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To: All Parties Concerned

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Taisho Announces Tabling of Business Consolidation by Stock Transfer

Taisho Pharmaceutical Co., Ltd. (President: Akira Uehara) and Tanabe Seiyaku Co., Ltd. (President: Toshio Tanaka) have held extensive talks concerning the possibility of consolidating their prescription pharmaceuticals and self-medication business to build a company with global reach. Both companies have agreed, however, to table any further consideration of consolidation at this time.

Taisho Pharmaceutical and Tanabe Seiyaku had reached a preliminary agreement that combining operations would be their best option for developing into a competitive corporate group able to respond swiftly to the pharmaceuticals field's rapidly changing environment. Towards that end, they signed a Memorandum on Joint Stock Transfer between Taisho Pharmaceutical and Tanabe Seiyaku on September 17, 2001.

The aim of the proposed consolidation was, after establishing a joint holding company, to unify the two companies' operations in the prescription pharmaceuticals and self-medication business. The planned consolidation would enhance stability of operations, efficiency, and profitability, and augment R&D, with the holding company allocating managerial resources appropriately to each operation, thus maximizing shareholder value.

Careful consideration by the committee and other bodies established to work out the details of the deal have, however, resulted in agreement that, while consolidating operations would offer advantages of scale and the two companies' operations would complement each other, policy differences concerning how best to restructure operations together with basic infrastructural differences in personnel and management systems would make it difficult to make effective use of each company's special advantages and unique capabilities to enhance shareholder value. As a result, the two companies agreed not to pursue their consolidation at this time.

Taisho Pharmaceuticals Co., Ltd., is committed to planning and implementing measures to reinforce the profitability of its self-medication business and to strengthening its prescription pharmaceutical operations to meet the demands of the highly demanding pharmaceutical industry operating environment. We request your continued support in this endeavor.