



Aiming to continually create new drugs that are used around the world, we are working to enhance our discovery research capabilities and strengthen our development system.

Working to Become a Global Research-Driven Pharmaceutical Company

Our vision is to be a global research-driven pharmaceutical company. To that end, we are working to build an organization that can continually provide new drugs that are used around the world. Mitsubishi Tanabe Pharma is striving to launch superior new drugs as rapidly as possible. The Company is using its management resources to fund R&D expenses, bolster discovery research capabilities, and increase development speed. Further, we are taking steps to implement efficient R&D activities, such as focusing the allocation of management resources to important R&D projects, while aggressively utilizing strategic alliances.

Establishing Focus Disease Areas for R&D

One of the Company's objectives for fiscal 2015 is to build an organization capable of launching one new drug every two years.

The Company has identified priority diseases and focused its research activities on them. In identifying priority diseases, we conduct a comprehensive evaluation of such factors as the degree of a drug's contribution to disease treatment, the future market potential, and our R&D pipeline strengths. In particular, the level of satisfaction with diabetes treatments is low, and the market is expected to continue to expand. Consequently, we are moving forward with research in the area of diabetes, one of our priority diseases. For diabetes, our R&D activities are not limited to lowering blood sugar. Our approach includes metabolic risks, such as obesity and lipid abnormalities, as well as complications, such as kidney problems. Moreover, we will aggressively implement initiatives in new research areas in order to build an R&D pipeline that will generate the Company's future growth drivers.

Bolstering Discovery Research Capabilities

Discovery research entails two major processes—theme discovery, where the compounds that will be candidates for new drugs are identified, and optimization, where those compounds are synthesized into forms that are appropriate for pharmaceuticals. In the theme discovery process, the identification of promising new themes is highly important, so these research areas encourage free and open discussions. In the optimization process, we implement the principles of selection and concentration and focus the allocation of our human resources on promising themes. In this way, we are working to increase success rates and shorten research periods.

After the merger, we had five domestic discovery research center sites, but we are now moving ahead with the consolidation of research functions and the integration of research center sites. Moving forward, we will make steady progress toward the division of responsibilities, and we plan to establish a system with two sites—one each in eastern and western Japan. In December 2008, we closed the Hirakata Office and integrated its operations into the Kashima Office. In fiscal 2009, we consolidated the pharmacokinetics and safety functions in the Toda Office and Kazusa Office. Currently, the building for the Medicinal Chemistry Research Laboratories is under construction on the premises of the Yokohama Office. It is scheduled for completion in 2011, and we plan to consolidate the discovery chemistry functions in the Kashima Office into the Yokohama Office. As a result of the construction of the building for the Medicinal Chemistry Research Laboratories, we will strengthen discovery chemistry functions and enhance research efficiency, thereby accelerating progress in research projects.

In April 2010, we reorganized the Research Division. To increase the efficiency of in vitro screening, we established the Discovery Screening Center, and to increase the reliability of test results, we created the Research Quality Assurance Department. In addition, we split the

Medicinal Chemistry Research Laboratories and the Pharmacology Research Laboratories to accelerate discovery research through rapid decision-making and rigorous goal management.

At Tanabe Research Laboratories U.S.A. (TRL), our research site in the U.S., we have shifted the research focus from low-molecular compounds to a biologics-related program. We will make full use of the research facilities of TRL, which is located in San Diego, and of the research resources that we can obtain in the U.S. In addition, we will take advantage of opportunities for joint research with U.S. research institutions and move ahead with discovery research for new biological products. Moreover, the Mitsubishi Chemical Holdings Group includes many companies with technologies that can be applied to drug discovery. These include Molecuence, Mitsubishi Chemical Medience, and Mitsubishi Chemical Group Science and Technology Research Center. Through cooperative ventures with these companies, we will draw on biomarker discovery research and analytical technologies to conduct a wide range of R&D activities that cannot be duplicated by other pharmaceutical companies.

Increasing Speed and Efficiency of Clinical Development Activities

In April 2010, to facilitate the acquisition of POC as rapidly as possible, we created an early-stage clinical development organization with the establishment of the Clinical Incubation Department in the Development Division. Considering the process from research to development and product launch, the key point in drug development is how rapidly POC can be obtained. Under the new organization, researchers who had been working in toxicity and biomarkers in the Research Division have been assigned to the Clinical Incubation Department, and we have strengthened links with the CMC Research Center, the Safety Research Laboratories, and the Pharmacology Research Laboratories. With the

department having overall responsibility for early-stage clinical projects, we can obtain POC more rapidly. On the other hand, large-scale clinical trials in Japan are conducted by the new Development Project Management Department, which is in charge of late-stage clinical development projects. With this type of seamless R&D system, we can move smoothly from the late research stages to the early clinical stages, and rapidly obtain POC. We are also working to build project management systems to conduct development activities rapidly and efficiently. By identifying key development projects and clarifying priorities among development products, we are working to ensure an optimal allocation of R&D resources.

Moreover, international drug development and review standards are being harmonized, and in this setting, the Company has moved forward with the construction of a global project management system with bases in the U.S., Europe, and Asia. We expanded the domestic development project management and development governance systems to include overseas development, and in April 2010 we completed the transition to the new organization. Under the new organization, the Development Division is serving as the headquarters for global development, with overall responsibility for these operations, while regional development centers in each region in Japan and overseas advances development activities in their respective regions. The regional development centers are Mitsubishi Tanabe Pharma Development America in the U.S. and Mitsubishi Pharma Europe in Europe. In Asia, the regional development centers are Mitsubishi Pharma Research & Development (Beijing) and the development departments for Japan and Asia in the Company's Development Division. These centers will manage and make decisions about R&D resources in each region. We will work to accelerate overseas development by facilitating rapid decision-making and implementation in each region.

Leveraging Strategic Alliances

Our basic policy is to conduct clinical studies in-house to the establishment of POC. However, we are aggressively using strategic alliances as one effective means of rapidly launching new drugs that are used around the world. We have licensed products that are expected to become major drugs. In the U.S. and Europe, we have licensed FTY720 to Novartis Pharma, of Switzerland. In addition, in the U.S. and Europe we have licensed TA-7284 (diabetes mellitus) to Johnson & Johnson, of the U.S., and TA-1790 (ED) to Vivus, of the U.S., and Choongwae Pharma, of South Korea. The Company is also working in joint research and joint development with pharmaceutical companies and research institutions in Japan and overseas. We are moving ahead with joint research related to low-molecular compound optimization with Shanghai Pharmaceutical (Group), and in advanced medical fields we are implementing joint research in regenerative medicine using ES cells with Cellartis, of Sweden.

