Tanabe Press Release

Examination by the Tokyo Stock Exchange and the Osaka Securities Exchange
in connection with the Merger with Mitsubishi Pharma Corporation

On February 2, 2007, we reached a basic agreement on merging with Mitsubishi Pharma Corporation and immediately made the decision public.

On the same day, the Tokyo Stock Exchange (“TSE”) and the Osaka Securities Exchange (“OSE”) announced that, because it was expected that we would not be the de facto succeeding company after the merger, it was possible that a period (“grace period”) may commence from the effective date of the merger in accordance with the provisions of Rule 2:1(9) a) (Inappropriate Merger or the like) of Criteria for Delisting of Stock. During the grace period, we may apply for examination comparable to that conducted for a new listing on the TSE and OSE.

According to the regulations for listing on the TSE and OSE, even in cases where it is determined that a company is not the de facto succeeding company, the shares of such company will not be subject to immediate delisting, and will continue to be listed provisionally, and the company may apply for an examination comparable to that conducted for a new listing, for a period up to the date three years after the end of the business year to which the effective date of the merger belongs. Therefore, during this grace period trading shares of the company may be conducted as usual and there is no restriction of activities on the company.

In the event that, prior to the effective date of the merger, it is found that the “criteria as the Exchange prescribes in a way comparable to the Criteria for Listing Examination of Stock” have been determined as satisfied, the shares will continue to be listed definitively and the possible start of a grace period will be cancelled. Further, if it is found during the grace period that such criteria have been determined as satisfied, the grace period will be terminated and the shares will continue to be listed definitively.

We were fully aware during the course of action leading to the basic agreement with Mitsubishi Pharma that the grace period requirement may be invoked. It was also aware, however, of the necessity of expanding our business scale and strengthening its managerial infrastructure with a view to strengthening the ability to develop new drugs and accelerating expansion of business activities abroad in order to seek new business opportunities as a positive response to the evolving conditions in the health maintenance and medical care. It was in light of this that we
reached our decision on signing the basic agreement.

We have undertaken what we reasonably believe to be adequate preparation with a view to passing the examination process comparable to the new listing of shares.

We trust that our stockholders and counterparties in business will understand this situation and continue to give us their most favorable consideration.

Contact for further information about this press release:
Corporate Communication Division
Tanabe Seiyaku Co., Ltd.
2-10, 3-chome, Doshomachi, Chuo-ku, Osaka, JAPAN
Phone: +81-6-6205-5211