

## News Release Dated December 10, 2013

Company: tella, Inc.  
Representative: Yuichiro Yazaki, President & Representative Director  
Stock code: 2191, Tokyo Stock Exchange (JASDAQ)  
Contact: Ryohei Yamamoto, Director of the Board  
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### Notice Regarding the Establishment of a Subsidiary

– Aiming to receive approval for the DC vaccine Vaccell® as Japan’s first cell immunotherapy drug –

tella, Inc. (head office: Minato-ku, Tokyo; President and Representative Director: Yuichiro Yazaki; hereinafter “the Company”) announces that its Board of Directors approved a resolution on December 10, 2013 to establish a wholly owned subsidiary Tella Pharma Inc. as follows. The Company plans to use the new subsidiary to receive approval for the dendritic cell (DC) vaccine Vaccell® as Japan’s first cell immunotherapy drug (a regenerative medicine product for treating cancer).

#### 1. Reason for the establishment

Regenerative medicine and cell therapy are two key sectors in the so-called Abenomics growth strategy. Attracting particular attention is clinical studies using iPS cells in Japan, the first research of the kind in the world. The current session of the Japanese Diet passed two associated laws on November 20, 2013: the Bill for Partial Amendments to the Pharmaceutical Affairs Act and the Bill for the Assurance of Safety for Regenerative Medicine. Enactment of these laws will greatly alter the environment for regenerative medicine and cell therapy in Japan.

The Company currently provides the DC vaccine therapy, which is a type of cancer immunotherapy, and other cancer treatment technologies and know-how to 32 medical institutions throughout Japan. These institutions include university hospitals. Number of cases at the contracted medical institutions reached about 7,300 as of the end of September 2013. Based on these clinical results, the Company gathers more scientific evidence about this therapy. Specifically, clinical results regarding DC vaccine therapy for pancreatic cancer, lung cancer and biliary tract cancer were published in the academic journals, which are distinguished in Europe and the United States. In April 2013, the Company and Kyushu University started a feasibility study for the production of cellular pharmaceuticals using high-volume culture technology (patent pending). Work is under way with the goal of receiving approval for our DC vaccine Vaccell® as Japan’s first cell immunotherapy drug under Japan’s Act Concerning the Assurance of Quality, Effectiveness and Safety of Pharmaceuticals and Medical Devices.

As the environment for regenerative medicine and cell therapy in Japan undergoes significant changes, the Company aims to receive approval for Japan’s first cell immunotherapy drug. The Company plans to accomplish this by using its steady progress with clinical studies and research programs along with its technologies and know-how for growing cells with a consistently high quality. Tella Pharma has been established for the purpose of speeding up studies involving development and commercialization activities for a cell immunotherapy drug.

## 2. Overview of the subsidiary to be established

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| (1) Name:                                      | Tella Pharma Inc.  |
| (2) Location:                                  | 1-12-32 Akasaka, Minato-ku, Tokyo  |
| (3) Representative:                            | Yuichiro Yazaki, President & Representative Director   |
| (4) Business:                                  | Research, planning and other activities for the study, development, test, manufacture, sales, purchase, export, and import of drugs, medical equipment, products relating to regenerative medicine, etc. |
| (5) Capital:                                   | 100 million yen  |
| (6) Establishment:                             | January 2014 (tentative)   |
| (7) Fiscal year end:                           | December 31  |
| (8) Major shareholders and shareholding ratio: | tella, Inc. 100%   |

## 3. Schedule

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|---------------------------|---|
| December 10, 2013:        | Resolution of the Board of Directors              |
| January 2014 (tentative): | Registration for establishment of the new company |

## 4. Outlook

This matter will have only a negligible effect on results of operations in fiscal 2013.