

July 1, 2008

To Whom It May Concern

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Taisho and Biofermin Conclude Basic Business Alliance Agreement

Taisho Pharmaceutical Co., Ltd. (hereafter “the Company”) today announced that it has concluded a basic agreement with Biofermin Pharmaceutical Co., Ltd. (hereafter “Biofermin”) regarding a business alliance, with details as follows.

1. Reason for Alliance

The Company’s mission is to contribute to society by creating and offering superior pharmaceuticals and health-related products, as well as health-related information and services in socially responsible ways that enrich people’s lives by improving health and beauty. In order to fulfill this mission, the Company aims to build a more robust business base so that it can maintain steady growth and advancement in the face of worldwide competition. In the mainstay self-medication business (OTC drugs, health-related products, etc.), the Company is developing products tailored to consumer needs and is working to cultivate and strengthen brands that will gain respect and prove popular with consumers. In the prescription pharmaceuticals business (ethical drugs and related operations), the Company is concentrating resources on R&D to develop novel and highly innovative drugs that are competitive worldwide, while actively considering licensing in promising drugs to augment and boost its clinical development pipeline.

Since its establishment in 1917, Biofermin has supported the promotion of better human health in a major way, by specializing in the manufacture and sale of “Biofermin”-brand live lactic acid bacteria products and cementing this brand in Japan. Biofermin is pursuing potential applications of lactic acid bacteria to “self-medication” and “self-prevention”. In the process of clarifying the usefulness of high-quality, human-derived lactic acid bacteria in many different areas, Biofermin is working to develop new products based on its core philosophy—“gastrointestinal vitality is the fount of health.” To do so, it aims to raise production efficiency and streamline operations, while reinforcing its production systems, by building clinical research and testing facilities that complement its existing specialized manufacturing facilities.

Against this backdrop, the Company became the parent company and the largest shareholder of Biofermin on March 19, 2008. This move was aimed at capturing considerable synergies between the two companies through the mutual use and integration of their valuable brands,

R&D and marketing resources and safe and reliable quality assurance systems. The two companies have concluded a basic agreement regarding a business alliance and other related matters for the purpose of materializing the objectives of the preceding equity-based alliance so as to drive further advancement at both companies and enhance their corporate value.

2. Alliance Details

The two companies will form a broad-based business alliance covering the following:

- (1) Joint product development leveraging the Company's development expertise in pharmaceuticals and quasi-drugs, and other products, and Biofermin's lactic acid technologies and expertise to reinforce their respective product lineups
- (2) Joint R&D in uncharted fields and new applications
- (3) Manufacturing cost reductions in both companies' businesses through productivity enhancements that effectively fuse their respective production technologies and joint procurement of materials, etc.
- (4) Business strategy formulation for Biofermin's products and jointly developed products
- (5) Mutual use of one another's business resources, including through personnel exchanges

Matters concerning the above activities and related details will be determined by the two companies following discussions going forward.

3. Alliance Schedule

July 1, 2008 Basic agreement on business alliance concluded

4. Overview of the Alliance Partner

See attached table (page 3).

5. Outlook

This business alliance is expected to have a negligible effect on the Company's results for the fiscal year ending March 31, 2009. However, in the event of any change in its results, the Company will announce details as soon as they are determined.

Table: Overview of the Alliance Partner

1. Company name	Biofermin Pharmaceutical Co., Ltd.	
2. Nature of business	Manufacture and sale of pharmaceuticals, quasi-drugs and foods	
3. Date established	February 12, 1917	
4. Head office	5-5, Sanban-cho, Nagata-ku, Kobe, Hyogo Prefecture, Japan	
5. Title and name of representative	Takaaki Fujimoto, President	
6. Paid-in capital	1,227 million yen (as of March 31, 2008)	
7. Major shareholders and shareholding ratios	Taisho Pharmaceutical Co., Ltd.	54.79%
	Takeda Pharmaceutical Co., Ltd.	10.01%
	Yukiko Hosomi	2.18%
	Kazunori Teratani	1.41%
	Kumiko Kouzu	1.21%
	Takahito Ohnishi	1.00%
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	0.78%
	Biofermin Pharmaceutical Employees' Shareholding Association	0.67%
	Asako Teratani	0.54%
	Tatsuhiko Asami	0.33%
	Sachiko Momosaki	0.33%
(as of March 31, 2008)		
8. Relationship with the Company	Equity	The Company owns 6,659,701 shares of Biofermin Pharmaceutical Co., Ltd. (54.79% of issued shares)
	Personnel	Taisho Pharmaceutical Co., Ltd. Representative Director and Executive Vice President Hisataka Hotta concurrently serves as Outside Corporate Auditor of Biofermin Pharmaceutical Co., Ltd. Taisho Pharmaceutical Advisor Hideyuki Waki concurrently serves as Representative Director and Senior Managing Director of Biofermin Pharmaceutical Co., Ltd.
	Transactions	None