

May 15, 2003

To Whom It May Concern

Company: Taisho Pharmaceutical Co., Ltd.
(First Section of TSE: Code 4535)
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Taisho Discontinues the Development of EPI-2010 with EpiGenesis

Taisho Pharmaceutical Co., Ltd. ("Taisho", President: Akira Uehara) decided to discontinue the development of EPI-2010, a drug for asthma being jointly developed with EpiGenesis Pharmaceuticals, Inc. ("EpiGenesis", Head Office : New Jersey, United States, President and CEO: Dan Soland). The early phase 2 trial of EPI-2010 was carried out in England, in moderate persistent asthmatics on inhaled corticosteroids and in the US in steroid naïve patients. Although data in mild asthma and steroid-naïve patients were promising, EPI-2010 had insufficient effect in patients on inhaled corticosteroids. Since EPI-2010 was ineffective in this group, an important part of the global asthma market was lost. Therefore, Taisho and EpiGenesis concluded that EPI-2010 development should be discontinued."

In 2000, Taisho executed license and development agreement with EpiGenesis and obtained the exclusive rights to develop and commercialize EPI-2010 in Asia, and the coexclusive license for purpose of joint developing and profit sharing of EPI-2010 with EpiGenesis for the North American and other markets.

Taisho restructured its research and development organization of prescription drug in 1995 in order to bolster the business, anticipating launch of original drugs after 2008. At the same time, we have been developing new drugs through partnerships with some biotechnology venture companies, including the joint development with EpiGenesis, 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 biotechnology venture 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 last year. We will continue to act quickly in managing our research and development, while keeping our businesses in balance.

Outline of EpiGenesis Pharmaceuticals, Inc.

EpiGenesis Pharmaceuticals, Inc. is a privately held biopharmaceutical company developing inhaled respiratory medicines for the treatment of asthma and COPD, and has in clinical development an inhaled non-glucocorticoid steroid (EPI-12323), in addition to the development of compounds using its epigenetic approach (EPI-2010), using respirable antisense oligonucleotides.

[Establishment] 1995

[Representative] Joanne Leonard, CFO

[Head Quarter] Cranbury, New Jersey, U.S.A.