



SOSEI ANNOUNCES NEW FUNDRAISING

Tokyo, Japan – 7 December 2007: Sosei Group Corporation (“Sosei”, TSE Mothers Index: 4565), a biopharmaceutical company, today announces that Sosei has resolved at the Board of Directors meeting held on 7 December 2007 to raise up to ¥5.0bn of new funds through the issuance of Stock Acquisition Rights (“SARs”) by way of third-party allotment to Nomura Securities Co., Ltd. (“Nomura”)

The key terms of the SARs are summarised below.

- Sosei will enter into a purchase agreement with Nomura in relation to the SARs. All SARs will be allocated to Nomura. Up to 30,600 shares of common stock of the Company (the “Shares”) may be issued upon the exercise of SARs, which represents approximately 26% of the current issued share capital. If the ¥5.0bn cap of new funds is reached by issuing less new shares, then the dilution impact will be lower.
- The funding is capped at ¥5.0bn.
- The number of the Shares to be delivered upon the exercise of the SAR is the largest integral number obtained by dividing ¥100,000,000 by the exercise price.
- The initial exercise price is set at ¥276,000 representing 150% of the closing price for the Shares on 7 December 2007.
- Sosei may, if it deems necessary to raise funds, determine to revise the exercise price of the SARs. After such revision, the exercise price will be revised each week based on the average of the daily closing price for the period of three consecutive trading days ending on the day immediately prior to every Friday.
- The floor exercise price shall be 50% of the closing price for the Shares on 7 December 2007.
- After Sosei decides to revise the exercise price of the SARs, the exercise price will be revised to the initial exercise price if the average daily closing price for five consecutive days falls below the reset price. The reset price means the price which is the higher of (i) the price equal to 80% of the average of daily closing prices of regular-way trading of the share during the period of five consecutive trading days ending on the commencement date of the revision of the exercise price, and (ii) the floor exercise price in the effect on the last day of such consecutive trading days.

Sosei is a biopharmaceutical company seeking to enhance corporate value through the successful development of new compounds for the global pharmaceutical market. Since raising ¥3.3bn at the beginning of 2007 Sosei has continued to successfully develop the business. Currently, Sosei has six products in its development pipeline and each of these products has a different risk profile and is at a different stage within the regulatory development cycle.

Note: This announcement is intended as general information regarding Sosei's issuance of the Stock Acquisition Rights. This announcement does not constitute or form a part of any offer or solicitation to invest in the Stock Acquisition Rights.

Sosei is now in a position to commence its first phase III trials following the CTA (clinical trial authorisation) approval for 2 pivotal phase III studies for AD923 in Europe. AD 923 is an optimised, sublingual formulation of the strong opioid analgesic fentanyl indicated for cancer breakthrough pain. In 2008, subject to regulatory approvals, it is planned to start the required phase III trial for registration in the US and also to commence the first clinical trial for development in Japan. Sosei believes that based on recent activity for products in this market the value of AD923 in the US and Japan can be enhanced further by continuing to develop the product while keeping the commercialisation options open.

SOH-075 is an emergency contraceptive pill containing only levonorgestrel as an active ingredient. Sosei has successfully completed a phase I trial in Japan this year and SOH-075 will commence phase III trial during the first half of 2008

Other significant products, NVA237 and QVA149 for COPD, are being developed by Novartis at their expense and therefore do not require any further funding by Sosei. .

In addition to its development portfolio, Sosei has a pipeline of 3 exploratory products plus several other additional discovery programs which originate from its in-house product discovery engine. The exploratory products although in the early stage of development have the potential to progress to the development portfolio upon completion of key studies

Sosei's business model is to introduce high potential value development programmes through in-licensing and in-house product discovery activities to its pipeline, and to progress these programmes into later stages of development and financial return. Commercialisation and shareholder return being achieved through either licensing to major pharmaceutical partners as with its lead COPD products and increasingly by further development and retention of rights.

The funds Sosei plans to raise will be used for above mentioned activities and working capital but in particular for on the later stage development of AD923 and SOH-075.

Please see Japanese press release for more details.

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