

Name of listed company: Taisho Pharmaceutical Co., Ltd.  
Code number: 4535 (1<sup>st</sup> Section of Tokyo Stock Exchange)  
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Name of listed company: Chugai Pharmaceutical Co., Ltd.  
Code number: 4519 (1<sup>st</sup> Section of Tokyo Stock Exchange)  
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### **Co-Development and Co-Marketing Agreement Secured for the Activated Vitamin D Derivative, ED-71**

May 14, 2008 (Tokyo) - Chugai Pharmaceutical Co., Ltd. (“Chugai”) [Head Office: Chuo-ku, Tokyo; President: Osamu Nagayama] announced today that it has entered into an agreement with Taisho Pharmaceutical Co., Ltd. (“Taisho”) [Head Office: Toshima-ku, Tokyo; President: Akira Uehara] to co-develop and co-market ED-71 (generic name: eldecacitol), an activated vitamin D derivative which Chugai is currently developing in Japan for the treatment of osteoporosis. Under the agreement, Chugai will co-develop the compound with Taisho and co-market it with Taisho Toyama Pharmaceutical Co., Ltd. [Head Office: Toshima-ku, Tokyo; President: Akira Ohira], a subsidiary of Taisho. Chugai will receive an upfront fee and milestone payments from Taisho.

ED-71 is an activated vitamin D derivative created by Chugai. It is based on an activated vitamin D preparation that is being widely used in Japan as an osteoporosis treatment drug, but with stronger effects on the bones. A domestic phase II clinical trial has confirmed its strong action to increase bone mass and a phase III clinical trial is currently under way, using bone fracture prevention effects as the indicator.

At present, there are an estimated 12 million osteoporosis patients in Japan. Since bone fractures attributable to osteoporosis lead to a decline in quality of life of patients and an increased risk of death, there is a need for a treatment that increases bone mass and reduces the incidence of bone fractures. ED-71 is an activated vitamin D derivative, a type of drug positioned as the baseline drug for the treatment of osteoporosis. It is expected to become the next-generation activated vitamin D derivative maintaining the same degree of safety as conventional drugs and, at the same time, with enhanced effects in inhibiting bone resorption and promoting bone formation.

Through the joint effort to develop and market ED-71, Chugai and Taisho hope to provide one of the options of osteoporosis treatment to as many patients as possible.

This agreement will have only a minor impact on the non-consolidated and consolidated business performances of Chugai and Taisho for the current fiscal year, and no changes will be made to the two companies' business forecasts.