JCR Pharmaceuticals and Dainippon Sumitomo Pharma sign a Letter of Intent for the assignment and acceptance of the growth hormone business

JCR Pharmaceuticals Co., Ltd (Chairman, President & CEO: Shin Ashida, “JCR”) and Dainippon Sumitomo Pharma Co., Ltd. (President & CEO: Masayo Tada, “DSP”) today announced the signing of a basic agreement to terminate the current co-marketing agreement between them for “GROWJECT ®”, a recombinant human growth hormone, and assign DSP’s growth hormone business (the “Business”) to JCR, thereby implementing exclusive marketing of GROWJECT ® by JCR. To that effect, JCR and DSP have executed a letter of intent (the “LOI”) based upon respective resolutions passed in the meetings of their respective board of directors held today. Even after the contemplated assignment and acceptance of the Business, both companies will continue exploring opportunities to strengthen mutual relations in the field of pharmaceutical business.

1. Purpose of this transaction

GROWJECT ® was launched by JCR in 1995. Thereafter, JCR and DSP executed a co-marketing agreement pursuant to which both companies have been selling this product under an identical brand name.

The market conditions surrounding both companies’ growth hormone business prove considerably difficult, partly affected by the national health insurance price revisions. In spite of such difficulty, the market share of GROWJECT ® has steadily increased in
recent years, prompted by new marketing initiatives jointly taken by both companies in 2006, which included the sharing of market information and improvement in the efficiency of business operations for GROWJECT®. Under these circumstances, JCR and DSP have discussed extensively on concrete steps to reinforce the operations of this business and maximize sales of GROWJECT® in the future and reached the conclusion that it would be most desirable to consolidate the marketing of GROWJECT® business in JCR. The LOI executed by both companies address the basic matters on this transaction.

JCR will integrate management resources of both companies pertaining to the growth hormone business to increase profitability as well as competitiveness while pursuing synergistic effects expected from such strategy and further efficiency in this particular business.

2. Property to be the subject of the assignment and acceptance

JCR will accept the assignment of DSP's assets, contracts (except for employment contracts) and other properties related to the Business, details of which will be determined through discussions by and between both companies and set forth in a definitive agreement for the assignment of the Business.

3. Anticipated timeline

May 2010: execution of the definitive agreement on the assignment of the Business
July 1, 2010: start of exclusive marketing by JCR (effectuate the assignment of the Business)

4. Impact on operating results

No major impact by the assignment and acceptance of the Business is expected on operating results of either company.

5. Details of the notifying companies (as of March 31, 2009)

JCR Pharmaceuticals Co., Ltd.

1. Representative Shin Ashida, Chairman, President & CEO
2. Headquarters 3-19, Kasuga-cho, Ashiya, Hyogo Prefecture
3. Established September 1975
4. Business Manufacture and sale/purchase of pharmaceuticals, pharmaceutical bulk materials, and pharmaceutical raw materials
5. Fiscal year-end March 31
6. Employees 280 (consolidated)
7. Capital 7,504 million yen
8. Sales 12,082 million yen (consolidated: March 2009)

Dainippon Sumitomo Pharma Co., Ltd.
1. Representative Masayo Tada, President & CEO
2. Headquarters 6-8, Doshomachi 2-chome, Chuo-ku, Osaka
3. Established May 1897
4. Business Manufacture, sale/purchase, and import/export of pharmaceuticals, medical equipment, veterinary products, food additives, industrial chemicals, and other chemical products
5. Fiscal year-end March 31
6. Employees 4,787 (consolidated)
7. Capital 22,400 million yen
8. Sales 261,213 million yen (consolidated: March 2009)