March 31, 2006

Toyama Chemical Co., Ltd.

Astellas Pharma Inc.

Basic Licensing Agreement Signed on Domestic Marketing and Joint Development of Quinolone Antibiotic T-3811

Toyama Chemical Co., Ltd. (“Toyama”; headquarters: Tokyo; president and CEO: Katsuhiko Nakano) and Astellas Pharma Inc. (“Astellas”; headquarters: Tokyo; President and CEO: Toichi Takenaka) today announced that they have concluded a basic licensing agreement for the marketing and joint development in Japan of oral formulations of the new-type quinolone antibiotic T-3811 (generic name: garenoxacin) discovered by Toyama. This licensing agreement is based on the letter of intent signed on January 26, 2006.

Key agreements

1) Toyama will manufacture the products and supply them to Astellas through Taisho Toyama Pharmaceutical Co., Ltd. (“Taisho Toyama”; headquarters:, Tokyo; President: Akira Uehara).
2) Taisho Toyama and Astellas will co-promote the products under the same brand name. Sales and distribution will be handled by Astellas.
3) Toyama will receive an upfront payment upon the basic license agreement being concluded and filing, approval and sales milestone payments from Astellas.
4) Astellas will join development programs to obtain additional indications for oral formulations of T-3811 in Japan.

Profile of T-3811

- Different from conventional quinolone antibiotics, T-3811 (garenoxacin) is a new type of quinolone with no fluorine atom at position 6 of the quinolone skeleton.
- It has a wide antibacterial spectrum and is also effective against PRSP (penicillin-resistant *Streptococcus pneumoniae*) and MRSA (methicillin-resistant *Staphylococcus aureus*), which have been reported to present major medical problems in recent years due to their resistance to conventional drugs.
- It shows good oral absorption and tissues distribution, which make administered orally once a day.

Development status of T-3811

- In Japan, Toyama and Taisho Pharmaceutical Co., Ltd. (“Taisho”; headquarters: Tokyo; President: Akira Uehara) has co-developed T-3811 for the treatment for respiratory infections and otolaryngologic infections. An application is being prepared for these indications in Japan.
- Toyama has granted to Schering-Plough Corporation exclusive rights to develop, use and sell T-3811 worldwide, excluding Japan, Korea and China. A new drug application (NDA) has been accepted

for review in February this year by the US Food and Drug Administration (FDA). In Europe, a marketing authorization application (MAA) will be filed with the European Medicines Agency (EMEA) by the end of this year.

Toyama and Taisho have agreed that Taisho Toyama markets T-3811 in Japan. Based on the basic licensing agreement signed between Toyama and Astellas, Toyama, Astellas, Taisho and Taisho Toyama will cooperate to maximize the product value of T-3811 in Japan.

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