



The original disclosure in Japanese was released on December 15, 2016 at 15:00 (GMT+9)

To whom it may concern,

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Notice Regarding Signing of Exclusive License Agreement with Otsuka Pharmaceutical Co., Ltd. for the Investigational Cancer Treatment HF10, an Oncolytic Virus, by a Consolidated Subsidiary of Takara Holdings (Takara Bio Inc.)

Takara Bio Inc. (The First Section of Tokyo Stock Exchange, securities code number: 4974), a consolidated subsidiary of the Company, today issued a news release announcing that they had signed Exclusive License Agreement with Otsuka Pharmaceutical Co., Ltd. for the Investigational Cancer Treatment HF10, an Oncolytic Virus.

The impact of the agreement on consolidated earnings for the fiscal year ending March 31, 2017 is currently being assessed along with other factors. Should it be judged necessary for performance forecasts to be revised, notice will be given in a timely manner.

(Attached) Disclosure materials of Takara Bio

End

Cautionary Statement on the Use of This Document

Statements in this document, other than those based on historical fact, concerning the current plans, prospects, strategies and expectations of the Company represent forecasts of future results. While such statements are based on the conclusions of management according to information available at the time of writing, they reflect many assumptions and opinions derived from information that includes major risks and uncertainties. Actual results may vary significantly from these forecasts due to various factors. Factors that could influence actual results include, but are not limited to, economic conditions, especially trends in consumer spending, as well as exchange rate fluctuations, changes in laws and government systems, pressure from competitors' prices and product strategies, declines in selling power of the Company's existing and new products, disruptions to production, violations of the Company's intellectual property rights, rapid advances in technology and unfavorable verdicts in major litigation.

Takara Bio Signs Exclusive License Agreement with Otsuka for the Investigational Cancer Treatment HF10, an Oncolytic Virus

Kusatsu/Shiga, Japan — December 15, 2016 — Takara Bio Inc. (Takara) announced today that it has entered into an exclusive license agreement with Otsuka Pharmaceutical Co., Ltd. (Otsuka) for co-development and commercialization in Japan of the oncolytic virus HF10 (HF10).

Under the terms of the agreement, Takara gives Otsuka exclusive rights to develop and commercialize HF10 in Japan. In return, Otsuka will pay Takara an up-front payment at the time of the execution of the agreement and will also pay milestone payments upon the achievement of certain development milestones up to a maximum total amount of approximately 3 billion yen.

Takara retains the rights to manufacture HF10, and will supply the products for use in clinical trials and for post-approval in return for unspecified fees to be paid by Otsuka.

Takara and Otsuka will jointly develop HF10 for the treatment of pancreatic cancer, melanoma and other tumors, and look forward to providing the new treatment option through the future development of HF10.

About Otsuka Pharmaceutical Co., Ltd.

Company Name	Otsuka Pharmaceutical Co., Ltd.
Head Office	2-9, Kanda Tsukasa-machi, Chiyoda-ku, Tokyo 101-8535, Japan
President	Tatsuo Higuchi
Business Description	Manufacturing, distributing, exporting, and importing of pharmaceuticals, clinical testing equipment, medical device and equipment, food products, cosmetics, and other related products
Capital	20 billion yen
Date Established	August 10, 1964
Employees	5,719 (as of Dec. 31, 2015)
Principal shareholder	Otsuka Holdings Co., Ltd.
URL	https://www.otsuka.co.jp/en/index.php

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This article is translated from press release in Japanese for your convenience.

Forward-Looking Statements

Statements in this news release, other than those based on historical fact, concerning the current plans, prospects, strategies and expectations of the Company and its Group represent forecasts of future results. While such statements are based on the conclusions of management according to information available at the time of writing, they reflect many assumptions and opinions derived from information that includes major risks and uncertainties. Actual results may vary significantly from these forecasts due to various factors. Factors that could influence actual results include, but are not limited to, economic conditions, especially trends in consumer spending, as well as exchange rate fluctuations, changes in laws and government systems, pressure from competitors' prices and product strategies, decline in selling power of the Company's existing and new products, disruptions to production, violations of our intellectual property rights, rapid advances in technology and unfavorable verdicts in major litigation.