



Sosei business strategy update and portfolio review

Tokyo, Japan – 22 June 2006: Sosei Co. Ltd (“Sosei”; TSE Mothers Index: 4565), the biopharmaceutical company, today releases the Chairmans statement to be made at Sosei’s General Meeting of Shareholders on 23 June 2006.

“The year has been marked by significant change for Sosei. The strategic acquisition of Arakis last year enhanced Sosei’s pipeline, spread development risk and added a sustainable product discovery engine. More recently, the withdrawal of SOU-001 from our development pipeline and the withdrawal of the application for approval of Eligard as a generic, along with continuing uncertainty surrounding the Eligard regulatory approval process, have been disappointments.

Strategic review

The Board has conducted a strategic review of our pipeline and initiated a review of our capabilities and cost base worldwide. We have implemented initial reductions in headcount and by focusing expenditure on a smaller number of core products in our pipeline and reviewing our capabilities and costs we intend to bring the overall cost base of the Company down so that we currently have 2 years planned cash requirements.

Product development pipeline

The discussions with the Japanese PMDA concerning any future path towards registration for Eligard have been continued, but after a review of the Eligard programme the Board has confirmed that there is no short or medium term prospect of developing Eligard (SOT-375) for the Japanese market within costs and timescales compatible with creating value for shareholders.

Following the strategic review of the pipeline we have concluded that in addition to our lead product NVA237 and its combination products (for chronic obstructive pulmonary disease) that are funded by our partner Novartis, the prioritised pipeline will focus expenditure on AD 923 (for cancer breakthrough pain), SOU-003 (for nocturia), AD 452 (for rheumatoid arthritis), SOT-075 (for emergency contraception) and AD 337 (for fibromyalgia). In addition, we will continue to fund development work led by the operations in the UK to ensure we continue to have a rich resource to enhance and broaden the pipeline in the future. Product candidates SOT-375, SOT-107, AD 529 and SD 726 are no longer in the prioritised pipeline. The financial impact of the completed portfolio review is minimal in FY2006 although cost reductions will occur in the next financial year.

Notes to Editors:

About Sosei

Sosei Co. Ltd. is a leading international biopharmaceutical company with significant expertise in product discovery and development. It has established a reduced risk business model primarily upon identifying new uses for established drugs and exploiting its unique position within Japanese, European and North American pharmaceutical markets by acquiring compounds from, and bringing compounds into, Japan.

For further information about Sosei, please visit www.sosei.com

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