

November 29, 2013

Bushu Pharmaceuticals Ltd.

**Execution of Business Transfer Agreement with Eisai Co., Ltd.  
for the acquisition of business operations of Eisai Misato Plant**

Bushu Pharmaceuticals, Ltd. (Head Office: Kawagoe-city, Saitama Prefecture, Japan; hereinafter “Bushu”) is pleased to announce that today it has entered into a business transfer agreement with Eisai Co., Ltd. (Head Office: Tokyo, Japan; hereinafter “Eisai”) in connection with the acquisition of business operations of Misato Plant, one of Eisai’s manufacturing facilities located in Saitama Prefecture, Japan.

**1. Background and objective of acquisition**

The pharmaceutical industry as a whole is undergoing major changes for improved operational efficiency and business restructuring and reorganization. In response, a large number of pharmaceutical companies are now focusing their capital/resources on their R&D and sales activities, and are actively outsourcing production activities that require a large amount of fixed costs to contract manufacturers. Particularly in manufacturing business for pharmaceuticals in Japan, the shift into outsourced manufacturing is notable since the amendments to the Pharmaceutical Affairs Law became effective in 2005, and going forward, this trend is expected to be more active on a global scale.

In such an environment, Bushu holds the No. 1 position among companies specializing in the contract manufacture of pharmaceuticals and clinical trial materials. With its well-organized comprehensive manufacturing system for all stages of the product lifecycle from formulation development, production of clinical trial materials to commercial production, Bushu has high quality control and assurance capabilities as qualified by GMP certifications from the three major pharmaceutical authorities of Japan, the United States and EU, which in turn has contributed to the current strong, long-term relationship with pharmaceutical companies both at domestic and overseas markets. Meanwhile, Eisai Misato Plant has, ever since it commenced operations in 1981, been one of Eisai’s mainstay plants for solid and injection formulations for domestic and overseas supply, and has developed high quality control standards and accumulated a wealth of manufacturing know-how.

With the acquisition of Misato Plant, Bushu will be able to establish a two-plant structure with its existing Kawagoe Plant. Together with Misato Plant, Bushu will be able to significantly boost its production capacity of solid formulations from the current approx. 3.5 billion to approx. 10 billion tablets, which will further enhance not only Bushu’s reliability of pharmaceutical supply but also its business stability and expandability. The combined production force of the two plants will further enhance Bushu’s R&D capabilities and accelerate its growth strategies to become a Contract Development and Manufacturing

Organization (CDMO), thereby further strengthening its contract manufacturing business for pharmaceuticals and clinical trial materials. Furthermore, with the acquisition of filling lines for injectable in Misato Plant, Bushu will be able to provide one-stop services for the entire continuum of pharmaceutical production process from solid to injectable dosage form, and as a comprehensive CDMO, it will be able to further secure new customers and to expand the business. In addition, Bushu expects to further strengthen the business partnership with Eisai.

In this acquisition of business operations of Misato Plant, Bushu will transfer employees at Misato Plant to Bushu if they wish to. Furthermore, Eisai products currently manufactured at Misato Plant excluding certain products will continue to be manufactured at Misato Plant under a contract manufacturing agreement between Eisai and Bushu.

Bushu intends to continue to emphasize the manufacturing of pharmaceutical products as a pioneer of contract manufacturing organization, and, as a company with a high raison d'être depended on by global society, Bushu shall work to ensure it always remains the number one choice.

## **2. Overview of Misato Plant**

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|------------------------|--|
| 1) Plant name :        | Misato Plant   |
| 2) Location :          | 950 Oaza-Hiroki, Misato, Kodama, Saitama Pre., Japan   |
| 3) Site area :         | 173,496 m <sup>2</sup>   |
| 4) Total floor area :  | 58,316 m <sup>2</sup>  |
| 5) No. of employees :  | Approx. 210 (as of October 1, 2013)  |
| 6) Main products :     | Prescription drugs, capsules and injection formulations  |
| 7) Production volume : | 3.8 billion prescription drugs, 40 million injection formulations (In fiscal year ending March 31, 2013) |

## **3. Schedule**

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|------------------------|--|
| 1) November 29, 2013 : | Execution of Business Transfer Agreement           |
| 2) March 31, 2014 :    | Completion of business transfer to Bushu (planned) |

### **About Bushu Pharmaceuticals, Ltd.**

Bushu Pharmaceuticals Ltd. was established in August 1998 as an independent pharmaceutical contract manufacturer. Bushu has a capital of 1 billion yen.

Bushu carries out contract manufacturing and packaging of clinical trials and commercial products in accordance with latest GMP standards. Through the utilization of know-how and

latest industry information, Bushu prides itself in being able to offer added value solutions to customers. For more information, refer to our website: <http://www.bushu-seiyaku.co.jp/>

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