

October 21, 2011

CMIC Co., Ltd.
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Code number: 2309(1st Section, Tokyo Stock Exchange)
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Company name: MEDIPAL HOLDINGS CORPORATION
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Notice Concerning the Signing of the Letter of Intent on Founding a Joint Venture between CMIC Co., Ltd. and MEDIPAL HOLDINGS CORPORATION

CMIC Co., Ltd. (hereinafter referred to as CMIC) and MEDIPAL HOLDINGS CORPORATION (hereinafter referred to as MEDIPAL) have signed the letter of intent (LOI) on founding a joint venture to collaborate in the development, manufacture, and marketing of pharmaceuticals centered around orphan drugs, following the adoption of the resolution to approve this matter at their respective Board of Directors meetings held on October 21, 2011. The details are as follows.

1. Background and Purpose of this Joint Venture

Pharmaceutical companies have not been actively involved in the development of orphan drugs (drugs for treating rare diseases) despite a high need for them, because there are very few patients on whom they can be used, making it difficult to expect sufficient return on investment in their research and development.

CMIC began the development of orphan drugs in 2008 and is currently involved in developing three drugs to treat acute porphyria, urea cycle disorders, and hereditary angioedema, respectively. CMIC, while preparing for speedy regulatory approval, has been searching for the optimal way to supply stably the approved products and to collect and disseminate product information.

MEDIPAL has focused on responding to unmet medical needs (medical needs that are unmet because no effective treatment is found to date), and has been exploring for the optimal system of distributing pharmaceuticals categorized as “Specialty Pharma” (products that require special handling), by collaborating with pharmaceutical companies from the clinical trial phase, introducing lot traceability throughout the distribution process (from distribution centers, until reaching the customers), and conducting contract post-marketing surveillance.

A LOI on founding a joint venture has been signed by CMIC and MEDIPAL, following the adoption of the resolution at their respective Board of Directors meetings held today to approve setting up an efficient business collaboration system in the development, manufacture and marketing of pharmaceuticals centered around orphan drugs.

Under this scheme, the joint venture will obtain manufacturing and marketing approval, and based on it, will

undertake pharmaceutical manufacturing and marketing business as well as sales and distribution business. The joint venture will outsource to CMIC Group the operations of licensing, drug development (clinical trials), application for and acquisition of marketing approval, and manufacturing. The joint venture will outsource the operations of sales and distribution to MEDIPAL Group, who will utilize the high-quality delivery service based on urban logistics centers (ALC: Area Logistics Centers) and a distribution network that thoroughly covers Japan, as well as MEDIPAL Group sales personnel with MR qualifications (AR: Assist Representatives).

Through the founding of this joint venture, CMIC will be able to ensure patients a stable supply of orphan drugs under development, and the collection and dissemination of product information. The MEDIPAL Group expects to ensure stable distribution through prioritizing the sales activity of orphan drugs outsourced by this joint venture.

It is believed that the founding of this joint venture by CMIC and MEDIPAL will contribute to a more rapid development and reliable delivery of pharmaceutical products centered around orphan drugs to patients.

2. Overview of the Joint Venture

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| (1) Company Name: | OrphanPacific, Inc. |
| (2) Date of Foundation: | June, 2012 (planned) |
| (3) Location of Head Office: | Shinagawa-ku, Tokyo |
| (4) Representative: | (To be determined) |
| (5) Capital: | 100 million JPY |
| (6) Investment Ratio: | CMIC (51%), MEDIPAL (49%) |
| (7) Main Line of Business: | Manufacturing and marketing of pharmaceuticals |

3. Schedule

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|-----------------------|---|
| October 21, 2011: | Board approval of the LOI on joint venture |
| October 21, 2011: | Signing of the LOI on joint venture |
| June, 2012 (planned): | Conclusion of the agreement on founding the joint venture |
| June, 2012 (planned): | Founding of the joint venture |
| June, 2012 (planned): | Begin joint venture operations |

4. Company Profile of CMIC Co., Ltd. (as of September 30, 2011)

- (1) Company name: CMIC Co., Ltd.
- (2) Representative: Kazuo Nakamura, Chairman and CEO
- (3) Founded: March 14, 1985
- (4) Location of Head Office: 7-10-4, Nishi-Gotanda, Shinagawa-ku, Tokyo
- (5) Capital: 3,087 million JPY
- (6) Main Line of Business: Based on the PVC (Pharmaceutical Value Creator) business model in contributing to increasing the value-added of pharmaceutical companies, the following businesses are undertaken: CRO (Contract Research Organization) business, CMO (Contract Manufacturing Organization) business, CSO (Contract Sales Organization) business, Healthcare business, IPD (Intellectual Property Development) business.
- (7) Number of Employees: 4,135 (consolidated)
- (8) Relationship with MEDIPAL: No capital, personal, or transaction relationships.

5. Company Profile of MEDIPAL HOLDINGS CORPORATION (as of September 30, 2011)

- (1) Company name: MEDIPAL HOLDINGS CORPORATION
- (2) Representative: Sadatake Kumakura, Representative Director, President and CEO
- (3) Established: May 6, 1923
- (4) Location of Head Office: 2-7-15 Yaesu, Chuo-ku, Tokyo
- (5) Capital: 22,398 million JPY
- (6) Main Line of Business: As a pure holding company, MEDIPAL HOLDINGS controls, administers and supports the operating activities of companies in which it holds shares in the Prescription Pharmaceutical Wholesale Business, Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business, and Related Business, and conducts business development for the MEDIPAL Group.
- (7) Number of Employees: 11,327 (consolidated)
- (8) Relationship with CMIC: No capital, personal, or transaction relationships.

6. Future outlook and impact on operating results

At present, the impact of this joint venture on the consolidated operating results of CMIC for the period ending September 2012 and MEDIPAL for the period ending March 2012 is undetermined.

Timely notice will be provided if and when it becomes apparent that there will be significant impact of this joint venture on the operating results of either company.

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