

November 17, 2004

Teikoku Hormone Mfg. Co., Ltd.

Answer to the Proposal of Management Buyout by Dalton Investments

On September 22, 2004, we announced that we had received the written proposal of management buyout (MBO) by Dalton Investments LLC (Dalton). On November 12, we received presentation of the proposal on MBO by Dalton.

We seriously and comprehensively evaluated the proposal, and we have come to the conclusion that this proposal would not be an effective way to maximize the shareholders' long-term benefits, which is the aim of our business strategy. Therefore today we formally informed Dalton that we declined the proposal.

We take this proposal as one of the opinions from shareholders to our management and will continuously investigate the business strategy for the increase in the benefits of shareholders.