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Nichi-Iko and Sanofi-Aventis Group Agrees on Strategic Partnership for Generic Pharmaceuticals in Japan

We hereby give notice that Nichi-Iko Pharmaceutical Co., Ltd. (First Section of the Osaka Securities Exchange / First Section of the Nagoya Securities Exchange; headquarters: Toyama City, Toyama Prefecture) and the Sanofi-Aventis Group (Euronext: SAN, NYSE: SNY; headquarters: Paris, France) have, as of today, agreed to jointly subscribe capital to form a company called Nichi-Iko Sanofi-Aventis Co., Ltd. to develop the generic pharmaceutical market in Japan.

This joint stock company is 51% owned by Sanofi-Aventis and 49% owned by Nichi-Iko. To strengthen the relationship of mutual trust between the companies and ensure the success of the joint stock company, Sanofi-Aventis has acquired 1,524,500 shares issued as third party allocation by Nichi-Iko, as a result gaining 4.66% of all the shares issued by Nichi-Iko. Nichi-Iko's turnover for the November 2009 period was 54.8 billion yen, making it a leading company in the emerging generic pharmaceutical market of Japan.

Olivier Charmeil, senior vice president in charge of Asia Pacific operations for the Sanofi-Aventis Group, spoke about the agreement as follows. "We are extremely pleased to establish this joint stock company with Nichi-Iko that will allow us to build firm foundations and strengthen our leadership to develop a strong presence in the fast-growing generic market in Japan. Our objective is to provide the Japanese generic market, which is expected to grow even more, with high quality and affordable generic pharmaceuticals, supporting the government's policy of increasing generic penetration. This strategic partnership between Nichi-Iko and Sanofi-Aventis will further expand the respective capabilities of both our companies to meet the needs of medical institutions and patients."

Nichi-Iko's President and CEO Yuichi Tamura commented that "we are similarly very happy to be able to form this long-term partnership that will combine the expertise we have of generic pharmaceuticals in Japan with the globally expanding resources of the Sanofi-Aventis Group. The announcement of this strategic partnership will send a strong message showing Nichi-Iko's intention of realizing the potential to be gained through its creation of a generic market in Japan."

The joint stock company will sell and distribute the insomnia treatment pharmaceutical Zopiclone (Imovane)®, for which Sanofi-Aventis owns the manufacturing and sale approval rights, as a concrete step for the partnership. Sales of Zopiclone were 5.1 billion yen in FY2009. Nichi-Iko will undertake sales promotion activities through its wide network of pharmacies, wholesalers and medical institutions.

Both companies are looking for further opportunities to develop their joint stock company in the Japanese generic pharmaceutical market by combining Nichi-Iko's carefully built-up knowhow of manufacturing, development and sale of generic pharmaceuticals in Japan, with the Sanofi-Aventis Group's resources and globally deployed generic pharmaceuticals.

The generic market in Japan

Currently the Japanese pharmaceutical market is the second largest in the world, valued at around 8.85 trillion yen (based on pharmaceutical prices) per year. Generic pharmaceuticals only make up about 8% of the value of the overall pharmaceutical market (about 20% in volume of sales). The generic market in Japan is expected to undergo rapid growth by FY2012, because of the expiry of patents for key new pharmaceuticals and the Japanese government's promotion of generic pharmaceuticals. The Japanese government has stated its objective of increasing the share by volume of generic pharmaceuticals in the overall market to 30% or higher by FY2012, and is working accordingly to promote their use.

About Nichi-Iko

Nichi-Iko was established in 1965 and is a leading company for generic pharmaceuticals in Japan, selling and manufacturing high-quality pharmaceuticals with excellent affordability to meet the expectations of people wanting to live healthier lives. Its primary business is in generic pharmaceuticals, and it also sells long-term listed pharmaceuticals.

Products supplied by Nichi-Iko are manufactured in five production sites in Japan and are used in 120,000 medical institutions and so on through medical wholesalers. It was first listed on the stock exchange as a generic manufacturer in 1980, officially reaching the First Section of the Osaka Stock Exchange and the Nagoya Stock Exchange in November 2006. Currently it is expanding its business through formulating its fifth midterm management plan under a vision of "Taking On The World." See www.nichiiko.co.jp for more details.

About Sanofi-Aventis K.K.

Sanofi-Aventis K.K. (headquarters: Shinjuku, Tokyo) was formed through a legal merger in January 2006. It has approximately 3,000 employees and is engaged in the development, manufacture and sale of medical pharmaceuticals with the motto of "Work for Japan." It's production plant in Kawagoe, Saitama has been providing a steady flow of pharmaceuticals to patients in Japan for over 40 years. Its turnover for FY2009 was 1.8 billion euros (a 10.7% year-over-year increase). See www.sanofi-aventis.co.jp for more details.

About Sanofi-Aventis

Sanofi-Aventis is one of leading global pharmaceutical manufacturers working to improve the quality of human life through pharmaceutical discovery, development and sale. It is listed on the Paris (Euronext: SAN) and New York (NYSE: SNY) stock exchanges. See www.sanofi-aventis.com for more details.

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