

**EISAI TO ACQUIRE CHINESE GENERIC PHARMACEUTICAL COMPANY
LIAONING TIANYI BIOLOGICAL PHARMACEUTICAL CO., LTD.
*STRENGTHENING BUSINESS PLATFORM IN CHINA
TO ADDRESS DIVERSE MEDICAL NEEDS***

Eisai Co., Ltd. (Headquarters: Tokyo, CEO: Haruo Naito, "Eisai") announced today that its China holding company Eisai China Holdings Ltd. (Location: Suzhou, Jiangsu Province) has signed an agreement to purchase 100% of the shares of Liaoning TianYi Biological Pharmaceutical Co., Ltd. (Location: Benxi, Liaoning Province, China, "TianYi") held by both Xiaojun Zhao, Representative Director and President of Longyuan Education Industry Investment & Management Groups Co., Ltd., and Hong Sun. Under this agreement, the purchase price is RMB 500 million (approximately JPY 9.6 billion based on 1 RMB = 19.2 JPY). This agreement is expected to take effect once the conditions of transfer have been arranged.

Located in the Benxi High-tech Industrial Development Zone, a pharmaceutical cluster comprised of around 100 companies and six universities including ShenYang Pharmaceutical University, TianYi is a generic pharmaceutical company in China that manufactures and markets pharmaceutical products and active pharmaceutical ingredients. TianYi has manufacturing approval for approximately 90 pharmaceutical products covering a wide range of diseases, including immune modulators, traditional Chinese medicines and treatments for inflammation and pain relief, dementia, gastritis, intestinal disorders, diabetes as well as chronic arterial occlusion. In addition, TianYi possesses the latest production line and technology which is compliant with China's GMP (Good Manufacturing Practice) standards to enable the handling of various different formulations such as tablets, capsules, granules, liquid medicines and freeze dried injectables.

The China pharmaceutical market is the second largest in the world after the United States¹, and despite China experiencing a slowdown in economic growth, is forecasted to maintain strong growth into the future due to substantial expansion via the rapid aging of the population and the government's policies to improve access to medicines. In particular, even higher growth is expected for generic pharmaceuticals that will make up the majority of prescriptions in small and medium sized cities in inland and regional areas as well as small and medium sized hospitals which have had inadequate access to medicines until now. Meanwhile there is strong demand from the government for generic pharmaceuticals with a high level of quality on par with branded pharmaceuticals. The stable supply of high quality pharmaceuticals from TianYi's GMP compliant facility under Eisai's strict quality management and quality assurance system will be able to meet the needs of the China pharmaceutical market.

Through this acquisition, Eisai will enter the generic pharmaceutical business in China in addition to expanding its existing business focused on new medicines. By further strengthening its business platform foundation established over 25 years of doing business in China and providing a stable supply of high quality generic pharmaceuticals, Eisai will be able to fulfill an even wider range of medical needs in China. Furthermore, by establishing a business base in Benxi after Suzhou and Shanghai, Eisai will strengthen its collaboration with academia in the Benxi pharmaceutical cluster as well as explore opportunities for

further growth. Eisai will continue to further contribute to increasing the benefits for a greater number of patients and their families throughout China.

In addition, the signing of this agreement will have a minor impact on the consolidated result forecasts for the period ended March 31, 2016.

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[Notes to editors]

1. About Liaoning TianYi Biological Pharmaceutical Co., Ltd.

Company Name	Liaoning TianYi Biological Pharmaceutical Co., Ltd.
Location	Benxi, Liaoning Province, China
Date Established	December, 2011
Representative Corporate Officer and President	Xiaojun Zhao
Employees	Approximately 250 (as of June 2015)
Capital	RMB 50 million
Sales, Profit	Sales: RMB 34 million, Net profit: RMB 3 million (Six-month period from January to June 2015)
Scope of Business	Manufacturing and marketing of pharmaceutical products and active pharmaceutical ingredients (APIs)
Annual Production Capacity	Approximately 1 billion tablets, 400 million capsules, 50 million packs of granules, 50 million packs of powder, 40 million bottles of liquid medicines, 30 million parenteral formulations, 30 million freeze dried injectable doses and 300t of APIs

2. About the China Pharmaceutical Market

The China pharmaceutical market is the second largest in the world after the United States, and in 2014 was worth 109.3 billion U.S. dollars (approximately 13.1 trillion Japanese yen), an increase of 12% from the previous year.¹ Despite China experiencing a slowdown in economic growth, the China pharmaceutical market is expected to maintain strong growth into the future due to substantial expansion via the rapid aging of the population and the government's policies to improve access to medicines.

Furthermore, in terms of value, generic pharmaceuticals account for approximately 80% of the China pharmaceutical market. With the government aiming to improve the quality of generic pharmaceuticals in China, there is strong demand for the stable supply of generic pharmaceuticals with a high level of quality on par with branded pharmaceuticals. Accompanying the progress of future reforms to the healthcare system, it is predicted that the needs for high quality medical treatment will expand not only in major cities but also in small and medium sized cities in regional and inland areas.

3. About Eisai's China Pharmaceutical Business

Eisai's business in China has a history spanning almost 25 years. Eisai entered the China market in 1991 through a joint venture company, and in 1996 established Eisai China Inc., a 100% wholly owned subsidiary which has manufacturing and marketing functions. Furthermore, Eisai established Eisai (Suzhou) Trading Co., Ltd. in 2010 to directly import and trade licensed products, and continues to expand business from a local base. In December 2014, Eisai newly established Eisai China Holdings Ltd. as a holding company in China to manage these two companies. By doing so, an autonomous management structure was established to enable quick decision making in China.

Through this acquisition, Eisai will enter the generic pharmaceutical business in China in addition to expanding its existing business focused on new medicines. After the execution of the agreement, the trading name of Liaoning TianYi Biological Pharmaceutical Co., Ltd. will be changed to Eisai (Liaoning) Pharmaceutical Co., Ltd., and the company will be made a subsidiary of Eisai China Holdings Ltd.

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