

10:30 11:30, Monday, November 5, 2007

[Persons present from the Company]

Natsuki Hayama, President and Representative Director

Takeshi Komine, Representative Director and Executive Vice President

Michihiro Tsuchiya, Board Director, Executive Vice President

Kunihiro Shimojuku, Board Director, Executive Vice President

Ken-ichi Yanagisawa, Board Director, Managing Executive Officer

Junji Hamaoka, Board Director, Managing Executive Officer

[Financial results for the first half of FY2007]

Q: How much did you pump up the trade inventory as of end September?

A: With both companies combined, we increased it by 0.2 month, worth approximately 6 billion yen, versus end March. We plan to compress it basically by 0.2 month at end March 2008. While the former Tanabe Seiyaku used to ship on the day of order, its logistics system has been integrated into that of the former Mitsubishi Pharma Corporation, which ships on the following day of order, and therefore, the inventory for the former Tanabe would have to be increased by one day. Thus, the inventory will be compressed by approximately 5 billion yen worth during the second half of FY2007.

Q: What is the reason why the former Mitsubishi Pharma Corporation(MPC) did not achieve its planned sales for the first half?

A: The amount of contracts received by API Corporation, a subsidiary of MPC, has been dropping for pharmaceutical intermediates. Among major products, the forecast figures could not be achieved for Radicut, Urso, Anplag, Theodur, etc. For Urso, the frequency of visits to practitioners has increased since it received additional indication for hepatitis C, however it has not been penetrating among practitioners as quickly as expected. In the future, we will actively hold lecture presentations for practitioners. Radicut was affected by the increase of hospitals implementing the Diagnosis Procedure Combination(DPC). The drop in Theodur was beyond our expectation. In addition to the influence by the movement to promote proper usage of dry syrup for children, such negative trend for dry syrup affected tablets as well. Also, there was influence by the launch of a competitor product (GSK Adoair).

Further, in this term, MR performance evaluation was implemented one month earlier (end August) than usual (end September), which resulted in growth in August, but such growth was more than offset by decline in September, which is also a reason for the non-achievement.

Q: What is the reason for the unspent 2.5 billion yen of budgeted R&D expenditure in total for the two companies in the first half?

A: Progress was delayed for some of the individual projects. Since the expenditure was lower by 2.5 billion yen than the original budget in the first half, we have made adjustment to reduce it by 3.0 billion yen for the whole year.

Q: What is the reason for the decrease of personnel cost of selling, general and administrative expenses in the second half and the increase in “other”?

A: Decrease in the personnel cost is due to the effect of early retirement implemented in both companies in the first half and the decrease of retirement allowance expenses. For the selling, general and administrative expenses and others, approximately 0.5 billion yen is budgeted for the start-up of the generic business. Also, selling expenses are increased for early realization of sales synergy.

Q: How about differences in the accounting systems of the two companies? Which one will be adopted in the new company?

A: There are no major differences between the two companies. We recognize that only differences are in the inventory evaluation methods and the scope of consolidated subsidiaries.

[Dissynergies]

Q: According to the business plan announced in May, the effect of dissynergies was estimated to be 5.0 billion yen in maximum. What is the current status of the change of control over the licensed drug, Remicade?

A: As to Remicade, there has been no change so far. I think we can give you more precise account of the situation in May next year.

Q: According to the contract for Remicade, Shering-Plough should once return it at around 2016. What about the contract by Mitsubishi-Tanabe Pharma?

A: Our contract is different.

[Hepatitis C]

Q: By when are you going to inform the 418 people of the fibrinogen preparation and how much manpower will be involved?

A: During one week last week, we visited all of the 240+ medical institutions and asked them to contact these 418 people. However, various issues are involved and the medical institutions are also aware of difficulties in handling, so we believe that it's not an easy situation. We will make our best effort in consultation with the state (authorities). In order to deal with the situation, we are fully mobilizing the MRs in charge of relevant medical institutions and their supervisors as well as the staff in charge of plasma preparations in Benesis.

Q: If a settlement is reached in the hepatitis-C lawsuits, will special loss be incurred separately? Will it be within the provision of approximately 2.0 billion yen?

A: It will depend on the details of the Osaka High Court's recommendation for settlement. As for now, we have a provision booked of an amount calculated based on the past judgments.

[Midterm plan, etc]

Q: Would it be OK to understand that the business objectives for 2010 in the Midterm Business Plan are not to be changed from the figures published on May 16th?

A: As for now, we intend to make plans without changing the objectives.

Q: Forecasts for Urso and Anplag have been rather high. Do you expect that the forecast and actual figures will be closer in the future?

A: Perspectives for planning including the next Midterm Business Plan are being reviewed in some projects by the Sales & Marketing Division, and we intend to make our plans based on the figures proposed there.