

March 19, 2002

For Immediate Release

Kyorin Pharmaceutical, Co., Ltd.  
Galderma K.K

*Kyorin Pharmaceutical announces a sales rights transfer agreement  
for anti-bacterial agent with Galderma K.K*

Sales rights transfer agreement in Japan for the anti-bacterial agent PEKIRON® Cream

Kyorin Pharmaceutical Co., Ltd. (President, Ikuo Ogihara, Head office: Chiyoda-ku, Tokyo) announces a sales rights transfer agreement in Japan for the Morpholine derivatives anti-bacterial agent, PEKIRON® Cream (amorolfine,INN) with Galderma K.K ( an incorporated Japanese company and a subsidiary of the joint venture between Neslé and L'Oréal. General manager, Eiichi Kitano, Japan office: Chiyoda-ku, Tokyo ) .

In October 1993, Kyorin Pharmaceutical received permission to begin production of PEKIRON® Cream in Japan and from February 1994 began sales, and later granted a parallel sales license to Sato Seiyaku.

Kyorin Pharmaceutical employs a franchise customer strategy with a focus on marketing to the respiratory, otorhinology and urology fields. This strategy is reflected in the decision to transfer sales of PEKIRON® Cream to Galderma to further increase efforts in these three fields.

Galderma ( Head office: Paris, France ) specializes in ethical drugs in the dermatology field. The company has a 20-year history conducting R&D, production and sales in the US and Europe to meet the therapeutic needs of dermatology patients and currently distributes its products in 50 countries worldwide. Furthermore, Galderma has launched 「 amorolfine,INN 」 , having the same chemical compound as PEKIRON®, in overseas countries in addition to Japan. The Japanese corporation, Galderma is currently conducting clinical trials of original, revolutionary products in Japan, and obtaining the sales rights of PEKIRON® Cream allows the company to begin full-fledged sales in Japan immediately. Based on this background between Kyorin and Galderma, we have reached an agreement to transfer the sales rights.

From April 2002 until October 2003, in order to ensure smooth transition of the sales effort by Galderma, Kyorin Pharmaceutical will continue to utilize the current distribution network and provide drug information to Galderma. During this period, Galderma will prepare to establish an internal sales network in Japan by November 2003 (planned) as well as work in cooperation with Kyorin Pharmaceutical in providing drug information.

Kyorin Pharmaceutical has obtained a fee from Galderma for entering into this agreement. In addition, Kyorin Pharmaceutical will provide PEKIRON® Cream to Galderma following the sales transition.

Kyorin Pharmaceutical obtained approval for production of PEKIRON® Cream in October 1993 and currently has parallel sales conducted by Sato Seiyaku. With the transfer of the sales rights to Galderma K.K, Sato Seiyaku will continue its current role unchanged.

End of announcement