

June 17, 2011

Press Release

[Mitsubishi Tanabe Pharma Corporation](#)

Japanese Red Cross Society

## Notice of a basic agreement between the Japanese Red Cross Society and Mitsubishi Tanabe Pharma Corporation regarding the commencement of discussions about the integration of their plasma fractionation operations

Mitsubishi Tanabe Pharma Corporation (Head Office: Chuo-ku, Osaka; President and CEO: Michihiro Tsuchiya) and the Japanese Red Cross Society (National Headquarters: Minato-ku, Tokyo; President: Tadateru Konoe), announced today that they have reached an agreement, with the approval of the Board of Directors of Mitsubishi Tanabe Pharma Corporation and the Board of Governors of the Japanese Red Cross Society, to commence discussions about an integration of their respective plasma fractionation operations. This integration would entail the combination of Benesis Corporation, a wholly owned subsidiary of Mitsubishi Tanabe Pharma Corporation that is engaged in the production and sale of plasma fractionation products, and the plasma fractionation operations of the Japanese Red Cross Society, with a target date of April 1, 2012.

### **1. Intent and Purpose of Operational Integration**

In Japan, with the objective of contributing to the health and welfare of the people of Japan by improving the safety of blood products and securing a stable supply of these products, the Act on Securing a Stable Supply of Safe Blood Products was put into effect in July 2003. This act is based on the viewpoints of ethics and international fairness, and one of its basic principles is to secure national self-sufficiency and a stable supply of blood products. Furthermore, the achievement of national self-sufficiency has become an international issue, including calls for international, efficient, sustainable blood operations with the objective of achieving national self-sufficiency for member countries of the World Health Organization. In addition, the achievement of national self-sufficiency is also indispensable from the

viewpoint of securing safety by protecting the health of the people in the event that there is a worldwide shortage of blood products.

However, Japan has not yet achieved national self-sufficiency in plasma fractionation products. In particular, the national self-sufficiency level for albumin products was only 58.7% in 2010, and there are some products that are not manufactured in Japan at all. The major reason for this situation is that the operational scale of domestic manufacturers is small in comparison with the operation scale of competing overseas companies that conduct business around the world, and there are limits to what can be achieved by increasing efficiency, including the area of production costs.

In this setting, Mitsubishi Tanabe Pharma Corporation and the Japanese Red Cross Society, to meet the mandate of the people to provide sustained, stable plasma fractionation operations in Japan, agreed that the integration of their respective plasma fractionation operations should be considered as an important option, and they considered the potential of such an initiative. In addition, the Committee on Blood Products, Pharmaceutical Affairs Department, Pharmaceutical Affairs and Food Sanitation Council, Ministry of Health, Labour and Welfare deliberated and approved (March 8, 2011) an interim report from a study committee regarding the supply of plasma derivative preparations. At that point, the deliberations of the two corporations were moving in the same direction, and therefore they decided to begin concrete discussions regarding the establishment of a new corporation.

The establishment of this new corporation will be intended to help Japan to achieve national self-sufficiency in blood products through the use of economies of scale to reduce costs at the production and supply stages and through efficient management.

## **2. Framework Following the Operational Integration**

The new corporation will be formed through the integration of the plasma fractionation operations of Mitsubishi Tanabe Pharma Corporation and the Japanese Red Cross Society. It will be a non-profit organization that works to enhance the public welfare through the achievement of national self-sufficiency in blood products made from blood obtained through voluntary non-remunerated blood donation. Moreover, the new company will also

be expected to build a large-scale alcohol fractionation plant with the capacity to process all of the raw materials needed nationwide for plasma fractionation products and to play a central role in the domestic production of plasma fractionation products through an efficient production system.

### **3. Outline of Basic Agreement**

#### (1) Conclusion of basic agreement

Today, the two corporations concluded a basic agreement regarding the fundamental issues involving the integration of the plasma fractionation operations.

#### (2) Basic matters agreed upon regarding the operational integration

##### 1. Framework of integration

The objective will be an operational integration of the plasma derivative operations of the two corporations, with the new corporation acquiring the operations through donation or through business transfer.

##### 2. Name of new corporation

To be determined.

##### 3. Date of establishment

April 1, 2012 (planned)

##### 4. Operational activities

Manufacturing, sales, and distribution of plasma fractionation products and related products.

##### 5. Location

Head office: Tokyo Prefecture (planned)

##### 6. Representative

To be determined.

##### 7. Scale of operations resulting from the integration

Total of the plasma fractionation products of the two corporations: ¥37.0 billion (Based on NHI drug prices in fiscal year ended March 2010)

#### **4. System for Advancement of the Integration**

Today, both organizations formed integration promotion committees, which will work to achieve a smooth, rapid integration.

#### **5. Other**

Important matters that have not yet been determined will be disclosed when they are determined.

For further information:

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