

Joint Venture Agreement between Ajinomoto Pharmaceuticals Co., Ltd. and Yoshindo Inc.

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Member of the Board & Corporate Senior Vice President

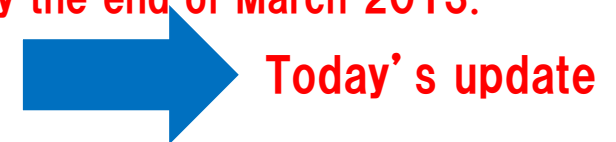
Ajinomoto Co., Inc.

Pharmaceutical Business Management Challenges and Current Situation of Solutions

Management challenges and solutions

1) Strengthen the infusion and dialysis business structure

Move to a new business scheme including utilization of outside resources is under discussion aimed at launch within FY2013. The final decision will be made and announced by the end of March 2013.



2) Enrich the pipeline

- ① Promote aggressive alliance with outside companies and in-licensing: Increase allocation of R&D resources to in-licensing.
- ② A joint research project with RaQualia Pharma Inc. launched: Promote drug discovery research utilizing the two companies' strong points.
- ③ Distribution of "*MARZULENE*", a therapeutic agent for gastric inflammation and ulcer, started in July 2012.
- ④ Aim to obtain manufacture and marketing authorizations of "*MOVIPREP*" (AJG522: a novel bowel cleansing agent) and "*ACTONEL*" once-a-month tablets.
- ⑤ File an NDA (an application for manufacture and marketing authorization) of AJH801 (cilnidipine-valsartan combined tablets): The application was filed in October 2012.

3) Improve operation efficiency (selling and general administrative expenses)

- ① Sales and promotion system: Establish a streamlined sales and promotion system.
- ② Corporate division: Improvements to increase efficiency of corporate division works.
- ③ Procurement of indirect materials: Promote cost reduction by unifying procurement functions.

Pharmaceutical Business of the Ajinomoto Group and Ajinomoto Pharmaceuticals Co., Ltd.

History of pharmaceutical business of the Ajinomoto Group

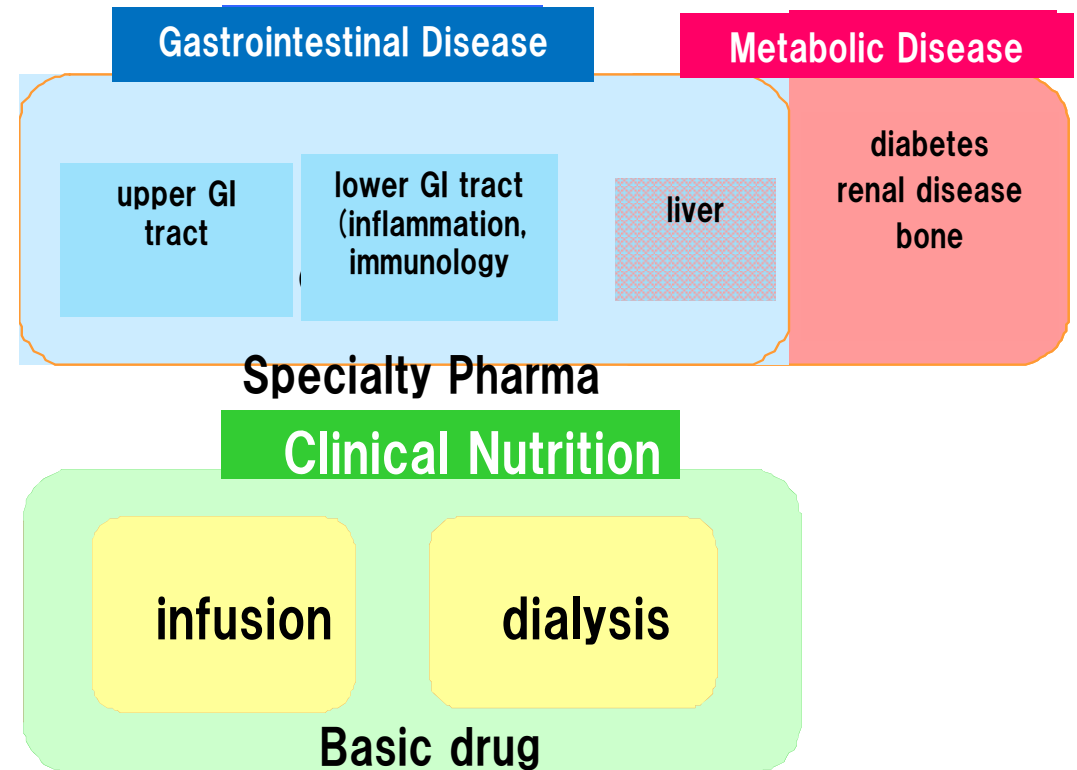
Started with amino acids for pharmaceutical use

- 1956** Manufacture and supply of pharmaceutical-use amino acids started.
Morishita Pharmaceutical Co., Ltd. launched "Moriamine", the world's first crystalline amino acid infusion.
- 1957** Participated in capital of Morishita Pharmaceutical Co., Ltd.
- 1981** "ELENTAL", a prescription elemental diet, launched.
- 1995** "ATELEC", a calcium channel blocker antihypertensive, launched.
- 1996** "LIVACT", branched-chain amino acid for hepatic disease treatment, launched.
- 1999** Ajinomoto Pharma Co., Ltd. was established.
- 2002** Shimizu Pharmaceutical Co., Ltd. was acquired.
- 2010** Ajinomoto Pharmaceuticals Co., Ltd. was established.

FY2012 consolidated pharmaceuticals segment results projection

Annual sales 75.9 billion yen
Operating income 2.6 billion yen

Current business areas of Ajinomoto Pharmaceuticals Co., Ltd.



Sales of infusion and dialysis products/FY2012 results projection

Annual sales ca. 20.0 billion yen
(Ratio ca. 25% of total sales)

Strengthen the business aiming to be a specialty pharmaceutical company focused on gastrointestinal area

Challenges of Pharmaceutical Business of the Ajinomoto Group and direction of solution

Gastrointestinal area: as Specialty Pharma

<Challenges>

Profitability is relatively high, but the number of new launched products have been declining due to shortage of pipeline.

<Direction of solution>

Enrich pipeline focusing on gastrointestinal area: not only in-house drug discovery but also promote aggressive alliance with outside partners and licensing.

Infusion and dialysis area: as Basic Drug Pharma

<Challenges>

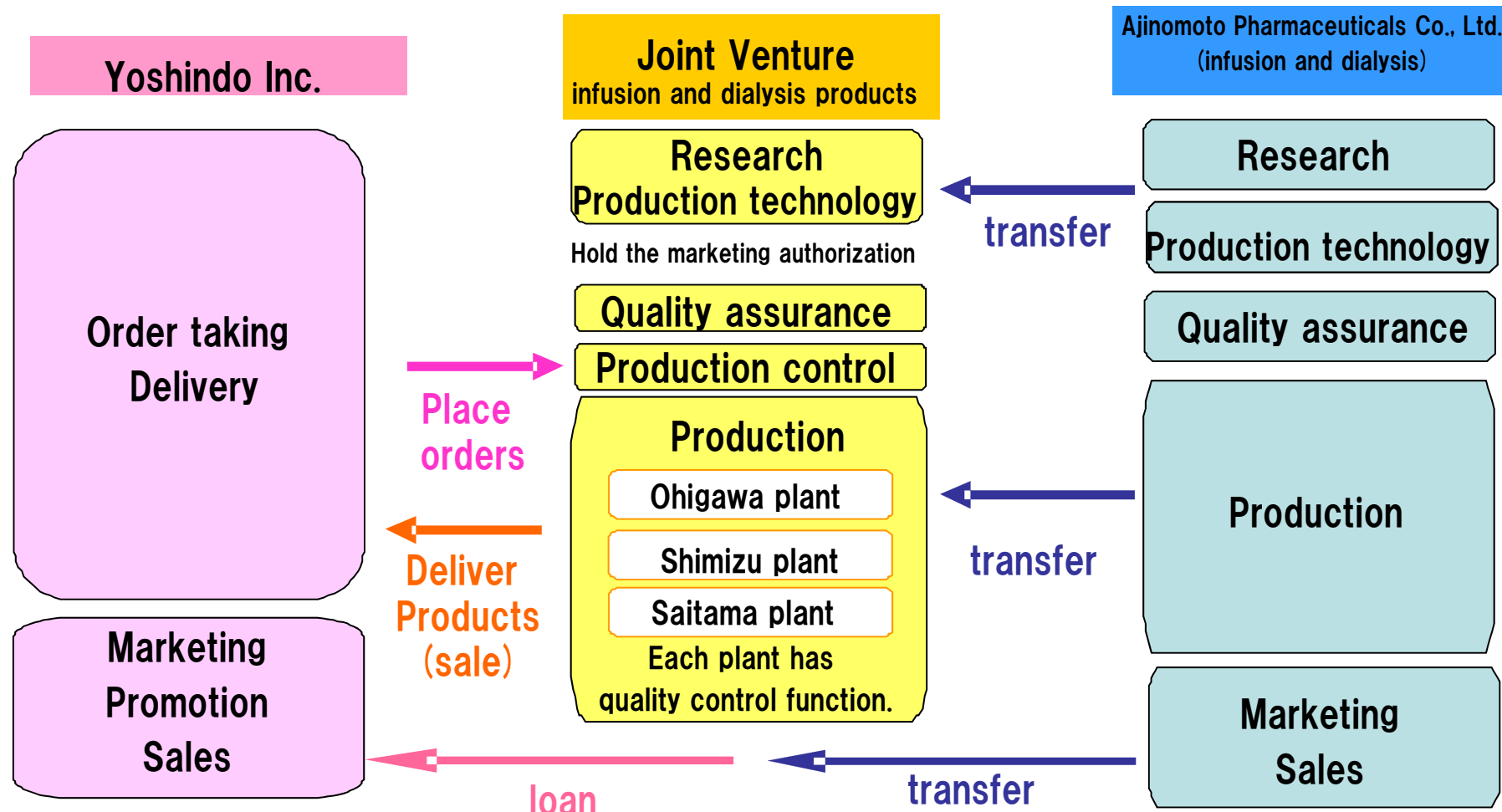
Strategic change was not enough against the circumstances of changing market environment, and operating performance has been declining.

<Direction of solution>

Reform the business structure by collaboration with a generic manufacturer Yoshindo Inc.

Purpose of establishing a joint venture

Establish an infusion and dialysis joint venture with Yoshindo Inc. and make maximum use of the business assets of Ajinomoto Pharmaceuticals Co., Ltd. utilizing the streamlined operating system of Yoshindo Inc. for business growth and increase of corporate values of both companies.



Outline of the joint venture and basic strategies

- 1) Company name: AY Pharma Co., Ltd. (tentative name)
- 2) Establishment: July 1st, 2013 (scheduled)
- 3) Capital : 100 million yen
- 4) Capitalization ratio: Yoshindo Inc. 51%, Ajinomoto Pharmaceuticals Co., Ltd. 49%
- 5) Location of headquarters: Chuo-ku, Tokyo
- 6) Representative: President Fumimasa Sato (current Senior Vice President of Ajinomoto Pharmaceuticals Co., Ltd.)
- 7) Members of the board: 4 persons (2 from Yoshindo Inc., 2 from Ajinomoto Pharmaceuticals Co., Ltd.)
- 8) Employees: about 700 persons
- 9) Business area: Manufacture and R&D of infusion and dialysis products

Basic strategies of the joint venture

Increase profitability and stable growth of the business and contribute to the therapies in the infusion and dialysis areas under the following basic strategies:

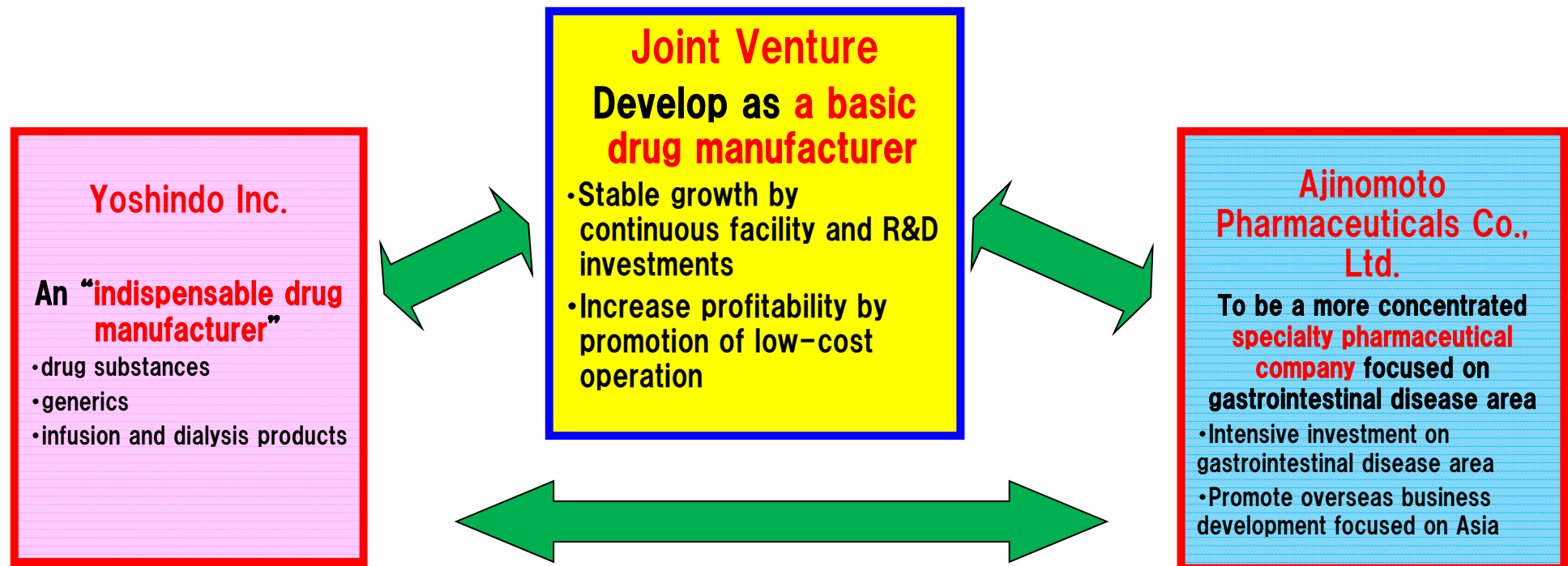
- 1) Implement the management to make maximum use of the business assets of Ajinomoto Pharmaceuticals Co., Ltd. utilizing the streamlined operation system of Yoshindo Inc.
- 2) Strengthen the marketing ability by reinforcing the sales and marketing functions of Yoshindo Inc.
- 3) Launch new products and increase market share through aggressive investments on facilities and R&D.

Aimed direction of the established joint venture and the both mother companies

Joint venture: Establish a firm structure of infusion and dialysis business that enables stable profits and growth by continuous facility/R&D investments and low-cost operation, and contribute to the therapies in these therapeutic areas.

Yoshindo Inc.: Evolve to be an “indispensable drug manufacturer” that provides not only generics but also infusion and dialysis products.

Ajinomoto Pharmaceuticals Co., Ltd.: Concentrate resource on gastrointestinal area and accelerate growth as a “specialty pharmaceutical company”



Direction of pharmaceutical business in the Ajinomoto Group

Establish a unique pharmaceutical business model of the Ajinomoto Group by strengthening the business structure of Ajinomoto Pharmaceuticals Co., Ltd. as well as strengthening the peri-pharmaceutical business (culture media business, custom services to pharmaceutical companies, etc.) to create synergies between the pharmaceutical business and peri-pharmaceutical business.

Pharmaceutical business in the Ajinomoto Group – the platform of the above business model structure – aims to reform its business structure into a strong structure that firmly enables at least 10% operating profit in the next mid-term plan (2014–2016).