



January 31, 2012

To Whom It May Concern:

Company Name: NAGASE & CO., LTD.
Address: 1-1-17 Shinmachi, Nishi-ku, Osaka City
Representative: Hiroshi Nagase,
Representative Director, President
Stock Exchange Listings:
Tokyo, Osaka (First Sections)
Code 8012
Contact: Masanori Furukawa, Manager, Accounting
Division
Tel: +81-3-3665-3028

Hayashibara Co., Ltd. Reorganization Plan Approved;
Nagase & Co., Ltd. to Acquire Outstanding Shares to Make Hayashibara a Wholly Owned Subsidiary

On August 3, 2011, Nagase & Co., Ltd. concluded a sponsorship agreement to support the reorganization of Hayashibara Co., Ltd., Hayashibara Shoji, Inc., and Hayashibara Biochemical Laboratories, Inc. (“Hayashibara Companies”) with Hayashibara Companies trustee Attorney Hideki Matsushima.

With the approval of its reorganization plan by the Tokyo District Court on December 31, 2011, and with the reorganization plan deemed acceptable as of January 27, 2012, the Hayashibara Companies entered into a merger (“the three-company merger”), effective February 1, 2012, with Hayashibara as the surviving company. Subsequent to the three-company merger, the reorganized Hayashibara will acquire all outstanding shares of the Hayashibara Companies, retiring said shares, and completely reducing common stock and reserve amounts (100% reduction) as of February 3, 2012. At the same time, the board of directors of Nagase resolved to acquire all shares issued by Hayashibara via allocation of new shares to a third party, making Hayashibara a wholly owned subsidiary.

Details

1. Reasons for Stock Acquisition

The Nagase Group has focused mainly on building its bio and life sciences businesses. However, with the Hayashibara Companies in the process of management restructuring, and given the high affinity of the business specialties in question, the Nagase Group studied the potential rewards of supporting the Hayashibara reorganization. The Nagase Group concluded that they could expect synergies in terms of Group research,

development, manufacturing, and sales (including overseas expansion) with the Hayashibara Companies. The Group further concluded that it could expect to be able to develop its important bio and life sciences business to a scale matching the chemicals, electronics, and plastics businesses. Nagase will acquire all shares of Hayashibara upon the completion of the procedures mentioned above after the three-company merger.

2. Overview of Transitioning Subsidiary (Note)

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|-------------------------------|--|
| 1. Name | Reorganized Company Hayashibara Co., Ltd. |
| 2. Address | 1-2-3 Shimoishii, Kitaku, Okayama |
| 3. Representative | Trustee Reiji Nagase; Trustee Hideki Matsushima |
| 4. Business Lines | Manufacture, conduct research and development, and sell products through the use and treatment of microorganisms, enzymes or enzyme-processed products (made mainly from starch). The manufacture, research and development, and sales of pharmaceuticals, pharmaceutical raw materials, quasi drugs, industrial chemicals, reagents, cosmetics, cosmetics raw materials, microorganisms, foods, drinks, and other products. |
| 5. Capital | ¥100 million |
| 6. Founded | July 10, 1932 |
| 7. Shareholders | Shunkosha Co., Ltd. (66.00%)
Hayashibara AG Co., Ltd. (17.05%)
Reorganized Company Taiyo Estate Co., Ltd. (16.95 %) |
| 8. Relationships with Nagase. | |
| 1) | |
| Equity Relationships | No equity relationship to be noted. No equity relationships of note between relevant parties and affiliates of Nagase and Hayashibara. |
| 2) | |
| Personal Relationships | Nagase has assigned one business trustee, two assistant business trustees, and three personnel to serve temporarily at Hayashibara. |
| 3) | |
| Business Relationships | Nagase affiliates sell enzymes to Hayashibara. There are no other matters to note in this regard. |

9. We have not provided the most recent three-year consolidated operating results or consolidated financial position of the company in question. This decision was made noting that no consolidated financial reports or financial statement audits have been performed, and the consequent lack of reliable financial information

available to provide a reasonable basis for decision making.

(Note) This overview of Hayashibara reflects the company's status subsequent to the three-company merger scheduled for February 1, 2012.

3. Stock Acquisition Method

After the three-company merger, the reorganized Hayashiabara will reduce all holdings and amounts to zero. At the same time, the company will conduct an allocation of new shares to a third party, with all shares acquired by Nagase. Thus, Hayashibara will become a wholly owned subsidiary of Nagase.

4. Stock amounts, acquisition price, and shares owned pre-/post-acquisition

- (1) Shares owned before transition: 0 shares (ownership ratio: 0%) (voting stock: 0 shares)
- (2) Shares to be acquired: 300,000 shares (acquisition price: ¥15.0 billion) (voting stock: 300,000 shares)
- (3) Shares owned after transition: 300,000 shares (ownership ratio: 100%) (voting stock: 300,000 shares)

5. Schedule

January 31, 2012: Board of director resolution, determination to make company in question a subsidiary of Nagase.

February 1, 2012: Effective date of three-company merger

February 3, 2012 (planned): Stock acquisition date

*The conclusion of reorganization procedures is scheduled to be completed during fiscal 2011.

6. Future Outlook

Nagase will accept all shares of Hayashibara (surviving entity of the three-company merger) via an allocation of new shares to a third party, making Hayashibara a wholly owned Nagase subsidiary. After Hayashibara makes a lump-sum payment to pay off the majority of reorganization debt and reorganization security rights, it will receive a determination of the conclusion of reorganization proceedings, and become a consolidated Nagase subsidiary. After the three-company merger, business trustee Reiji Nagase will be named representative director, and the new Hayashibara organization will spare no effort to be a firm trusted and relied upon by its business partners.

In the event that the three Hayashibara companies conclude reorganization procedures before the end of fiscal 2011, the effect on the consolidated full-year Nagase earnings for the year ended March 31, 2011 is expected to be minimal. However, we are still calculating the impact on the Nagase consolidated financial position for the year ended March 31, 2011. We will promptly make an official announcement in the event that we determine that this transaction will have a material impact on future earnings and/or financial position.

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