



July 12, 2013

Mitsubishi Chemical Holdings Corporation

### **Notice Regarding the Acquisition of Medicago Inc.**

Mitsubishi Chemical Holdings Corporation (Head office: Chiyoda-ku, Tokyo; President: Yoshimitsu Kobayashi) announces that its consolidated subsidiary, Mitsubishi Tanabe Pharma Corporation (Head office: Chuo-ku, Osaka; President: Michihiro Tsuchiya) and Medicago Inc. (Head office: Québec, Canada; President and CEO: Andrew J. Sheldon) have reached an agreement that Mitsubishi Tanabe Pharma will acquire, together with Philip Morris Investments B.V. (Head office: Bergen op Zoom, the Netherlands) which is a subsidiary of Philip Morris International Inc. (Head office: New York State, U.S.; CEO: André Calantzopoulos), all of the shares of Medicago. Please refer to the attached press release for details.

For further information, please contact:

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July 12, 2013

Press release:

Mitsubishi Tanabe Pharma Corporation

### **Notice regarding the acquisition of Medicago Inc.**

Mitsubishi Tanabe Pharma Corporation (head office: Osaka, Japan, President and Representative Director: Michihiro Tsuchiya) announced today that Mitsubishi Tanabe Pharma and Medicago Inc. (head office: Québec, Canada, President and CEO: Andrew J. Sheldon) reached an agreement that Mitsubishi Tanabe Pharma will acquire, together with Philip Morris Investments B.V. (head office: Bergen op Zoom, the Netherlands) which is a subsidiary of Philip Morris International Inc. (head office: New York State, U.S., CEO: André Calantzopoulos), all of the shares of Medicago. This acquisition will be paid in cash and implemented in accordance with a Plan of Arrangement, which is a method for friendly corporate acquisitions that is available under Canadian law.

The acquisition should be completed within 50 to 75 days, after the receipt of the approval of the Medicago shareholders' meeting as well as court approval and any regulatory approvals. After the acquisition, Medicago will be jointly owned by Mitsubishi Tanabe Pharma and Philip Morris Investments (shareholding ratio 60:40, respectively). The acquisition price will be CAD1.16 in cash per common share and maximum CAD179 million (Around JPY16.9 billion) in total.

\* Plan of Arrangement: Under Canadian law, a method of acquisition that is implemented by the acquired company. This is a friendly method of company acquisition under which the acquired company takes a leading role in implementing the procedures. The acquisition will be completed following its approval by the Board of Directors and the shareholders of the acquired company, and court approval, and the satisfaction of other conditions.

#### **1. Reason for Acquisition of Shares**

Under the Medium-Term Management Plan 11-15—New Value Creation—which ends in March 2016, Mitsubishi Tanabe Pharma is working to create new pharmaceuticals that address unmet medical needs\* and build a global management foundation. Under the plan, Mitsubishi Tanabe Pharma aims to make progress in the field of vaccines through the acquisition of new biologics technologies. Vaccines are a field in which growth is anticipated on a global basis and are one of the fields in which Mitsubishi Tanabe Pharma is striving to implement development in global markets.

Medicago is a biological pharmaceutical company with special strengths in R&D for new vaccines using Virus Like Particle (VLP) technology. Medicago has proprietary technologies for the production of VLPs inside plant

cells using genetic engineering and the efficient extraction and purification of those VLPs. Also, VLPs have the same external structure as viruses without the core genetic material, so VLP vaccines are expected to offer a high level of immunization effectiveness. In addition, with no virus replication in the body, these vaccines also offer superior safety. Accordingly, this promising vaccine technology is drawing widespread attention.

In September 2011, Mitsubishi Tanabe Pharma acquired 6% of Medicago's shares and in February 2012, concluded a research collaboration agreement with Medicago regarding new vaccines using technologies for the production of plant-derived VLPs. The two companies have conducted joint research, such as in the rotavirus VLP vaccine field.

Through its research collaboration with Medicago, Mitsubishi Tanabe Pharma evaluated Medicago's VLP technology. Consequently, Mitsubishi Tanabe Pharma decided that this technology was highly useful, that it could be employed to manufacture efficiently a wide variety of vaccines, and that the acquisition of Medicago would enable Mitsubishi Tanabe Pharma to further strengthen its pipeline.

Mitsubishi Tanabe Pharma will work in the R&D of a wide variety of vaccines based on Medicago's VLP technology and contribute to human healthcare.

Mitsubishi Tanabe Pharma will maintain its good partnership regarding vaccine business with the Research Foundation for Microbial Diseases of Osaka University.

\* Unmet medical needs: Medical needs for which there are no effective treatments or drugs and there are still no satisfactory treatments.

## **2. Relationship with Philip Morris Investments and Medicago**

Through this acquisition, Medicago will become the joint venture company of Mitsubishi Tanabe Pharma and Philip Morris Investments. The two shareholders intend to improve Medicago's technology and expand Medicago's business so that it can supply excellent vaccines globally.

## **3. Management of Medicago after the transfer of shares**

After this acquisition, the Board of Directors of Medicago will have five members. The chairman will be nominated by Mitsubishi Tanabe Pharma, which will hold a majority of the shares of Medicago. Two of the other four members will be nominated by Mitsubishi Tanabe Pharma and two by Philip Morris Investments. Medicago's management other than the Board of Directors will remain the same.

Medicago will specialize in R&D and manufacture of VLP vaccines same like before and develop seasonal and pandemic influenza vaccines at its existing facilities in Québec and North Carolina.

#### **4. Overview of company that will become a subsidiary (Medicago)**

(1) Name

Medicago Inc.

(2) Location

Québec, Canada

(3) Name and title of representative

President and CEO, Andrew J. Sheldon

(4) Business activities:

R&D in VLP vaccines using a transient expression system in plants

(5) Capital

CAD117 million

(6) Date of establishment

July 17, 1997

(7) Major shareholders and shareholding ratios

Philip Morris Investments B.V. (38.5%)

Mitsubishi Tanabe Pharma Corporation (6.0%)

(8) Relationship between Mitsubishi Tanabe Pharma and Medicago

Capital relationship: The Company holds 6% of Medicago's issued shares. There are no capital relationships that should be noted between persons or affiliates of Mitsubishi Tanabe Pharma and persons or affiliates of Medicago.

Personnel relationship: There are no personnel relationships that should be noted between Mitsubishi Tanabe Pharma and Medicago. Also, there are no personnel relationships that should be noted between persons or affiliates of Mitsubishi Tanabe Pharma and persons or affiliates of Medicago.

Business relationship: Mitsubishi Tanabe Pharma has concluded a vaccine research collaboration agreement with Medicago, and the companies are conducting research collaboration, such as in the rotavirus VLP vaccine field. Mitsubishi Chemical Holdings Corporation, which is the parent company of Mitsubishi Tanabe Pharma, has concluded a collaboration agreement with Medicago regarding development of next-generation technology for protein production using plants, and research collaboration is being conducted.

Related party status: Medicago is not a related party of Mitsubishi Tanabe Pharma. There are no persons

or affiliates of Medicago that are related parties of Mitsubishi Tanabe Pharma.

(9) Medicago's consolidated operating results and consolidated financial position for the past three years

Unit: thousands of Canadian dollars

Accounting period	Ended December 2010	Ended December 2011	Ended December 2012
Consolidated net assets	(5,158)	37,754	6,925
Consolidated total assets	21,313	80,394	49,334
Consolidated net assets per share	(0.04 CAD)	0.15 CAD	0.03 CAD
Consolidated net sales	109	187	5,540
Consolidated operating income	(17,558)	(21,195)	(32,654)
Consolidated ordinary income	(17,558)	(21,195)	(32,654)
Consolidated net income	(16,484)	(20,992)	(32,654)
Consolidated net income per share	(0.13 CAD)	(0.12 CAD)	(0.13 CAD)
Dividends per share	N/A	N/A	N/A

## **5. Overview of other party in share acquisition**

Medicago's shares are listed on the Toronto stock exchanges. This acquisition will be implemented in accordance with a Plan of Arrangement. Mitsubishi Tanabe Pharma will acquire all of Medicago's shares (excluding shares which Mitsubishi Tanabe Pharma and Philip Morris Investments already owned) by paying cash to the existing shareholders.

## **6. Number of shares to be acquired, acquisition price, and percentage of ownership after acquisition**

(1) Number of shares already acquired:

15,385,000 shares

(Number of voting rights: 15,385,000)

(Percentage of voting rights: 6.0%)

(2) Number of shares to be acquired:

147,666,241 shares\* (Number of voting rights: 147,666,241)

(3) Acquisition price:

Medicago common stock: CAD171 million\*

(4) Number of shares held after transfer

163,051,241 shares\* (Number of voting rights: 163,051,241)

(Percentage of voting rights: 60.0%)

\*These numbers are based on the number of issued shares as of July 11, 2013. These numbers might increase as described below respectively if its stock options and warrants are executed.

(2) Number of shares to be acquired: 154,505,467 shares (Maximum)

(3) Acquisition price: CAD179million (Maximum)

(4) Number of shares held after transfer: 169,890,467 shares (Maximum)

The percentage of voting rights after transfer (60.0%) will remain the same even in stock options and warrants are executed.

## **7. Schedule**

(1) Board of directors resolution

July 12, 2013

(2) Conclusion of arrangement agreement

July 12, 2013

(3) Completion of stock transfer

September 2013 (planned)

## **8. Future outlook**

In regard to the influence of this acquisition on the consolidated results, Mitsubishi Tanabe Pharma will announce the influence of this acquisition once it is verified.

(Reference)

Overview of Philip Morris International

Name: Philip Morris International Inc.

Location: New York State, U.S.

Representative's title and name: CEO, André Calantzopoulos

Lines of business: Manufacture and sale of cigarettes and other tobacco in markets outside of U.S.

Net sales: USD77,393 million (fiscal 2012)

Overview of Philip Morris Investments

Name: Philip Morris Investments B.V.

Location: Bergen op Zoom, the Netherlands

Representative's title and name: Managing Director, J. Nuijten; Managing Director, S. Colarusso; and Managing Director, A.A. de Jongh-Manouilova

Ownership: Philip Morris International Inc. (100%)

Lines of business: Intermediate holding company for its subsidiaries

Total assets: EUR9,747 million as of December 2011

End