May 9, 2007

Dear Madam & Sirs:

Tanabe Seiyaku Co., Ltd.

Notice regarding discontinuation of directors' retirement benefits system and revision of amount of directors' compensation

At the meeting of the board of directors of Tanabe Seiyaku Co., Ltd. (hereinafter "Tanabe Seiyaku"), held on May 9, 2007, it was decided to submit to the 103rd ordinary general meeting of shareholders scheduled for June 26, 2007 (hereinafter "the shareholders' meeting"), resolutions regarding the discontinuation of the directors' retirement benefits system and the revision of the amount of directors' compensation.

Notes

1. Elimination of directors' retirement benefits system and discontinuance grant
   The directors' retirement benefits system will be discontinued as of the end of the shareholders' meeting.
   Accompanying the discontinuance of this system, each currently serving director, in accordance with Tanabe Seiyaku's prescribed standards, will be paid a directors' retirement benefits system discontinuance grant covering the period of that director's service up to the end of the shareholders' meeting. Subject to the approval of the shareholders meeting, plans call for the payments to be made when each person retires as director.

2. Revision of amount of directors' compensation
   In accordance with a resolution of the 101st ordinary general meeting of shareholders held on June 29, 2005, the annual compensation of Tanabe Seiyaku's directors is less than or equal to ¥300 million (not including employees and employees working for the directors). That limit is currently in effect. However, Tanabe Seiyaku plans to discontinue the directors' retirement benefit system and the directors retirement bonus system at the end of the shareholders' meeting, and as a result of the merger between Tanabe Seiyaku and Mitsubishi Pharma Corporation scheduled for October 1, 2007 (hereinafter, "the merger"), from the effective date of the merger the number of directors will be changed to 8 (including 1 outside director). Accompanying this change, the limit on the amount of compensation of the directors (excluding outside directors) will be raised to ¥500 million, and limit on the compensation of outside directors will be changed to ¥50 million.
   The above revision of the amount of compensation will be implemented upon the conclusion of the merger, and therefore the revision will take effect from the effective date of the merger, assuming that the merger contract is approved in its original form at the shareholders' meeting.
Currently, Tanabe Seiyaku has 7 directors (up to 10 are allowed under the articles of incorporation). In the event that, at the shareholders meeting, the resolutions regarding the merger and the election of directors are approved in their original form and the merger is concluded, the number of directors, from the date of the merger, will be changed to 8 (including one outside director). Prior to the effective date of the merger, or in the event that the merger is not approved, the number of directors will be four (including 0 outside directors).