Notice regarding conclusion of the final agreement for the transfer of
the Kashima Plant of Mitsubishi Tanabe Pharma Factory Ltd.

On November 28, 2014, Mitsubishi Tanabe Pharma Corporation (Head Office: Osaka; President and Representative Director: Masayuki Mitsuka) concluded the final agreement with Sawai Pharmaceutical Co., Ltd. (Head Office: Osaka; President and Representative Director: Mitsuo Sawai) regarding the transfer on April 1, 2015, of the Kashima Plant of Mitsubishi Tanabe Pharma Factory Ltd. (Head Office: Osaka; President and Representative Director: Satoru Kuraoka), which is a consolidated subsidiary of Mitsubishi Tanabe Pharma. The basic agreement was concluded with Sawai Pharmaceuticals on June 30, 2014.

1. Reason for the transfer

To respond to the rapidly changing business environment and record sustained growth, Mitsubishi Tanabe Pharma is aggressively “Accelerating Operational and Structural Reforms,” one of the strategic challenges in the Medium-Term Management Plan 11–15 ~ New Value Creation. In manufacturing, Mitsubishi Tanabe Pharma is working to consolidated and reorganize its manufacturing bases, to establish a global-level new drug supply system, and to build a flexible, efficient manufacturing system that is less susceptible to the influence of changes in the operating environment. Accordingly, in August 2013 the Company announced that it would consolidate its five domestic manufacturing bases into two bases.

As one facet of those initiatives, the Ashikaga Plant was transferred in April 2014. Subsequently, at the end of June 2014, the Company reached a basic agreement with Sawai Pharmaceutical for the transfer of the Kashima Plant. The Company determined that the transfer of the Kashima Plant to another company would maintain local employment, and the plant’s technical capabilities and production capacity would be utilized to advance the plant’s development. Consequently, the Company and Sawai Pharmaceutical have now concluded the final agreement regarding the transfer.

Sawai Pharmaceutical, a leading company in the generic drug business, has announced “Strengthening of a stable supply system of high quality products by increasing production capacity” as one of the key strategies in its Medium-Term Business Plan. Sawai Pharmaceutical has positioned the transfer of the Kashima Plant as a central initiative under this strategy. The transfer is expected to contribute to an increase in the plant’s production capacity and to the leveraging of the plant’s advanced technical capabilities and sophisticated quality control.
On the other hand, Mitsubishi Tanabe Pharma will take steps to enhance its domestic production system, adding new buildings and other facilities to the consolidated plants at Onoda and Yoshitomi. Following the closure of the Osaka Plant, at the end of March 2018 Mitsubishi Tanabe Pharma will have a two-plant system. The Company will work to build a flexible, efficient manufacturing system that is less susceptible to the influence of changes in the operating environment.

2. Method of the transfer

On April 1, 2015 (planned), through a company split of Mitsubishi Tanabe Pharma Factory Ltd., the pharmaceutical manufacturing operations associated with the Kashima Plant will be transferred to Sawai Pharmaceutical.

After their approval is obtained, the employees of the Kashima Plant will be transferred to Sawai Pharmaceutical, where their employment will continue. In addition, after the transfer of the Kashima Plant, plans call for Sawai Pharmaceutical to continue to produce the Company’s products on a contract manufacturing basis.

3. Overview of the parties to the transfer and the Kashima Plant

• Mitsubishi Tanabe Pharma Factory Ltd.
  Head Office: 2-6-18, Kitahama, Chuo-ku, Osaka 541-8505, Japan
  Representative: President and Representative Director, Satoru Kuraoka
  Capital: ¥1,130 million (as of March 31, 2014)
  Net sales: ¥47.2 billion (fiscal year ended March 2014)
  Business activities: Manufacturing, sales/purchase, and export/import export of pharmaceuticals
  Number of employees: 1,394 (as of March 31, 2014)
  Production sites: Kashima Plant (see below)
  Osaka Plant (3-16-89, Kashima, Yodogawa-ku, Osaka)
  Onoda Plant (7473-2, Oaza-Onoda, Sanyo-Onoda, Yamaguchi)
  Yoshitomi Plant (955, Oaza-Koiwai, Yoshitomi, Chikujo, Fukuoka)

• Kashima Plant, Mitsubishi Tanabe Pharma Factory Ltd.
  Location: 14-1, Sunayama, Kamisu, Ibaraki
  Plant manager: Akira Wada
  Number of employees: 258 (as of March 31, 2014)
  Production results: Approximately 230 million pills, approximately 33 tons of powders and granules, approximately 1.7 million syringes of injection drugs, etc. (fiscal year ended March 2014)
4. Overview of Reorganization of Domestic Manufacturing Bases

As of Start of Medium-Term Management Plan 11-15

As of April 2018 (planned)

<<For Details, Contact the Following Section>>
Corporate Communications Department
Tel +81-6-6205-5211