

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

Mitsubishi Tanabe Pharma Corporation (Head Office: Osaka; President and Representative Director: Masayuki Mitsuka) has reached an agreement with Sawai Pharmaceutical Co., Ltd. (Head Office: Osaka; President and Representative Director: Mitsuo Sawai) regarding the transfer 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

Under Mitsubishi Tanabe Pharma's Medium-Term Management Plan 11-15 ~ New Value Creation, the Company is challenging four strategic challenges, "Bolstering Our Ability to Discover New Drugs," "Advancing Domestic Operations, Centered on New Drugs," "Building a Foundation for the Expansion of Overseas Operations" and "Accelerating Operational and Structural Reforms." As one part of those initiatives of "Accelerating Operational and Structural Reforms", one of the strategic challenges, the Company is working to consolidate and reorganize its manufacturing bases. To that end, the Company is taking steps to establish a global-level new drug supply system and build a flexible, efficient manufacturing system that is less susceptible to the influence of changes in the operating environment. Through the steady implementation of these issues, Mitsubishi Tanabe Pharma will become a "Company that Can Continue to Create New Value."

In August 2013, Mitsubishi Tanabe Pharma announced plans to reorganize its domestic production sites. The plans call for the consolidation of these sites into a two-plant system comprising the Onoda and Yoshitomi plants and for the reorganization of other production sites, including transfers, by 2017. As one facet of those initiatives, the Ashikaga Plant was transferred in April 2014. The Kashima Plant, for which closure had been under consideration, will be transferred to Sawai Pharmaceutical under the agreement that was reached with Sawai Pharmaceutical.

The Kashima Plant, which began operations in 1978, has used its advanced technical capabilities to supply high-quality pharmaceuticals, including solid and injection drugs, not only for the domestic market but also for overseas markets. Sawai Pharmaceutical has established a presence as a leading company in the generic drug business, which is expected to record continued growth in the future. Mitsubishi Tanabe Pharma's decision to transfer the plant to Sawai Pharmaceutical was based on the expectation that the transfer would lead to further growth for the plant through the leveraging of the plant's high production capacity and advanced technical capabilities.

2. Method of the transfer

On April 1, 2015 (planned), Mitsubishi Tanabe Pharma will implement a company split and transfer to Sawai Pharmaceutical the pharmaceutical manufacturing operations associated with the Kashima Plant. 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, Sawai Pharmaceutical will produce the Company's products on a contract manufacturing basis.

3. Dates of transfer-related items

June 30, 2014	Conclusion of basic agreement
November 2014	Conclusion of final agreement (planned)
April 1, 2015	Transfer of Kashima Plant to Sawai Pharmaceutical (planned)

4. 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, Chikugo, 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)

• Sawai Pharmaceutical Co., Ltd.

Head office:	5-2-30, Miyahara, Yodogawa-ku, Osaka
Representative:	President and Representative Director, Mitsuo Sawai
Capital:	¥27.1 billion (as of March 31, 2014)
Net sales:	¥89.8 billion (consolidated basis, fiscal year ended March 31, 2014)
Business activities:	Manufacturing, sales, and export/import of pharmaceuticals
Number of employees:	1,121 (consolidated basis, as of March 31, 2014)

End

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