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To Whom It May Concern

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Development of INS-1, a Diabetic Drug Discontinued

Taisho Pharmaceutical Co., Ltd. (President: Akira Uehara) has decided to begin procedures to discontinue the development of INS-1, a drug for diabetes type II and polycystic ovary syndrome (PCOC) being jointly developed with Insmmed Incorporated (Richmond, Virginia, US; President: Dr. Geoffrey Allan). The decision has been prompted by a report from Insmmed which states that the company has failed to demonstrate in a recently-completed Phase II study in the United States that the efficacy of the drug would satisfy the target level.

We had been moving forward with the joint development while holding the rights for development and sales in Asia, including, Japan since entering into a joint development contract with Insmmed in July 2000.

To bolster its prescription pharmaceutical business, Taisho Pharmaceutical put in place a research and development system in 1995, anticipating launch of original drugs after 2008. At the same time, we have been developing new drugs through partnerships with some bioventure companies, including the joint development with Insmmed, to support the growth of the same business until our new original drugs reach the market. As a result, some of the candidates for our new in-house products are currently entering the clinical phase. We are now at the point where we must make judgments about the continuity of joint development with bioventure companies. Further, while introducing new products in late phases of development for further growth of the business, we will push forward with our alliance with Toyama Chemical Co., Ltd., announced recently. We will continue to act quickly in managing our research and development, while keeping our businesses in balance.