

August 3, 2011

Company Name:	Nagase & Co., Ltd.
Address of Head Office:	1-1-17 Shinmachi, Nishi-ku, Osaka City
Representative:	Hiroshi Nagase President and CEO
Stock Exchange Listings	First Sections, Tokyo Stock Exchange and Osaka Securities Exchange; Stock Code: 8012
Contact:	Masanori Furukawa Manager, Accounting Division
Telephone:	03-3665-3028

Notice Concerning Execution of Sponsor Agreement Regarding Support for Reconstruction of Reorganization Company Hayashibara Co., Ltd. and its Group Companies

Nagase & Co., Ltd. (the “Company”) hereby announces that based upon the resolution of its board of directors’ meeting dated today, the Company has executed a sponsor agreement (the “Agreement”) dated today as follows with Mr. Hideki Matsushima, who is an attorney and a legal-side trustee of Reorganization Company Hayashibara Co., Ltd., Reorganization Company Hayashibara Shoji, Inc. and Reorganization Company Hayashibara Biochemical Laboratories, Inc. (collectively, the “Three Hayashibara Companies”) which are under business reorganization.

1. Reason for support of reconstruction

The Company’s group has conducted the bio life science business as a priority field. Therefore, when the Three Hayashibara Companies which mutually have high compatibility in such business field commenced the process of business reorganization, the Company examined possible support for such business reorganization. From this examination, the Company came to believe that its support can be expected to create various synergy effects between the Company’s group and the Three Hayashibara Companies with respect to the research, development, manufacturing and sales, including overseas expansion, and otherwise to dramatically contribute to the bio life science business field to which the Company’s group gives priority. This led the Company to executing the Agreement today.

2. Overview of Three Hayashibara Companies

(1) Overview of Hayashibara Co., Ltd.

(i)	Name	Hayashibara Co., Ltd.
(ii)	Address	1-2-3, Shimoishii, Kita-ku, Okayama City
(iii)	Representative	Hideki Matsushima, Legal-side Trustee
(iv)	Business Description	Manufacturing of products which are made mainly from starch and which use, and are produced by, microorganisms and enzyme chemicals
(v)	Stated Capital	100,000,000 yen
(vi)	Date of Incorporation	July 10, 1932
(vii)	Shareholders (as of August 3, 2011)	Kabushiki Kaisha Shunkosha (66.00%) Kabushiki Kaisha Hayashibara AG (17.05%) Taiyo Estate Co., Ltd. (16.95%)
(viii)	Number of Employees	288 employees (as of August 3, 2011)
(ix)	Relationship with the Company	
	1) Capital Relationship	There is no capital relationship that needs to be noted

between the Company and Hayashibara Co., Ltd. There is no capital relationship that needs to be specially noted between the relevant parties or affiliates of the Company and the relevant parties or affiliates of Hayashibara Co., Ltd.

2) Personal Relationship There is no personal relationship that needs to be noted between the Company and Hayashibara Co., Ltd. There is no personal relationship that needs to be specially noted between the relevant parties or affiliates of the Company and the relevant parties or affiliates of Hayashibara Co., Ltd.

3) Business Relationship The affiliates of the Company sell enzymes to Hayashibara Co., Ltd. There is no other business relationship that needs to be specially noted.

(2) Overview of Hayashibara Shoji, Inc.

(i) Name Hayashibara Shoji, Inc.
(ii) Address 1-2-3, Shimoishii, Kita-ku, Okayama City
(iii) Representative Hideki Matsushima, Legal-side Trustee
(iv) Business Description Sales of food products, processed products which are made from enzymes, pharmaceutical ingredients and other products

(v) Stated Capital 10,000,000 yen

(vi) Date of Incorporation April 7, 1962

(vii) Shareholders (as of August 3, 2011) Hayashibara Co., Ltd. (87.50%)
Kabushiki Kaisha Shunkosha (12.50%)

(viii) Number of Employees 96 employees (as of August 3, 2011)

(ix) Relationship with the Company

1) Capital Relationship There is no capital relationship that needs to be noted between the Company and Hayashibara Shoji, Inc. There is no capital relationship that needs to be specially noted between the relevant parties or affiliates of the Company and the relevant parties or affiliates of Hayashibara Shoji, Inc.

2) Personal Relationship There is no personal relationship that needs to be noted between the Company and Hayashibara Shoji, Inc. There is no personal relationship that needs to be specially noted between the relevant parties or affiliates of the Company and the relevant parties or affiliates of Hayashibara Shoji, Inc.

3) Business Relationship The Company purchases trehalose and other items from Hayashibara Shoji, Inc. There is no other business relationship that needs to be specially noted.

(3) Overview of Hayashibara Biochemical Laboratories, Inc.

(i) Name Hayashibara Biochemical Laboratories, Inc.

(ii) Address 1-2-3, Shimoishii, Kita-ku, Okayama City

(iii) Representative Hideki Matsushima, Legal-side Trustee

(iv) Business Description Research, development of use, manufacturing and sales of pharmaceuticals, quasi pharmaceuticals, industrial chemicals, reagents, cosmetics, microorganisms, foods and drinks, and other products, and management of intellectual property rights

(v) Stated Capital 50,000,000 yen

(vi) Date of Incorporation September 4, 1970

(vii)	Shareholders (as of August 3, 2011)	Hayashibara Co., Ltd. (75.25%) Kabushiki Kaisha Shunkosha (20.00%) Ken Hayashibara (4.75%)
(viii)	Number of Employees	235 employees (as of August 3, 2011)
(ix)	Relationship with the Company	
	1) Capital Relationship	There is no capital relationship that needs to be noted between the Company and Hayashibara Biochemical Laboratories, Inc. There is no capital relationship that needs to be specially noted between the relevant parties or affiliates of the Company and the relevant parties or affiliates of Hayashibara Biochemical Laboratories, Inc.
	2) Personal Relationship	There is no personal relationship that needs to be noted between the Company and Hayashibara Biochemical Laboratories, Inc. There is no personal relationship that needs to be specially noted between the relevant parties or affiliates of the Company and the relevant parties or affiliates of Hayashibara Biochemical Laboratories, Inc.
	3) Business Relationship	There is no business relationship that needs to be noted between the Company and Hayashibara Biochemical Laboratories, Inc. There is no business relationship that needs to be specially noted between the relevant parties or affiliates of the Company and the relevant parties or affiliates of Hayashibara Biochemical Laboratories, Inc.

3. Summary of the Agreement

The summary of the Agreement regarding support for reconstruction of the Three Hayashibara Companies are as follows. The details of support for reconstruction will be as set out in the proposed reorganization plan.

- With respect to the business of food ingredients, including trehalose, cosmetic ingredients, pharmaceutical ingredients and functional dyes in which the Three Hayashibara Companies are engaged, the Company will dispatch business-side trustee and other staff to the Three Hayashibara Companies and support the reconstruction of the Three Hayashibara Companies based on the basic policy that the research and development activities, and manufacturing and sales activities, relating to such business are continued and developed together.
- The Three Hayashibara Companies will be merged, and the surviving company will acquire all of the outstanding shares with no consideration and redeem them (so called, capital reduction in full) and thereafter, the Company will subscribe for all of new shares to be issued by the surviving company. The Company will make an investment of 70 billion yen to the surviving company through subscription for such shares and extension of loans, and a lump-sum repayment is expected by using such funds. The Company will support the reconstruction of the Three Hayashibara Companies subject to the conditions, among others, an affirmative resolution of the proposed reorganization plan and a final decision to approve such plan.
- The Agreement will become effective subject to the permission of the court.

The Tokyo District Court issued an order to appoint as business-side trustee, and a permission to appoint as deputy trustees, the following persons as the business-side trustee and deputy trustees dispatched by the Company:

Business-side Trustees:	Reiji Nagase, Representative Director and Senior Managing Executive Officer
Deputy Trustees:	Shinji Nakamura, General Manager, Finance and Accounting Division Shigeru Doi, Manager, Bio Products Division of Fine Chemical Department

4. Schedule

August 3, 2011:	Resolution at the board of directors' meeting, and execution of the Agreement
November 18, 2011 (scheduled):	Filing of the proposed reorganization plan by the trustee

The schedule for a resolution of the proposed reorganization plan and for other matters such as subscription of shares thereafter has not yet been determined.

5. Future outlook

The impact of this matter on the performance of the Company's group has not yet been determined.

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