

May 11, 2011

Seikagaku Corporation  
(Securities Code: 4548)

**Notice of Expansion of ARTZ Dispo<sup>®</sup> Production Facilities  
(Construction of the No. 5 Production Building at the Takahagi Plant)**

Tokyo, Japan, May 11, 2011 - Seikagaku Corporation (head office: Chiyoda-ku, Tokyo; hereafter "Seikagaku") today announces the start of a project to construct the No. 5 Production Building at the Takahagi Plant responding to an increase in production volumes of ARTZ Dispo<sup>®</sup> a joint function improving agent, as follows.

**1. Summary Description of the Production Facilities**

- (1) Location: 258-5, Aza-Matsukubo, Oaza-Akahama Takahagi-City, Ibaraki Prefecture
- (2) Construction method and number of story : Five-story seismically isolated steel frame structure
- (3) Building area: Approx. 3,900 m<sup>2</sup>
- (4) Total floor area: Approx. 16,300 m<sup>2</sup>
- (5) Planed start fo construction: March 2012
- (6) Planed completion of construction: July 2013
- (7) Planed start of operation: January 2015
- (8) Amount of capital expenditure: Approx. ¥9.8 billion

**2. Objective**

Seikagaku produces ARTZ Dispo<sup>®</sup> at the Takahagi Plant. The Japanese market for joint function improving agents, whose main ingredient is hyaluronic acid, is steadily expanding. Growth is due to an aging population and patient education activities targeting knee osteoarthritis sufferers, conducted by Seikagaku in conjunction with sales partner Kaken Pharmaceutical Co., Ltd.

The purpose for constructing the No. 5 Production Building is to expand production capacity to satisfy increased demand for ARTZ Dispo<sup>®</sup>. As a risk-management measure, we plan to adopt the latest seismic isolation construction method, which can reduce damage by lengthening the period of vibration of the building when an earthquake occurs. The building will, of course, comply with Good Manufacturing Practice (GMP)\*. We will pursue increased rigor and efficiency in manufacturing by introducing a manufacturing control system and transportation control system taking full advantage of information technologies.

\*Good Manufacturing Practice: The manufacturing control and quality control standard for pharmaceuticals and quasi-drugs

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