

## News Release Dated May 31, 2013

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### **Notice of Third-party Allotment of No. 8 to No. 11 Issues of Stock Acquisition Rights (Issuance of Stock Acquisition Rights with Clause for Exercise Price Adjustment)**

The Board of Directors of tella, Inc. (the “Company”) approved a resolution on May 31, 2013 to issue the No. 8 to No. 11 issues of stock acquisition rights using a third-party allotment.

#### 1. Outline of offering

(1) Date of allocation	June 18, 2013
(2) Total number of stock acquisition rights to be issued	248 (total for No. 8 to No. 11 stock acquisition rights; 62 rights per issue)
(3) Issue price	Total: 17,690,212 yen (No. 8 and No. 9 stock acquisition rights: 79,075 yen per one stock acquisition right; No. 10 and No. 11 stock acquisition rights: 63,588 yen per one stock acquisition right )
(4) Number of dilutive shares from the issuance of stock acquisition rights	- Number of dilutive shares at initial exercise price: 749,354 shares (total for No. 8 to No. 11 stock acquisition rights) No. 8 and No. 9 stock acquisition rights: At the initial exercise price of 3,978 yen, dilutive shares of 194,821 shares, for each issue No. 10 and No. 11 stock acquisition rights: At the initial exercise price of 4,309 yen, dilutive shares of 179,856 shares, for each issue  - Number of dilutive shares at the minimum exercise price (2,320 yen for all four issues): 1,000,000 shares (total for No. 8 to No. 11 stock acquisition rights)  The maximum number of shares to be provided upon the exercise of these stock acquisition rights is 1,000,000. Consequently, no more than 1,000,000 shares will be provided if all stock acquisition rights are exercised at the minimum exercise price.
(5) Amount of funds to be raised (estimated net proceeds)	3,092,190,212 yen Estimated net proceeds are the sum of the total payments for the stock acquisition rights (No. 8 to No. 11) and total payments upon the exercise of these stock acquisition rights (No. 8 to No. 11) after deducting issuing expenses for the stock acquisition rights.

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<p>(6) Exercise price and adjusted conditions of exercise price</p>	<p>Initial exercise price  No. 8 and No. 9 stock acquisition rights: 3,978 yen  No. 10 and No. 11 stock acquisition rights: 4,309 yen</p> <p>The initial exercise price is 120% (for No. 8 and No. 9) or 130% (for No. 10 and No. 11) of the closing price for ordinary trading (including indicated prices; “OSE closing price” hereafter) of the Company’s common stock on the Osaka Securities Exchange (Tokyo Stock Exchange beginning on July 16, 2013, when the stock markets of Osaka and Tokyo will be integrated; “OSE” hereafter) on the date of the resolution to issue these stock acquisition rights (May 31, 2013).</p> <p>Beginning on the day following the stock acquisition rights allocation date (June 19, 2013), the Company may at its discretion decide to start adjusting the exercise price of each issue of these rights (the exercise prices of more than one issue of rights can be adjusted at the same time). If the decision is made to start adjusting the exercise price of one or more issues of the stock acquisition rights, the exercise price(s) will be adjusted to 90% of the average OSE closing price over the five consecutive days in which the Company stock was traded up to and including the bank business day immediately prior to the day on which the decision was made to perform the adjustment. The adjusted exercise price(s) will become effective starting on the second business day after the day the decision was made to perform the adjustment(s) (“adjustment starting date” hereafter). Following this first adjustment, the exercise price(s) will subsequently be adjusted on the second Friday of each month to 90% of the average OSE closing price over the five consecutive days in which the Company’s stock was traded up to and including the second Friday. However, the adjusted exercise price will instead be the reset price if the adjusted price is below the reset price*. The minimum exercise price is 2,320 yen (70% of the OSE closing price on the date of the resolution to issue the stock acquisition rights).</p> <p>Following the start of exercise price adjustments, if the OSE closing price is below the reset price for 10 consecutive days in which the Company’s stock was traded, then starting on the day after the last day of this 10-day period, the exercise price will return to the exercise price that was in effect on the day prior to the adjustment starting date. For all remaining stock acquisition rights, the Company may decide any number of times over the two-year period beginning on the day after the allocation date to start adjusting exercise prices as described above.</p> <p>*The reset price is the higher of 80% of the average OSE closing price over the five consecutive days in which the Company’s stock was traded up to and including the bank business day immediately prior to the day on which the decision was made to adjust the exercise price, and the minimum exercise price.</p>
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(7) Method of offering or allotment (party to which shares will be allotted)	Third-party allotment of stock acquisition rights to Nomura Securities Co., Ltd.
(8) Others	The Company plans to reach an agreement with Nomura Securities Co., Ltd., which is to receive the stock acquisition rights, that limits the number of shares provided upon the exercise of the stock acquisition rights to 1,000,000, requires approval of the Company's Board of Directors for selecting recipients of these rights, and covers other items.

## 2. Purpose and reason for offering

The Company is dedicated to fulfilling the mission of "Medical Care Creation." The Company continues to perform R&D involving the dendritic cell (DC) vaccine therapy and other therapies, which is one type of cancer vaccine therapy, conducts sales activities targeting medical institutions nationwide, and academic and information activities which include mainly using seminars and other methods to provide information to patients and making announcements at academic events. Activities also include the ongoing provision of maintenance and management services of cell processing facilities by contract chiefly to university and research institutions. Through these activities, the Group aims to continue to expand its operations.

Currently, cancer is treated primarily by using the following three methods that are generally referred to as standard care.

- (1) Surgical procedure (surgery)
- (2) Chemical therapy (anti-cancer drug therapy)
- (3) Radiation therapy

When cancer is found, a physician usually considers using one or more of these standard methods. Surgery and radiation are normally used for localized cancer and chemical therapy for treating the entire body. However, some types of cancer cannot be treated by using these standard methods. This is why a fourth method called cancer immunotherapy is attracting attention.

The DC vaccine therapy, for which the Company provides technologies and know-how, is one type of cancer immunotherapy. The use of this therapy started in the 1970s and has grown into a diverse range of treatments over the ensuing years. But the DC vaccine therapy belongs to the cancer vaccine therapy category, which is a targeted immunotherapy method that attacks only cancer cells.

Clinical studies involving the DC vaccine therapy are currently under way worldwide. Since studies to verify the efficacy of this therapy have not yet been concluded, the Company provides the DC vaccine therapy as a discretionary treatment to its contracted medical institutions. As was announced on April 16, 2013, the Company has signed a joint research agreement with the National University Corporation Kyushu University for the development of cellular pharmaceuticals for the DC vaccine therapy.

The Group's operating environment is undergoing major changes. One reason is the shift in the competitive environment in conjunction with the increasing number of medical institutions that provide cancer immunotherapy. Another source of change is progress involving government policies and regulations for the provision of cell therapy and regenerative medicine and an industry to support these activities.

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In response to these events, the Company has established a strategy for achieving more growth that has four central components. First is progress with advanced medical treatments and pharmaceuticals. Second is growth of the existing business of developing cell therapy technologies. Third is overseas growth, primarily in Asia. Fourth is becoming more competitive while differentiating products and services even more.

Regarding the first strategy, the Company will continue to focus on providing support for advanced medical treatments and develop pharmaceuticals. Regarding the second strategy, the Company will take many actions aimed at increasing the number of basic affiliated medical institutions. The goal is to increase the number of cases by raising the number of these institutions while increasing capital expenditures for cell cultivation facilities and other equipment. In addition, due to progress involving government policies and regulations involving cell therapy and regenerative medicine, it may become possible to outsource the cell culture and processing activities that are currently performed by medical institutions. the Company plans to target opportunities created by changes in regulations, including the possible entry in the cell culture outsourcing business. Regarding the third strategy, the Company plans to expand DC vaccine therapy operations outside Japan to include Southeast Asia, China and other regions. Regarding the fourth strategy, the Company plans to use joint research projects with universities for the use of cancer antigens, the expansion of evidence and other activities.

While implementing these four core strategies, the Company plans to repay loans in order to reduce interest-bearing debt. The Company believes this is an effective way to improve financial soundness because repaying loans will reduce interest and refinancing expenses and increase the equity ratio.

A substantial amount of funds will be needed to implement these growth strategies. In particular, the development of pharmaceuticals normally requires a long time and significant expenditures. The Company has decided to issue these stock acquisition rights for the purpose of procuring funds that will be used for the development of pharmaceuticals, the purchase of cell cultivation facilities and other equipment, the growth of overseas operations, joint research programs, and the repayment of interest-bearing debt.

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