



**ASAHI KASEI CHEMICALS CORPORATION**

Functional Additives Division  
1-1-2, Yuraku-cho, Chiyoda-ku  
Tokyo 100-8440 Japan

Phone +81-(0)3-3507-2519  
Fax +81-(0)3-3507-2375

April 14, 2008

To Whom It May Concern:

Re: Asahi's German patent for microcrystalline cellulose spherical seed core, "Celphere®".

This letter is to inform you that German Federal Patent Court has ruled in favor of Asahi Kasei Group ("Asahi"), as the defendant, in the first instance of patent nullity litigation against Asahi's German patent 69111287 ("287 Patent") for microcrystalline cellulose spherical seed core, "Celphere®", used primarily in the manufacturing of granules with controlled release property in the pharmaceutical products. IPC Process Center GmbH & Co. ("IPC"), having its principal office at Grunaer Weg 26, 01277 Dresden, Germany, had brought the litigation at the court.

Asahi holds the 287 Patent that is the patent of composition of microcrystalline cellulose spherical seed core in Germany. In July 2005, IPC brought the litigation against the 287 Patent. Asahi has continued to assert the validity of the 287 Patent. As the result of final oral proceedings at the German Federal Patent Court in Munich on November 20, 2007, the court dismissed the allegation brought by IPC and sustained the validity of the main claim of the 287 Patent as asserted by Asahi. The court has issued the written judgment dated February 7, 2008 accordingly.

Besides Germany, Asahi holds the registered patent rights of "Celphere®" in United States, United Kingdom, France, Switzerland, Italy, Australia, South Korea, Taiwan, and Japan.

While notifying those whom it may concern, including customers, distributors, and other stakeholders of this preferable litigation result, Functional Additives Division of Asahi plans to push forward more actively its sales promotion of "Celphere®".

The demand for the spherical seed core used in the controlled release ("CR") formulation developed by pharmaceutical companies is increasing since the CR formulation could contribute to renewal and extension of the life cycle of existing pharmaceutical products in terms of patent protection. Compared with the sugar spheres, microcrystalline

cellulose spheres, “Celphere<sup>®</sup>,” could reduce particle agglomeration in the manufacturing process of CR formulation. For this reason, inquiries from pharmaceutical companies have been surging worldwide. In order to meet the increasing demand, Asahi has already expanded its production capacity of “Celphere<sup>®</sup>” in 2006.

Asahi is the leading company in the arena of pharmaceutical excipients, which manufactures and sells, in addition to “Celphere<sup>®</sup>”, high quality/performance microcrystalline cellulose under the brand name of “Ceolus<sup>®</sup>”. Functional Additives Division promotes not only “Ceolus<sup>®</sup>” and “Celphere<sup>®</sup>”, but also in other pharmaceutical/food ingredients, amino acid based surfactants, hand cleaners and industrial detergents. Providing such differentiated products, Asahi continues to offer its customers the high value required in the process of their product development.

Sincerely yours,

Functional Additives Division  
ASAHI KASEI CHEMICALS CORPORATION