



News Release

Agreement with Taisho for Distribution of Products of Biofermin and Transfer of a Part of Shares of Biofermin held by Takeda to Taisho

Osaka, Japan, July 31, 2013—Takeda Pharmaceutical Company Limited (“Takeda”) announced today that Takeda and Taisho Pharmaceutical Co., Ltd.* (Headquarters: Tokyo, Japan, “Taisho”) have agreed that Takeda will conduct domestic transactions in relation to the sale of the products manufactured by Biofermin Pharmaceutical** (Headquarters: Kobe, Japan, “Biofermin Pharmaceutical”) based on the distributorship granted to Takeda by Taisho for a certain period of time, and also have agreed on the basic terms of such transactions (the “Sale Arrangement”). Sale Arrangement has been agreed upon following the execution of the agreement between Taisho and Biofermin Pharmaceutical for an exclusive distributorship agreement for products (the “Products”) manufactured by Biofermin Pharmaceutical (the “Exclusive Distributorship Agreement”).

* Taisho is wholly owned subsidiary of Taisho Pharmaceutical Holdings Co., Ltd. (Tokyo, Japan)

** Biofermin Pharmaceutical is consolidated subsidiary of Taisho Pharmaceutical Holdings Co., Ltd

Takeda has been engaged in domestic transactions and export transactions related to the Products to date based on an exclusive distributorship, and Takeda and Taisho also have agreed that the export transaction will be transferred to the subsidiaries of Taisho in respective territory.

In addition to the Sale Arrangement, Takeda has also agreed with Taisho on the transfer of a part of shares of Biofermin Pharmaceutical held by Takeda to Taisho (the “Share Transfer Arrangement”).

1. Background of the execution of the Exclusive Distributorship Agreement, and the Sale Arrangement and the Share Transfer Arrangement

Since its foundation in 1917, Biofermin Pharmaceutical has been specializing in the manufacture and sale of “Biofermin,” a live lactobacillus preparation, and the sale of Biofermin Pharmaceutical’s products in the domestic and foreign markets has been conducted by Takeda, pursuant to a certain distribution agreement with Takeda (the “Original Agreement”).

Takeda, Taisho and Biofermin Pharmaceutical have carefully examined their future business strategies by taking into account the expiration of the Original Agreement as of the end of December 2015, and have made a decision in connection with the Original Agreement with the following new scheme.

- (i) The portion related to domestic transactions will be terminated with mutual consent as of the end of December 2013 prior to the expiration of the term, and Taisho will be granted an exclusive distributorship right for the Products thereafter by Biofermin Pharmaceutical; and
- (ii) The portion related to export transactions will be terminated as of the end of December 2015, and Taisho will be granted an exclusive distributorship right for the Products thereafter by Biofermin Pharmaceutical.

Taisho will execute the Exclusive Distributorship Agreement with Biofermin Pharmaceutical for the above new scheme. At the same time, Takeda and Taisho have also agreed to have the Sale Arrangement for Takeda to conduct domestic transactions in connection with the sale of the Products in the future.

Currently, Takeda holds approximately 10.20% (1,216,897 shares) of the total voting shares of Biofermin Pharmaceutical. In addition to the Sale Arrangement, Takeda has agreed to transfer 8.15% (972,320 shares) of the total voting shares of Biofermin Pharmaceutical to Taisho.

2. Contents of the Sale Arrangement

(1) Domestic over-the-counter (OTC) drug transactions

Under the Original Agreement, Takeda holds an exclusive distributorship for the Domestic OTC drug transactions granted by Biofermin Pharmaceutical, and sells them to wholesalers. With Biofermin granting an exclusive distributorship right to Taisho as mentioned above from around January 2014, Taisho, after having obtained the exclusive distributorship, will sell the Products by granting to Takeda a distributorship for the Products for the Domestic OTC drug transactions.

OTC products of Biofermin Pharmaceutical

"Shin Biofermin S"	"Biofermin Antidiarrhoic"
"Biofermin Antipurgative"	"Biofermin Benpiyaku"
"Biofermin VC"	"Biofermin Stomachic Digestive Tablets"

(2) Domestic ethical pharmaceutical products transactions

Under the Original Agreement, Takeda holds an exclusive distributorship for the Domestic ethical pharmaceutical products transactions granted by Biofermin Pharmaceutical, and sells them to wholesalers. With Biofermin granting an exclusive distributorship right to Taisho as mentioned above from around January 2014, Taisho, after having obtained the exclusive distributorship, will sell the Products by granting to Takeda a distributorship of the Domestic ethical pharmaceutical products transactions through Taisho Toyama Pharmaceutical Co., Ltd. (Headquarters: Tokyo, Japan), a consolidated subsidiary of Taisho Pharmaceutical Holdings Co., Ltd. (Headquarters: Tokyo, Japan).

Ethical pharmaceutical products of Biofermin Pharmaceutical

"Biofermin-R Powder"	"Biofermin-R Tablets"
"Biofermin Powder"	"Biosmin Powder"
"Biofermin Tablets"	

(3) Export transactions

As for Export transactions of the Products, Takeda currently sells the Products in Taiwan and Hong Kong through its respective local subsidiaries in Taiwan and Hong Kong under the Original Agreement, as in the case of the Products for the domestic market. With Biofermin granting an exclusive distributorship right to Taisho as mentioned above from around January 2016, the Export transactions to Taiwan and Hong Kong including local import licenses and permits will be transferred from Takeda to a local subsidiary in Taisho Pharmaceutical Holdings Co., Ltd. group by around December 2015, when the local sales of Products by Takeda's subsidiaries in Taiwan and Hong Kong will be terminated.

Three parties involved in these deals, Biofermin Pharmaceutical, Taisho and Takeda, are committed to bring the products of Biofermin to the people who need them to have healthier life.

The impact from the Sale Agreement and the Share Transfer Arrangement on Takeda's consolidated financial statements of fiscal year 2013 is expected to be minimal.

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