

July 11, 2005

To Whom It May Concern

Company: Taisho Pharmaceutical Co., Ltd.  
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## Taisho Forges Business and Capital Ties with Yomeishu Seizo Co., Ltd.

Taisho Pharmaceutical Co., Ltd. (Taisho; President: Akira Uehara) and Yomeishu Seizo Co., Ltd. (Yomeishu Seizo; President: Taro Shiozawa), at their respective Board of Directors meetings held today, have agreed to a business partnership that will include a capital tie-up between the two companies. Details of this agreement are as follows.

### 1. Purpose of the Partnership

Health-consciousness among consumers has continued to rise in recent years, while the growing trend toward self-medication has led to increasingly diverse consumer needs. Taisho's operating environment, meanwhile, is undergoing unprecedented changes amid a contraction in the over-the-counter medications market and structural changes in distribution channels sparked by deregulation.

In this context, Taisho has chosen to pursue a business partnership with Yomeishu Seizo to respond to the broadening range of products expected to be available on the self-medication market. This decision also reflects Taisho's desire to prepare for competition that transcends the bounds of its traditional medications and food products, as well as the necessity to devise initiatives driven by new ideas and innovative perspectives for growth opportunities in health-related markets.

By taking advantage of Yomeishu Seizo's expertise in natural medicines, Taisho is seeking to develop new products and create new markets. The partnership agreement includes a capital tie-up to enhance the overall effectiveness and strength of the partnership.

### 2. Details of the Business Partnership and Capital Tie-up

#### (1) Business Partnership

Establishment of a partnership committee made up of employees of both companies to examine specific issues including:

- Joint development of products

- Creation of markets by leveraging the unique characteristics of natural medicines
- Advancement into the Chinese market
- Greater marketing and retail store promotion efficiency

(2) Capital tie-up

Taisho and Yomeishu Seizo have agreed to the following capital tie-up to strengthen the above business partnership.

① Acquisition of Yomeishu Seizo shares by Taisho

Taisho will acquire 2,178,000 shares, or 6.6%, of Yomeishu Seizo's 33,000,000 issued and outstanding shares. The shares will come mainly from treasury stock that Yomeishu Seizo had planned to retire.

*Number of shares to be acquired, acquisition cost, and related shareholdings*

Shares held prior to acquisition: 0 (Percentage held by Taisho: 0%)

Number of shares to be acquired: 2,178,000 shares

Number of shares held after the acquisition: 2,178,000 shares (Percentage held by Taisho: 6.6%)

Taisho will pay an acquisition cost equal to the average value of Yomeishu Seizo's stock on the Tokyo Stock Exchange for the one-month period from June 9, 2005 to July 8, 2005, multiplied by the total number of shares acquired.

② Acquisition of Taisho shares by Yomeishu Seizo

Yomeishu Seizo will acquire an amount of shares of Taisho stock on the open market not to exceed the total acquisition cost of the Yomeishu Seizo shares acquired by Taisho.

### 3. Overview of Taisho and Yomeishu Seizo (As of March 31, 2005)

1. Name	Taisho Pharmaceutical Co., Ltd.		Yomeishu Seizo Co., Ltd.	
2. Business lines	Manufacture and sale of pharmaceuticals and other products		Manufacture and sale of Yomeishu and other products	
3. Establishment	May 1928		June 1923	
4. Head office	24-1, Takada 3-chome, Toshima-ku, Tokyo, Japan		16-25 Nanpeidai-cho, Shibuya-ku, Tokyo, Japan	
5. Representative	Akira Uehara, President		Taro Shiozawa, President	
6. Capital	¥29,804 million		¥1,650 million	
7. Issued and outstanding shares	320,465,510 shares *As of June 29, 2005		33,000,000 shares *As of June 30, 2005	
8. Shareholders' equity	¥517,634 million		¥29,310 million	
9. Total assets	¥613,802 million		¥35,184 million	
10. Net sales *As of March 31, 2005	¥279,437 million		¥15,015 million	
11. Fiscal year-end	March 31		March 31	
12. Employees	5,339		372	
13. Main shareholders	Uehara Memorial Foundation	12.99%	Katokichi Co., Ltd.	5.28%
	Shoji Uehara	11.06%	The Mitsubishi Trust and Banking Corporation	4.57%
	Sumitomo Chemical Co., Ltd.	3.67%	The Hachijuni Bank, Ltd.	3.94%
	Japan Trustee Services Bank, Ltd. (Trust account)	3.16%	<u>MLIEFG Non-treaty custody account</u>	3.82%
	Sumitomo Mitsui Banking Corporation	3.02%	Mitsui Sumitomo Insurance Co., Ltd.	3.33%
14. Conflicts of interest with partner company	No relevant relationships exist.		No relevant relationships exist.	

#### 4. Timetable of the Business Partnership and Capital Tie-up

July 11, 2005	Approval of business and capital ties by the Board of Directors of Taisho and Yomeishu Seizo
July 11, 2005	Approval of sale of treasury stock by Yomeishu Seizo
July 11, 2005	Signing of agreement regarding the business partnership and capital tie-up
July 27, 2005	Deadline for payment of treasury stock
July 28, 2005	Start of purchase of shares of Taisho stock on the open market by Yomeishu Seizo
Early August 2005	Launch of a partnership committee

#### 5. Outlook

Taisho plans to examine the potential impact of this partnership on business results. At this stage, however, the effects, if any, of this partnership are undetermined.