stock exchange regulations.

- (b) Establishment of the independent committee and the procedures of consultation, etc.
- (i) Establishment of the independent committee

Although the Board of Directors of the Company will make the final judgment as to whether a series of procedures have been conducted in compliance with the Large-Scale Acquisition Rules, and if the Large-Scale Acquisition Rules have been observed, whether certain countermeasures that are deemed necessary and appropriate to protect and enhance the corporate value of the Company and, in turn, the common interests of shareholders should be taken, the Company will set up an independent committee, as an organization independent of its Board of Directors, to ensure the rationality and fairness of the judgment.

(For an outline of the rules of the independent committee, please see Exhibit 4.)

The independent committee shall consist of not less than three members, and members shall be appointed from external directors or external statutory auditors of the Company, or attorneys, tax accountants, certified public accountants, academic experts, specialists in the investment banking business or outsiders with experiences in directors and executive officers of other companies. The number of members of the independent committee upon the introduction of the New Plan shall be three, namely Mr. Hajime Imamura, Mr. Hitoshi Hori and Mr. Kiyotaka Tanaka. Career summary for each member of the committee is set out in Exhibit 5 “Career Summary of the Independent Committee Members”.

- (ii) Procedures for the implementation of countermeasures

When determining whether or not to implement countermeasures, the Board of Directors of the Company will take the following procedures to ensure the rationality and fairness of its decision.

First, before implementing countermeasures, the Board of Directors of the Company will consult the independent committee as to whether or not to implement

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countermeasures. Based on such consultation, and after obtaining advice from external experts if necessary, the independent committee will make a recommendation to the Board of Directors of the Company as to whether or not to implement countermeasures. When deciding whether countermeasures should be implemented, the Board of Directors of the Company fully respects the independent committee's recommendation.

The Board of Directors of the Company will, in addition to the consultation to the independent committee described above, obtain advice from external experts if necessary, evaluate and consider, among other things, the Large-Scale Acquirer, specific details of the Large-Scale Acquisition, and the impact that the Large-Scale Acquisition would have on the corporate value of the Company and, in turn, the common interests of shareholders, and then decide whether or not to implement countermeasures.

(iii) Suspension or withdrawal of the implemented countermeasures

Even if the Board of Directors of the Company implemented the countermeasures in accordance with the procedures set out in (ii) above, if (i) the Large-Scale Acquirer suspended or withdrew the Large-Scale Acquisition or (ii) any fact that had been the basis for the decision of whether or not to implement the countermeasures was changed, which lead to the situation that it is not appropriate to continue the countermeasures which had been implemented with a view to protect and enhance the corporate value of the Company and, in turn, the common interests of shareholders, the Board of Directors of the Company shall consult the independent committee again as to whether or not to continue the implementation of the countermeasures after presenting the specific circumstances which lead to the above situation and will consider the suspension or withdrawal of the implemented countermeasures by obtaining advice from external experts if necessary.

Based on such consultation, and after obtaining advice from external experts if necessary, the independent committee will consider as to whether or not to continue the implementation of the countermeasures and make a recommendation to the Board of Directors of the Company. When deciding whether or not to continue the implementation of the countermeasures, the Board of Directors of the Company shall fully respect the independent committee's recommendation.

Having considered the recommendation of the independent committee as described above, if the Board of the Directors of the Company reaches the conclusion that it is not appropriate to continue the countermeasures with a view to protect and enhance the corporate value of the Company and, in turn, the common interests of shareholders, the Board of Directors of the Company shall suspend or withdraw the implemented countermeasures and disclose such decision promptly.

In addition, when conducting an allotment of Stock Acquisition Rights without contribution as countermeasures, the Company will suspend the allotment of Stock Acquisition Rights without contribution if decision of suspension is made on or before the second business days prior to the ex-rights date (the "Ex-rights date") with

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respect to the record date of the allotment of Stock Acquisition Rights without contribution, while the allotment of Stock Acquisition Rights without contribution will not be suspended on or after the immediately preceding business day of the Ex-rights date so that general investors who have traded the Company's shares before the Ex-rights date based on the assumption that the economic value per share of the Company will be diluted will not suffer losses due to stock price fluctuations.

However, after the Effective Date of the allotment of Stock Acquisition Rights without contribution and until the date immediately prior to the first day of the exercise period of the Stock Acquisition Rights, the Stock Acquisition Rights may be acquired without consideration (in such cases, as set out in 4. (2) below, shareholders who have traded the Company's shares based on the assumption that the economic value per share of the Company will be diluted may suffer losses due to stock price fluctuations.).

(iv) Voluntary consultation with the independent committee

If there is a question as to whether the information provided by the Large-Scale Acquirer is necessary and sufficient as the Large-Scale Acquisition Information or if the Board of Directors of the Company otherwise deems necessary to do so, the Board of Directors of the Company may voluntarily consult the independent committee on any subject other than the appropriateness of the implementation of the countermeasures or the continuation of the implemented countermeasures. If such consultation is made, the independent committee shall consider the matters with respect to such consultation with advice from external experts if necessary and make a recommendation to the Board of Directors of the Company. The Board of Directors of the Company shall fully respect such independent committee's recommendation.

3. Rationality of the New Plan

(1) The New Plan puts emphasis on shareholders' opinion.

The New Plan is implemented subject to the approval of the majority of voting rights of the shareholders present at the Annual General Meeting of Shareholders to reflect the shareholders' opinion on the New Plan.

Also, the effective period of the New Plan will expire at the close of the Annual General Meeting of Shareholders held in 2016. However, as described in 2. (3) (a) (ii) above, (i) if the Company's General Meeting of Shareholders approves a proposal for abolishment of the New Plan or (ii) if the Board of Directors of the Company resolves to abolish the New Plan, the New Plan will be abolished at that time, even before the expiry of the effective period, which ensures the mechanism to reflect the shareholders' opinion properly.

(2) The New Plan is not a dead-hand takeover defense measure.

The New Plan can be abolished at any time by the Board of Directors comprising the directors appointed at the Company's General Meeting of Shareholders, and is therefore not a dead-hand

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takeover defense measure (a takeover defense measure whose implementation cannot be blocked even if a majority of the members of the Board of Directors are replaced).

(3) The New Plan is considered to fully satisfy the requirements in the guidelines concerning takeover defense measures.

The New Plan fully satisfies the three principles ((i) “principle of protecting and enhancing corporate value and the common interests of shareholders,” (ii) “principle of prior disclosure and shareholders’ opinion,” and (iii) “principle of ensuring the necessity and reasonableness”) set out in the “Guidelines Regarding Takeover Defense Measures for the Purposes of Protection and Enhancement of Corporate Value and Common Interests of Shareholders” announced by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005.

The New Plan also takes into consideration the report “Takeover Defense Measures in Light of Recent Environmental Changes” released by the Corporate Value Study Group on June 30, 2008 and other recent discussions, etc. with respect to the takeover defense measures by specifying that information which the Board of Directors of the Company will request for the Large-Scale Acquirer must be determined rationally, and that in order for the Board of Directors of the Company to implement the countermeasures, it is not enough for any Large-Scale Acquisition to fall under certain types formally but it is also necessary for the Large-Scale Acquisition to be considered obviously seriously detrimental to the corporate value of the Company and the common interests of shareholders.

In addition, the New Plan corresponds to the intention of various rules relating to the introduction of takeover defense measures established by the Tokyo Stock Exchange, Inc.

(4) The New Plan is introduced to protect or enhance the corporate value of the Company and, in turn, the common interests of shareholders.

As mentioned in 1. above, the New Plan is introduced so that the Large-Scale Acquirer provides the time necessary for the provision of necessary information in advance with respect to the Large-Scale Acquisition and its evaluation and examination, etc. with an aim to protect or enhance the corporate value of the Company and, in turn, the common interests of shareholders.

(5) Establishment of reasonable and objective requirements for implementation of countermeasures

As set out in 2. (2) (a) above, New Plan is structured so that the countermeasures will not be implemented unless reasonable and objective requirements have been satisfied. Also, a mechanism to prevent arbitrary application of the New Plan and the implementation of countermeasures by the Board of Directors of the Company is ensured by establishing the independent committee as an organization independent of the Board of Directors of the Company, in order to secure the rationality and fairness of the New Plan such as the decision by the Board of Directors as to whether or not to implement certain countermeasures.

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4. Impact on shareholders and investors

(1) Impact on shareholders and investors at the time of introduction of the New Plan

No allotment of Stock Acquisition Rights without contribution will be conducted at the time of introduction of the New Plan. Therefore, the New Plan will have no direct specific impact on the legal rights and economic interests of shareholders and investors concerning their Shares of the Company at the time of its introduction.

(2) Impact on shareholders and investors at the time of allotment of Stock Acquisition Rights without contribution

If the Board of Directors of the Company determines to implement countermeasures and passes a resolution for conducting the allotment of Stock Acquisition Rights without contribution in accordance with its principles, the Stock Acquisition Rights shall be allotted without consideration, whereby one Stock Acquisition Right is being allotted for one share of the Company held by the respective shareholders recorded in the Company's register of shareholders as at the close of the Allotment Date (as defined in Paragraph 1 of Exhibit 3, hereinafter the same) separately determined.

Due to the mechanism of the countermeasures, although the economic value per share of the Company held by shareholders or investors will be diluted at the time of the allotment of Stock Acquisition Rights without contribution, the economic value of all of the Company's shares held by them will not be diluted and the voting rights per share of the Company will also not be diluted. Therefore, it is not anticipated that it will have a direct specific impact on the legal rights and economic interests in the Company's shares held by shareholders and investors.

Even in cases where the Board of Directors of the Company passes a resolution for the allotment of Stock Acquisition Rights without contribution as countermeasures, if the Board of Directors of the Company suspends or withdraws the countermeasure implemented by them in accordance with the procedures set out in 2. (3) (b) (iii) above, the economic value per share of the Company held by shareholders or investors will also not be diluted, and investors who have traded based on the assumption that the economic value per share will be diluted may suffer unexpected losses due to stock price fluctuations.

If unequal conditions are imposed on the exercise or acquisition of Stock Acquisition Rights, legal rights or other rights of a Large-Scale Acquirer may be diluted upon the exercise or acquisition. However, even in such case, it is not anticipated that it will have a direct specific impact on the legal rights and economic interests in all of the Company's shares held by shareholders and investors other than the Large-Scale Acquirer.

(3) Necessary procedures for shareholders upon exercise or acquisition of Stock Acquisition Rights after allotment of Stock Acquisition Rights without contribution is commenced

If the Board of Directors of the Company passes a resolution for the allotment of Stock Acquisition Rights without contribution as countermeasures, the Company will give a public notice of the record date of such allotment of Stock Acquisition Rights without contribution.

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Also, the Company will allot Stock Acquisition Rights without consideration to the respective shareholders that are registered or recorded in the Company's register of shareholders as at the close of the record date of such allotment.

Further, the Company will disclose or notify to shareholders of the details of the methods of allotment and exercise, as well as the method of acquisition by the Company, after passing the resolution of the Board of Directors of the Company for countermeasures. Shareholders are requested to check these details at that time.

5. Others

The Board of Directors of the Company continues to monitor future judicial ruling trends and responses, etc. of securities exchanges and other public agencies, and enactments and amendments to the Companies Act, the Financial Instruments and Exchange Act or listing rules, etc. of each securities exchange, and enactment and abolishment of other laws and regulations, and will make appropriate arrangement from time to time, including necessary examination to the policy of countermeasures or introducing alternative defense measures to replace the policy of countermeasures, from the viewpoint of protecting and enhancing the corporate value of the Company and, in turn, the common interests of shareholders.

(Note 1) Share Certificates, etc. (including share without certificates and other rights) as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act. Unless otherwise provided for herein, this definition is applied throughout this document. If the Companies Act, the Financial Instruments and Exchange Act and related regulations, cabinet order, cabinet office ordinance and ordinance, etc. (including amendments to the names of laws and regulations, and enactments of new laws and regulations succeeding the current laws and regulations) are amended and implemented, unless otherwise determined by the Board of Directors of the Company, each provision and term of these laws and regulations referred to in the New Plan shall be applied mutatis mutandis by replacing such provisions and terms with those used in the laws and regulations which substantially succeeded the laws and regulations before amendment.

(Note 2) A Holder as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act, including a person deemed as a holder pursuant to Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Act. Unless otherwise provided for herein, this definition is applied throughout this document.

(Note 3) Holding Ratio of Share Certificates, etc. as defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act. Unless otherwise provided for herein, this definition is applied throughout this document.

In calculating the Holding Ratio of Share Certificates, etc., the annual securities report, the quarterly report or the treasury stock purchase report of the Company, whichever document has been most recently filed to the authorities, may be referred to in deciding the Total Number of Issued Shares (Provided in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act. Unless otherwise provided for herein, this definition is applied throughout this document.).

(Note 4) Share Certificates, etc. (including share without certificates and other rights) as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act. The same is applied hereinafter in 2.

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(Note 5) Tender Offer as defined in Article 27-2, Paragraph 6 of the Financial Instruments and Exchange Act. Unless otherwise provided for herein, this definition is applied throughout this document.

(Note 6) Ownership Ratio of Share Certificates, etc. as defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act. Unless otherwise provided for herein, this definition is applied throughout this document.

In calculating the Ownership Ratio of Share Certificates, etc., the annual securities report, the quarterly report or the treasury stock purchase report of the Company, whichever document has been most recently filed to the authorities, may be referred to in deciding the Total Number of Voting Rights (Provided in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act. Unless otherwise provided for herein, this definition is applied throughout this document.).

(Note 7) Persons in Special Relationship as defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act. However, persons provided for in Article 3, Paragraph 2 of the Cabinet Office Ordinance concerning Disclosure of a Tender Offer of Share Certificates, etc. by Persons other than the Issuing Company are excluded from the persons referred to in Article 27-2, Paragraph 7, Item 1 of the Financial Instruments and Exchange Act. Unless otherwise provided for herein, the same is applied throughout this document.

(Note 8) Important Proposal Acts, etc. as defined in Article 27-26, Paragraph 1 of the Financial Instruments and Exchange Act, Article 14-8-2, Paragraph 1 of the Order for Enforcement of the Financial Instruments and Exchange Act, and Article 16 of the Cabinet Office Ordinance concerning Disclosure of the Status of Large-Scale Holding of Share Certificates, etc. Unless otherwise provided for herein, this definition is applied throughout this document.

(Note 9) Business Day means any day other than those set forth in each item of Article 1, Paragraph 1 of the Act on Holidays of Administrative Organs. Unless otherwise provided for herein, this definition is applied throughout this document.

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(Exhibit 1)

Status of Shares of the Company (as of March 31, 2013)

1. Total number of issuable shares: 93,500,000 shares
2. Total number of issued shares: 40,729,417 shares
3. The status of major shareholders:

| Name of shareholders | Number of shares held (Thousands of shares) | Shareholding ratio (%) |
|--|--|---------------------------|
| TAMURA Co., Ltd. | 4,281 | 10.74 |
| The Hokuriku Bank, Ltd. | 1,927 | 4.84 |
| Sanofi K.K. | 1,897 | 4.76 |
| Japan Trustee Services Bank, Ltd. (Trust Account) | 1,710 | 4.29 |
| NIPRO CORPORATION | 1,321 | 3.31 |
| Yuichi Tamura | 1,188 | 2.98 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 1,118 | 2.81 |
| GOLDMAN, SACHS & CO. REG | 1,094 | 2.75 |
| CMBL S.A. RE MUTUAL FUNDS | 902 | 2.26 |
| STATE STREET BANK AND TRUST COMPANY 505044 | 665 | 1.67 |

(Notes)

1. The Company holds 865,375 shares as treasury stock, but it is excluded from the list of major shareholders above.
2. The shareholding ratio has been calculated by deducting the treasury stock of 865,375 shares.

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(Exhibit 2)

**Types of Acquisition Considered to be Seriously Detrimental
to the Corporate Value of the Company and the Common Interests of Shareholders**

- (1) Where a Large-Scale Acquirer is considered to be acquiring or attempting to acquire the Company's share certificates, etc. for the purpose of rising the share price and making the Company or its related parties purchase those share certificates, etc. at an inflated price, with no real intention to participate in the Company's management (so-called greenmailer);
- (2) Where a Large-Scale Acquirer is considered to be acquiring the Company's share certificates, etc., for the purpose of gaining temporal control of the Company's management in order to transfer to the relevant Large-Scale Acquirer or its group companies, etc., the assets of the Company or its group companies, such as intellectual property, know-how, trade secret, main business partners and customers, which are necessary for the Company or its group companies' business operations;
- (3) Where a Large-Scale Acquirer is considered to be acquiring the Company's share certificates, etc. for the purpose of diverting the assets of the Company or its group companies to provide collateral for, or to make repayment of, the indebtedness of the relevant Large-Scale Acquirer or its group companies after taking control of the Company's management;
- (4) Where a Large-Scale Acquirer is considered to be acquiring the Company's share certificates, etc., for the purpose of gaining temporal control of the Company's management in order to dispose of high value assets such as real estate and securities of no immediate relation to the business of the Company or its group companies, and to declare one-time high dividends with the proceeds from such disposals or to sell the Company's share certificates, etc. at high price taking the opportunity of sharp rise in share price due to the one-time high dividends;
- (5) Where the conditions of acquisition of the Company's share certificates, etc. proposed by a Large-Scale Acquirer (including, without limitation, the type and amount of consideration, basis for calculation of such amount, any other specific details of the conditions (including time and method of such acquisition), presence or absence of illegality and feasibility, etc. of the acquisition) are considered to be significantly insufficient or inadequate in light of the Company's corporate value;
- (6) Where the method of acquisition of the Company's share certificates, etc. proposed by a Large-Scale Acquirer is considered that it may restrict the shareholders' opportunities and discretion to make decisions and practically coerce shareholders to sell their share certificates, etc. of the Company, such as in the cases of so-called coercive two-step acquisition (e.g. the Large-Scale Acquirer initially effects a tender offer or other method of purchase by not targeting all of share certificates, etc. of the Company, with conditions for the second step acquisition left unfavorable or equivocal);
- (7) Where the acquisition of control by the Large-Scale Acquirer is considered likely to be material threat to the protection and enhancement of corporate value of the Company, and in turn, the common interests of shareholders, including the cases in which the Company's

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corporate value including the interests of the shareholders, customers, employees, and other stakeholders, and in turn, the common interests of the shareholders, are expected to be seriously damaged;

- (8) Where it is considered that, on a medium- to long-term basis, the Company's future corporate value in the case of the Large Scale Acquirer gaining control will be significantly lower than that in the case of not gaining control;
- (9) Where the Large-Scale Acquirer is considered to be materially inadequate as a controlling shareholder of the Company in terms of public order and good morals; and
- (10) Cases similar to (1) to (9) above which are considered to be seriously detrimental to the corporate value of the Company, and in turn, the common interests of shareholders.

End

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(Exhibit 3)

Outline of Allotment of Stock Acquisition Rights without Contribution

1. Total number of the Stock Acquisition Rights to be allotted

The total number of the Stock Acquisition Rights to be allotted shall be equal to the number of the total number of issued common stock of the Company as at the close of a certain date designated separately by the Board of Directors of the Company (the “Allotment Date”) in its resolution regarding the allotment of the Stock Acquisition Rights without contribution (the “Resolution for Allotment of Stock Acquisition Rights without Contribution”), excluding the number of common stock of the Company held by the Company at such time.

2. Shareholders eligible for allotment

The Company shall allot the Stock Acquisition Rights without contribution to the shareholders recorded in its register of shareholders as at the close of the Allotment Date designated by the Board of Directors of the Company, at a ratio of one Stock Acquisition Right per one share of the Company’s common stock held by them (excluding the Company’s common stock held by the Company at such time).

3. Effective date of allotment of the Stock Acquisition Rights without contribution

It shall be the day determined separately by the Board of Directors of the Company in the Resolution for Allotment of Stock Acquisition Rights without Contribution.

4. Class and number of shares underlying the Stock Acquisition Rights

The class of shares underlying the Stock Acquisition Rights shall be the Company’s common stock, and the number of shares underlying the Stock Acquisition Right shall be one share for each Stock Acquisition Right (the “Underlying Number of Shares”), provided, however, that if the Company conducts any stock split or reverse stock split, it shall be adjusted as necessary.

5. The amount to be contributed upon exercise of the Stock Acquisition Rights

The properties to be contributed upon exercise of the Stock Acquisition Rights shall be cash, and the amount to be contributed shall be not less than one yen and determined by the Board of Directors of the Company.

6. Restrictions on transfer of the Stock Acquisition Rights

Transfer of the Stock Acquisition Rights shall be subject to the approval of the Board of Directors of the Company.

7. Condition for exercise of the Stock Acquisition Rights

Any of (i) Specified Large-Scale Holders (Note 1), (ii) joint holders of Specified Large-Scale Holders, (iii) Specified Large-Scale Acquirers (Note 2), (iv) Persons in Special Relationship with the Specified Large-Scale Acquirers or (v) persons who purchased or succeed to the Stock Acquisition Rights from a person falling under any of (i) through (iv) above without an

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approval of the Board of Directors of the Company, or (vi) Affiliated Persons (Note 3) of a person falling under any of (i) through (v) (any of these persons are collectively referred to as the “Non-Qualified Person”) may not exercise the Stock Acquisition Rights. The details of condition for exercise of the Stock Acquisition Rights shall be determined separately in the Resolution for Allotment of Stock Acquisition Rights without Contribution.

8. Acquisition of the Stock Acquisition Rights by the Company

The Company is entitled to acquire all the Stock Acquisition Rights held by persons other than the Non-Qualified Persons on the day designated separately by the Board of Directors of the Company and, in exchange for each Stock Acquisition Right, deliver the common stock of the Company in the number equal to the Underlying Number of Shares as of the acquisition date.

The details of acquisition clause of the Stock Acquisition Rights shall be determined separately in the Resolution for Allotment of Stock Acquisition Rights without Contribution.

9. Acquisition without consideration in the case of a suspension, etc. of implementation of countermeasures

If the Board of Directors of the Company resolves to suspend or withdraw the once-implemented countermeasures or in the event otherwise determined separately by the Board of Directors of the Company in the Resolution for Allotment of Stock Acquisition Rights without Contribution, the Company would be entitled to acquire all the Stock Acquisition Rights without consideration.

10. Issuance of the Stock Acquisition Rights

No certificates for the Stock Acquisition Rights shall be issued.

11. Exercise period, etc. of the Stock Acquisition Rights

The exercise period of the Stock Acquisition Rights and other necessary items shall be determined separately by the Board of Directors of the Company in the Resolution for Allotment of Stock Acquisition Rights without Contribution,

(Note 1) “Specified Large-Scale Holder” means a person who is a holder of share certificates, etc. issued by the Company, and whose holding ratio of share certificates, etc. in respect of such share certificates, etc. is 20% or more or, in the judgment of the Board of Directors of the Company, any person considered to become such holder; provided, however, that any person the Board of Directors of the Company considers whose acquisition and holding of share certificates, etc. of the Company does not harm the corporate value of the Company, and in turn, the common interests of shareholders or any other person designated separately by the Board of Directors of the Company in the Resolution for Allotment of Stock Acquisition Rights without Contribution shall be excluded.

(Note 2) “Specified Large-Scale Acquirer” means a person who has made a public notice of acquisition, etc. of share certificates, etc. (as defined in Article 27-2, Paragraph 1 of the

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Financial Instruments and Exchange Act; hereinafter the same in this (Note 2)) issued by the Company by way of a tender offer (as defined in Article 27-2, Paragraph 6 of the Financial Instruments and Exchange Act), and whose ownership ratio of share certificates, etc. in respect of such share certificates, etc. owned by such person (including those in similar status as set forth in Article 7, Paragraph 1 of the Enforcement Order of the Financial Instruments and Exchange Act) after such acquisition, etc. is 20% or more when aggregated with the ownership ratio of share certificates, etc. of Persons in Special Relationship with such person or any person considered to become a Specified Large-Scale Acquirer by the Board of Directors of the Company.

Provided, however, any person the Board of Directors of the Company considers whose acquisition and holding of share certificates, etc. of the Company does not harm the corporate value of the Company, and in turn, the common interests of shareholders or any other person designated separately by the Board of Directors of the Company in the Resolution for Allotment of Stock Acquisition Rights without Contribution shall be excluded.

(Note 3) An “Affiliated Person” means a person who is substantially controlling, being controlled by, or being under the common control with such person (including persons considered to fall under such person by the Board of Directors of the Company), or a person who is considered by the Board of Directors of the Company to act in concert with such person. “Control” means “a situation where a person controls decisions of the financial and business policies” (as set forth in Article 3, Paragraph 3 of the Ordinance for Enforcement of the Companies Act) of another company or entity.

End

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(Exhibit 4)

Outline of the Rules of the Independent Committee

1. Establishment

The Independent Committee shall be established by the resolution of the Board of Directors of the Company.

2. Composition

(1) Independent Committee shall consist of three or more members.

Such members are Mr. Hajime Imamura, Mr. Hitoshi Hori and Mr. Kiyotaka Tanaka.

(2) The members shall be selected from external directors, external statutory auditors and external experts, etc. who is independent of the management that executes business operations of the Company.

3. Duties

The Independent Committee shall determine the recommendations in respect of, in general, the matters consulted by the Board of Directors, and provide advice and recommendations to the Board of Directors with the reason thereof. The Board of Directors shall make the final decision with full respect for such recommendation.

Each member of the Independent Committee shall make such decision from the viewpoint of whether or not the subject matter contributes to the corporate value of the Company, and in turn, the common interests of shareholders, and shall not solely pursue personal interests of himself or the Board of Directors of the Company.

The Independent Committee shall endeavor to collect necessary and sufficient information in order to ensure that appropriate decisions are made, and may obtain specialized advice, if necessary, from independent third parties (financial advisers, security firms, investment banks, attorneys, certified public accountants, consultants and other external experts, etc.) at the Company's expense.

4. Requirements of resolutions

Resolutions of the Independent Committee shall be in general made by a majority of members present, with the attendance of all members. If any of the members are unable to attend or there is any inevitable reason, resolutions shall be made by a majority of members present, with the attendance of majority of all members.

End

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(Exhibit 5)

Career Summary of the Independent Committee Members

Name: Hajime Imamura

(Career summary)

Born on November 19, 1955

April 1984 Admitted to Toyama Bar Association (Present)

February 1994 Statutory Auditor of the Company (Present)

January 1998 Founded Imamura Law Office
Representative of Imamura Law Office (Present)

(Mr. Imamura is an external Statutory Auditor as provided for in Article 2, Item 16 of the Companies Act.)

Name: Hitoshi Hori

(Career summary)

Born on July 27, 1953

August 1982 Registered as Certified Public Accountant (Present)

September 1985 Registered as Tax Accountant (Present)

August 2002 Founded Hori Tax Accountant Corporation
Representative of Hori Tax Accountant Corporation (Present)

February 2005 Statutory Auditor of the Company (Present)

(Mr. Hori is an external Statutory Auditor as provided for in Article 2, Item 16 of the Companies Act.)

Name: Kiyotaka Tanaka

(Career summary)

Born on March 18, 1945

March 1976 Registered as Tax Accountant (Present)

September 2003 Representative of Hori Tax Accountant Corporation (Present)

End