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To Whom It May Concern

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Notice Concerning Return of the Substitutional Portion of Taisho's Welfare Pension Fund

Following the enactment of the "Defined Benefit Corporate Pension Plan Law," -and Taisho Pharmaceutical Co., Ltd.'s (hereinafter "Taisho Pharmaceutical" or "the Company") subsequent application to the government seeking exemption from the future benefit obligation of the substitutional retirement portion of the Welfare Pension Fund- the Company today announced it had received approval from the Ministry of Health, Labour and Welfare for exemption on February 25, 2004.

Accordingly, Taisho Pharmaceutical has adopted the transitional measure provided in paragraph 47-2 of the "Practical Guidance for Employee Retirement Benefit Accounting (Interim Report)" in the 13th issue of the Accounting Committee Report of the Japanese Institute of Certified Public Accountants and recognized as null and void its retirement payment obligation relating to the substitutional portion of the fund managed on behalf of the government as of the date approval was granted.

As a result, the amount of exemption from retirement payment obligation is forecast at approximately ¥35 billion and approximately ¥19 billion for pension assets.

The impact of government approval was not incorporated in the Company's revisions to consolidated and non-consolidated earnings forecasts for the fiscal year ending March 31, 2004 announced on January 30, 2004. Subsequent to these events, Taisho Pharmaceutical expects to report an extraordinary gains in its consolidated and non-consolidated financial results for the year under review of approximately ¥9 billion.