

April 24, 2012

To whom it may concern

Company name: Kobayashi Pharmaceutical Co., Ltd.

Representative: Yutaka Kobayashi, President & COO

Code: 4967 (1st section of Tokyo Stock Exchange and Osaka Securities Exchange)

Notice Concerning Change in Consolidated Subsidiary (Share Transfer)

Kobayashi Pharmaceutical Co., Ltd. (the Company) is pleased to announce that the Board of Directors at its meeting held today resolved to transfer 80% of the outstanding shares in Kobayashi Medical Co., Ltd., a consolidated subsidiary of the Company, to Mitsubishi Corporation as follows:

1. Reason for the change (share transfer)

The Company set up Kobayashi Medical business unit (renamed to Kobayashi Medical Company in 2000) as a department to import and distribute medical devices in 1992 and developed its business under a vision of “delivering safe and secure medical devices to patients.” On April 1, 2010, the Company spun off Kobayashi Medical Company into a separate company, Kobayashi Medical Co., Ltd., because it judged that the business unit must flexibly respond to changes in business environment and enhance its competitiveness by developing high level expertise and improving production efficiency.

Kobayashi Medical Co., Ltd. handles medical devices that are used in medical practice, such as the field of surgery, respiratory and anesthesia, and orthopedics, and develops business by using its high level expertise in particular fields.

On the hand, the Mitsubishi Corporation Group made a full-scale entry into the medical field in 1970's. Mitsubishi positions the healthcare related business as a priority field, with urgent improvement of the medical care and elderly nursing systems being required due to the progress of aging society. The Group cooperates with companies in the priority field in which it invests and engages in a wide range of businesses, such as distribution and procurement supports of medical devices and materials and rental of welfare equipment, in Japan and overseas for medical institutions and nursing care service providers.

The Company decided the share transfer, because it considers that transferring shares in Kobayashi Medical Co., Ltd. to Mitsubishi Corporation will enable to integrate the provision of total solutions by the Mitsubishi Corporation Group in the medical device field and high level expertise of Kobayashi Medical Co., Ltd. in particular fields, contributing to further growth of Kobayashi Medical Co., Ltd. in the medical device market.

2. Outline of a wholly-owned subsidiary (Kobayashi Medical Co., Ltd.) to be transferred

(1)	Company name	Kobayashi Medical Co., Ltd.
(2)	Location	2-5-8, Imabashi, Chuo-ku, Osaka
(3)	Representative	Hiroshi Kudo, President
(4)	Business	Import, manufacturing and distribution of medical devices

(5)	Capital	50 million yen	
(6)	Date of establishment	April 1, 2010	
(7)	Principal shareholders and investment ratio	Kobayashi Pharmaceutical Co., Ltd.: 100%	
(8)	Relationship between the Company and Kobayashi Medical Co., Ltd.	Capital relationship	The Company owns 100% of shares in Kobayashi Medical Co., Ltd.
		Personnel relationship	Some directors of the Company concurrently serve as director of Kobayashi Medical Co., Ltd.
		Business relationship	There is no significant business relationship between the Company and Kobayashi Medical Co., Ltd. In addition, there is no noteworthy business relationship between the interest parties and affiliated companies of the Company and Kobayashi Medical.
(9)	Business performance and financial condition of Kobayashi Medical Co., Ltd.		
	Fiscal year	March 31, 2011	March 31, 2012 (forecast)
	Net assets	1,947 million yen	2,198 million yen
	Total assets	5,186 million yen	4,694 million yen
	Net assets per share	19,471 yen	21,978 yen
	Net sales	10,213 million yen	8,965 million yen
	Operating income	870 million yen	628 million yen
	Ordinary income	885 million yen	603 million yen
	Net income	629 million yen	442 million yen
	Net income per share	6,288 yen	4,429 yen

3. Outline of Mitsubishi Corporation

(1)	Company name	Mitsubishi Corporation	
(2)	Location	2-3-1, Marunouchi, Chiyoda-ku Tokyo	
(3)	Representative	Ken Kobayashi, President & CEO	
(4)	Business	General trading company	
(5)	Capital	204,447 million yen (as of December 31, 2011)	
(6)	Date of establishment	April 1, 1950	
(7)	Net assets	3,528,556 million yen (as of December 31, 2011)	
(8)	Total assets	12,045,836 million yen (as of December 31, 2011)	
(9)	Principal shareholders and investment ratio (as of September 30, 2011)	Japan Trustee Service Bank, Ltd. (Trust Account)	6.85%
		Tokio Marine & Nichido Fire Insurance Co., Ltd.	5.10%
		The Master Trust Bank of Japan, Ltd. (Trust Account)	4.25%
		Meiji Yasuda Life Insurance Company	3.92%
		The Master Trust Bank of Japan, Ltd. (Mitsubishi Heavy Industries, Limited Account, Retirement Benefit Trust Account)	2.95%

	SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS (Standing Proxy: Hong Kong Shanghai Banking Corporation Limited Tokyo Branch)	2.12%
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1.54%
	The Nomura Trust and Banking Co., Ltd. (Pension Benefit Trust Account, Mitsubishi-UFJ Trust and Banking Cooperation)	1.33%
	Mellon Bank, N.A. as Agent for its Client Mellon Omnibus US Pension (Standing Proxy: Mizuho Corporate Bank, Ltd.)	1.09%
	The Master Trust Bank of Japan, Ltd. (Retirement Benefit Trust Account, Mitsubishi Electric Corporation, Account)	1.07%
(10) Relationship between the Company and Mitsubishi Corporation	Capital relationship	There is no significant capital relationship between the Company and Mitsubishi Corporation. In addition, there is no noteworthy capital relationship between the interest parties and affiliated companies of the Company and Mitsubishi Corporation.
	Personnel relationship	There is no significant personnel relationship between the Company and Mitsubishi Corporation. In addition, there is no noteworthy personnel relationship between the interest parties and affiliated companies of the Company and Mitsubishi Corporation.
	Business relationship	There is no significant business relationship between the Company and Mitsubishi Corporation. Affiliated companies of Mitsubishi Corporation purchase goods from Kobayashi Medical Co., Ltd.
	Applicability to related party	Mitsubishi Corporation does not fall under the related parties of the Company. The related parties and affiliated companies of Mitsubishi Corporation do not fall under the related parties of the Company.

4. Number shares acquired by Mitsubishi Corporation and number of shares owned by the Company before and after the share transfer

(1)	Number of shares owned by the Company before the share transfer	100,000 shares (Number of voting rights: 100,000 units) (Ownership ratio: 100.0%)
(2)	Number of shares to be transferred	80,000 shares (Number of voting rights: 80,000 units) (The ratio to the number of outstanding shares: 80%)
(3)	Number of shares owned by the Company after the share transfer	20,000 shares (Number of voting rights: 20,000 units) (Ownership ratio: 20.0%)

5. Schedule

(1)	Resolution by the Board of Directors	April 24, 2012
(2)	Conclusion of share transfer agreement	April 24, 2012
(3)	Date of share transfer	May 31, 2012 (scheduled)

6. Future prospects

After the completion of the share transfer, Kobayashi Medical Co., Ltd. will be changed from a consolidated subsidiary to an equity method affiliate from June 2012 (scheduled).

The Company plans to disclose the impact of the share transfer on its consolidated operational results after factoring the impact in Forecasts of Consolidated Operational Results for Year Ending March 31, 2013 in the Brief Report of Financial Statements for the Year Ended March 31, 2012 [JGAAP] (Consolidated Basis) to be released on May 1, 2012.

— **Contact for further inquiry**—

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