

September 27, 2005

To Whom It May Concern

Company: Taisho Pharmaceutical Co., Ltd.  
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## Notice Concerning Establishment of Joint Venture

Taisho Pharmaceutical Co., Ltd. (Taisho; President: Akira Uehara) today reached an agreement to establish a joint venture with Toyo Shinyaku Co., Ltd. (Toyo Shinyaku; Head Office: Fukuoka City, Fukuoka; Chief Executive Officer: Toshimitsu Hattori) for the development and contract manufacturing of health foods, quasi-drugs and other products. The joint venture agreement was signed today following the passage of a resolution by Taisho's Board of Directors, as follows.

### 1. Purpose for Establishing Joint Venture

While health-consciousness among consumers has been increasing in Japan, the operating environment of Taisho's mainstay self-medication business is undergoing unprecedented change, typified by contraction in the over-the-counter (OTC) drugs market and structural changes in distribution sparked by deregulation. Therefore, Taisho has explored various possibilities with the aim of further strengthening its self-medication operations. In order to counteract competition transcending the bounds of its traditional pharmaceuticals and food products business, Taisho needs to incorporate new ideas and innovative perspectives for developing businesses to realize growth opportunities in health-related markets. This led to the decision today to establish a joint venture with Toyo Shinyaku, which boasts sophisticated R&D and technological capabilities, to develop and quickly launch more appealing products.

The establishment of the joint venture with Toyo Shinyaku will enable Taisho to speed up the development of health foods and other new products, as well as to strengthen the framework for the continuous launch of products matched to consumer needs.

### 2. Details of the Joint Venture

#### (1) Overview of the Joint Venture

Company Name:	TAISHO ACTIVE HEALTH Co., Ltd.
Date of Establishment:	September 2005 (tentative)
Head Office:	Toshima-ku, Tokyo
Representatives:	Toshiya Tada, Chairman (Toyo Shinyaku, Director) Itsumi Takahashi, President (Taisho, Executive Officer)

Paid-in Capital: ¥100 million  
Shareholding: Taisho Pharmaceutical (55%)  
Toyo Shinyaku (45%)  
Business Activities: Development and contract manufacture of health foods,  
quasi-drugs and other products

(2) Earnings Forecasts for Joint Venture  
Under examination by both companies.

### 3. About Toyo Shinyaku

Toyo Shinyaku specializes in the R&D and contract manufacture of health-related products, including health foods, quasi-drugs and cosmetics. The company supplies various proprietary health foods and original materials to more than 150 companies, mostly major food and pharmaceutical manufacturers. Toyo Shinyaku has 31 products approved as Foods for Specified Health Use, the second highest number for any company in Japan.

While a food producer, the company has in place a Good Manufacturing Practice (GMP) framework that conforms with the stringent standards required of pharmaceuticals plants. Along with these industry-leading manufacturing facilities, Toyo Shinyaku also boasts top-class R&D facilities and personnel.

(Reference: Outline of Toyo Shinyaku)

Company Name: Toyo Shinyaku Co., Ltd.  
Representative: Toshimitsu Hattori, Chief Executive Officer  
Main Businesses: R&D and contract manufacture of health foods, cosmetics,  
quasi-drugs, etc.  
Date of Establishment: September 1997  
Head Office: Hakata-ku, Fukuoka City, Fukuoka  
Net Sales: ¥7.2 billion (Year ended March 31, 2005)  
Paid-in Capital: ¥50 million  
Number of Employees: Approx. 400  
Main Business Sites: Head office, Tosu headquarters & plants and branches (Tokyo,  
Osaka and Nagoya)

### 4. Schedule

September 27, 2005 Taisho Board of Directors resolution  
Signing of joint venture agreement  
On or after September 28, 2005 Establish TAISHO ACTIVE HEALTH Co., Ltd.

### 5. Effect on Earnings

The establishment of this joint venture will have almost no impact on Taisho's results forecast for the fiscal year ending March 31, 2006.