



December 12, 2017

Name of Company: Meiji Holdings Co., Ltd.
Name of Representative: Masahiko Matsuo, President and Representative Director
Code Number: 2269, 1st Section, Tokyo Stock Exchange

Name of Company: Meiji Seika Pharma Co., Ltd.
Name of Representative: Daikichiro Kobayashi, President and Representative Director

Notice Concerning Signing of the MOU with Kaketsuken to acquire shares of a company that will be transferred Kaketsuken's main business in the form of contribution in kind and to make the company a consolidated subsidiary

Meiji Holdings Co., Ltd. (President and Representative Director: Masahiko Matsuo; "Meiji Holdings") and its operating subsidiary Meiji Seika Pharma Co., Ltd. (President and Representative Director: Daikichiro Kobayashi; "Meiji Seika Pharma") announce that Meiji Holdings and Meiji Seika Pharma have resolved at a meeting of their Board of Directors to enter into a memorandum of understanding ("MOU") with General Incorporated Foundation, The Chemo-Sero-Therapeutic Research Institute (Director General & President: Motoharu Kinoshita, "Kaketsuken") to acquire part of the shares of a company ("New Company")("Acquisition") which Kaketsuken will establish and make contribution in kind into by transferring its main business including vaccines for human use, blood plasma products and vaccines for veterinary use ("Target Business").

We will proceed to a detailed discussion to enter into a definitive agreement in line with the MOU.

Description

1. Objectives of the Acquisition

Since its incorporation in 1945, Kaketsuken has been conducting research and development, manufacturing and supply of biological drugs such as vaccines for human use, blood plasma products and vaccines for veterinary use in Japan for over 70 years. Kaketsuken plays an important role to develop, manufacture and supply emergency pharmaceuticals such as pandemic influenza vaccine, smallpox vaccine and antitoxin in addition to influenza vaccine, DPT-IPV vaccine and hepatitis vaccine. As a distinctive pharmaceutical company, Kaketsuken has developed high quality technical and research and development capabilities.

In our long-term management strategy, "Meiji Group 2026 Vision (outline)" ("2026 Vision"), we have stated that we will apply our advanced knowledge related to health, particularly the preventative nutritional and medical fields, to maximize the unique strengths of the Meiji Group food and pharmaceutical business, and we also strengthen our engagement in the health and preventative domain and propose new health value in Japan and around the world. Meiji Seika Pharma enjoys its leading position in the antibiotics in Japan and has been providing ethical pharmaceuticals in the area of infectious disease, supplying vaccines through Kitasato Pharmaceutical Industry Co., Ltd, Meiji Seika Pharma's subsidiary. In addition, Meiji Seika Pharma's veterinary drugs business has established itself as one of the top share makers in livestock and aquaculture area. For international market, Meiji Seika Pharma is supplying ethical pharmaceuticals and veterinary drugs under "meiji" brand through local subsidiaries and partnerships with the goal of expanding its international business. Meiji Seika

Pharma focuses on research and development in the field of biological drugs as well as in the field of new antibacterial drugs in Japan and overseas.

The infection control and the proper use of antibiotics are becoming more important globally as the number of deaths by drug-resistant bacteria is expected to increase to 10 million by 2025. The focus of pharmaceutical development is currently shifting from small-molecule drugs to biological drugs including biopharmaceuticals. Biological drugs account for seven out of top ten ethical pharmaceuticals on a global basis.

In such a business environment, the Acquisition enables us to:

1. Establish the value-chain of the infectious disease from prevention to treatment
2. Enhance the sales of vaccine in Japan and expand internationally by leveraging Meiji Seika Pharma's platform
3. Expand the veterinary drug business by adding Kaketsuken's vaccine business
4. Strengthen research and development of biological drug

Therefore, we believe this Acquisition will help us to achieve our 2026 Vision and to enhance the corporate value of Meiji Holdings.

Furthermore, the New Company will be able to strengthen the governance structure under the management of Meiji group as its subsidiary. The New Company will also be expected to enhance system to assure compliance with regulations and to establish rigid quality and production management system with Meiji Seika Pharma's support and consequently will enable to contribute to the growth of vaccine industry and stable supply of blood plasma products, helping improvements of public health. We believe this initiative is in line with what is expected for the New Company.

2. Overview of the Acquisition

The Acquisition will proceed with the following steps:

1. Kaketsuken will establish the New Company and make contribution in kind (including business transfer) into the New Company in accordance with the definitive agreement
2. Meiji Holdings, Meiji Seika Pharma, Kumamoto Prefecture company consortium (EGAO HOLDINGS CO., LTD., Kimigafuchi Educational Foundation, Kumamoto Broadcasting Co., Ltd., Saishunkan Co., Ltd., Kumamoto Telecasting Corporation, TOMITA Pharmaceutical Co., Ltd. and The Higo Bank, Ltd), and Kumamoto Prefecture will establish an acquiring company ("Acquiring Company") headquartered in Kumamoto Prefecture
3. The Acquiring Company will acquire the 100% shares of the New Company
4. The Acquiring Company and the New Company will merge, as the New Company being the surviving entity

The percentage of shares of the Acquiring Company will be as follows - Meiji group 49% (Meiji Holdings 29% and Meiji Seika Pharma 20%), Kumamoto Prefecture company consortium 49% and Kumamoto Prefecture 2%. The percentage of shares will be kept at the same level after the merger of the Acquiring Company and the New Company. The investment by Kumamoto Prefecture will take place upon the approval of Kumamoto Prefectural Assembly.

The shareholders of the Acquiring Company and the New Company will collaborate with each other and contribute to the regional economy and employment in Kumamoto Prefecture through the growth of the New Company as a community-based company.

Meiji group will nominate the majority of the board members and representative director of the Acquiring Company and the New Company, making the Acquiring Company and the New Company become the consolidated subsidiary of Meiji Holdings. Meiji Holdings will play a major role to guide, manage and supervise the management and the business execution of the New Company based on the governance system of Meiji group. Meiji group will bring and promote the rigid compliance and the sound management system in the New Company with multi-layered governance system and the New Company's auditors.

3. Overview of the New Company (planned)

(1) Name of the company	To be announced		
(2) Headquarters	1-6-1 Okubo, Kita-ku, Kumamoto-shi, Kumamoto 860-8568, Japan		
(3) Representative	To be announced		
(4) Business	Research, development, manufacturing and supply of biological pharmaceuticals such as vaccines and blood plasma products		
(5) Share capital	To be announced		
(6) Date of establishment	To be announced		
(7) Major shareholders	Kaketsuken 100%		
(8) Relationship with Meiji Holdings and Meiji Seika Pharma	Neither Meiji Holdings nor Meiji Seika Pharma has capital, personal or transactional relationships with the New Company. There are no notable capital, personal or transactional relationships between the affiliates of Meiji Holdings or Meiji Seika Pharma and the affiliates of the New Company. The New Company is not a related party of Meiji Holdings or Meiji Seika Pharma. There are no persons or affiliates of the New Company that are related parties of Meiji Holdings or Meiji Seika Pharma.		
(9) Results for the past three fiscal years (JPY mm)			
Fiscal Year	March 2015	March 2016	March 2017
Sales	47,479	45,790	26,696
Operating income	12,662	10,392	1,881

(Note) Since the company has not been established yet, sales and operating income of the Target Business in March 2015, March 2016 and March 2017 are shown above.

4. Overview of selling shareholder

(1) Name of the company	General Incorporated Foundation, The Chemo-Sero-Therapeutic Research Institute
(2) Headquarters	1-6-1 Okubo, Kita-ku, Kumamoto-shi, Kumamoto 860-8568, Japan
(3) Representative	Motoharu Kinoshita, Director General & President
(4) Business	Research, development, manufacturing and supply of biological pharmaceuticals such as vaccines and blood plasma products
(5) Date of establishment	December 26, 1945
(6) Net asset	JPY 130,695 mm (as of March 31, 2017)
(7) Total assets	JPY 160,224 mm (as of March 31, 2017)
(8) Relationship with Meiji Holdings and Meiji Seika Pharma	Neither Meiji Holdings nor Meiji Seika Pharma has capital, personal or transactional relationships with Kaketsuken. Kaketsuken is not a related party of Meiji Holdings or Meiji Seika Pharma. There are no persons or affiliates of Kaketsuken that are related parties of Meiji Holdings or Meiji Seika Pharma.

5. Shares to be acquired and shares owned before and after the Acquisition

(1) Number of shares held before the Acquisition	0 shares (Percentage of shares: 0%)
(2) Number of shares to be acquired	To be announced (Percentage of shares: 49%)
(3) Acquisition price	Common stock of the New Company :JPY 9,800 mm Nonvoting stock of the New Company :JPY 7,500 mm Advisory fee, etc.(estimated amount) :JPY 700 mm Total (estimated amount) :JPY 18,000 mm
(4) Number of shares held after the Acquisition	To be announced (Percentage of shares: 49%)

6. Schedule

(1) Board resolution	December 12, 2017
(2) Signing date of the definitive agreement	February, 2018 (planned)
(3) Closing date of the Acquisition	To be announced (Note)

(Note)The Acquisition is expected to complete by the end of September 2018 after obtaining necessary approvals from the regulatory authorities.

7. Future prospect

We do not expect the Acquisition to have a material impact on the consolidated financials of Meiji Holdings for the fiscal year ending March 2018.

End

(Reference) Forecast of consolidated financial results (as announced on November 8, 2017) and actual consolidated financial results for the previous fiscal year (JPY mm)

	Net Sales	Operating income	Ordinary income	Net income
For the year ending March 31, 2018	1,262,300	96,500	97,500	64,500
For the year ended March 31, 2017	1,242,480	88,395	88,839	60,786