

Q&A, 1st Quarter, FY2009 Business Results Conference Call

July 30, 2009 (Thurs) 18:30 - 19:10

[Attendees]

Kunihiko Shimojuku, Representative Director, Executive Vice President

Ken-ichi Yanagisawa, Board Director, Managing Executive Officer,

Division Manager, Sales & Marketing Division

Seiichi Murakami, Executive Officer, Division Manager, Development Division

Kenkichi Kosakai, Executive Officer, General Manager, Finance and Accounting Department

[Results for the first quarter of fiscal year 2009]

Sales & Marketing

Q: In regard to the change in dosage and usage of Remicade for rheumatoid arthritis (dose escalation and shortening of administration intervals) that was approved in July, has the Company confirmed cases where the high-dose has actually been used?

A: We have been providing information to doctors through our MRs since the approval and we are receiving positive reaction. The changed prescriptions started for patients in whom effects were not observed sufficiently. We have actually confirmed increases in sales and are expecting growth in the second quarter and the second half of the year.

Q: The company started co-promoting Adair (GSK) from this fiscal year. What is the impact on sales?

A: The promotion is going well. We are receiving positive feedback, and its sales contribute to the total 1st Quarter sales as we planned.

Q: Many generic drug manufacturers have acquired approval for generic versions of Anplag. What kind of measure is the Company taking? Also, what do you expect the impact on sales is?

A: We will assert our legal rights based on the patent applications, etc, that the company has made to this point and we are considering utilizing all necessary and impartial legal means if there is any infringement or the danger of infringement. At the present time, we are not considering revising the sales forecasts.

R&D Costs

Q: What is the situation for the progress of R&D costs for 1st Quarter in comparison with 2nd Quarter excluding the impact of the temporary payments for MP-424?

A: It seems to be roughly in line with the plans considering that there tend to be fewer R&D costs generated in the 1st Quarter, as we do every year .

Extraordinary losses

Q: The Company posted a loss related to suspending business of ¥0.6 billion. If the suspension of Medway business is not lifted after the 2nd Quarter, will extraordinary losses of ¥0.6 billion be posted four times, or ¥2.4 billion, for the full year?

A: Loss related to suspending business includes not only the costs of the suspension, but also valuation losses of ¥0.1 billion for the Medway stock solution, so the total posted would be less than that portion. However, the amount incorporated as sales costs in the initial forecast will be transferred to extraordinary losses so it will not have that much impact on profit and loss overall, excluding the decrease in sales.

In addition, the ¥0.4 billion for minority interests was due to Bipha Corporation, the subsidiary that manufactures Medway, and similarly, if the suspension of Medway business continues throughout the year, it seems that an equivalent sum would be generated.

Q: Were impairment loss associated with the relocation of head office incorporated in planning from the initial forecast?

A: They were incorporated not in the 1st quarter, but on an annual basis.

[Development]

FTY720, TA-7284

Q: Are there any updates in regard to FTY720 and TA-7284, the out-licensed products? In the Johnson and Johnson's Pharmaceutical Business Review held in June, it was explained that TA-7284 would enter phase 3 in the second half of 2009. Can we suppose that development is progressing? Also, has milestone income associated with stage up already been incorporated into planning for this term?

A: Development is progressing. I will refrain from making comment in regard to milestones because of the agreement.

Roflumilast

Q: Nycomed submitted new drug applications for Roflumilast in Europe in May and in the U.S. in July. Could you explain the state of progress and application timing in Japan?

A: Domestically, we have planned an application with bridging data and currently, having obtained clinical data from Nycomed, we are carrying out investigation of that data. It is difficult to mention the timing of the application, but we would like to come to a conclusion in the near future.

Q: Should we understand that the possibility of a bridging application is still uncertain? Supposing that we have insufficient materials with the current data, does Mitsubishi Tanabe Pharma continue further clinical studies?

A: We are thinking, first of all, of confirming the data from Nycomed.

MT-210

Q: I would like an explanation in regard to MT-210, for which phase 2 has started in Europe. What kind of characteristics does it have in comparison to conventional schizophrenia treatment drugs?

A: MT-210 is a 5-HT_{2A}/sigma 2 antagonist that Cyrenaic (France), the licensee, is currently developing. This agent is known to act selectively on sigma 2 and serotonin 5-HT_{2A} receptors and does not exhibit antagonistic action against dopamine or H₁ receptors. Accordingly, MT-210 is expected to involve few extrapyramidal-related adverse effects and not cause weight increases.

[Others]

Vaccines

Q: In the newspapers they say that the Research Foundation for Microbial Diseases of Osaka University is investing in vaccine manufacturing facilities to expand manufacturing, and that the marketing from 2013 onwards has not been determined. Will this have any impact on the continuity of future sales of Mitsubishi Tanabe Pharma? Also, is it possible that Mitsubishi Tanabe Pharma will take on part of this facility investment?

A: I have heard that the Research Foundation for Microbial Diseases of Osaka University is planning to expand manufacturing. The company and the institute have agreed on further reinforcing cooperative relations.

Amendment of Agreement for MP-424 (News release, July 20, 2009)

Q: I would like to confirm the amendment in the agreement for MP-424, which was announced today. By paying 105 million dollars, there will be no royalty payments and the profit ratio after the launch of the product will increase. Should we think that consequently, the total profit of Mitsubishi Tanabe Pharma due to this amendment will be unchanged?

A: Basically, it is correct.

Q: The news release from Vertex in regard to the amendment of the agreement for MP-424 states that Mitsubishi Tanabe Pharma will pay 105 million dollars this time and will furthermore pay a bonus milestone at the time of commercialization in Japan. As a result, my understanding is that the company is free of royalties. Is that right?

A: There will be zero payments of running royalties due to this amendment. I cannot make any comment in regard to the details of the agreement, but it is possible that bonus milestone payments will occur only at the point where it is clear that the value of MP-424 will significantly exceed initial assumptions.

Q: Should we understand that Mitsubishi Tanabe Pharma owns the right to manufacture the active pharmaceutical ingredient, and that basically there will be no running payments made to Vertex?

A: Because we will import (contract manufacture) the active ingredient, we will pay for that.

Medway issue

Q: Roughly when do you see the results of the on-site inspection by the Ministry of Health, Labor and Welfare being finalized and when do you receive an administrative punishment?

A: Because the authorities are currently investigating this matter, we are not in a position to make any comment. We have set up an internal investigative committee, which is grasping the relevant facts, determining the cause and investigating measures to prevent reoccurrence. We are considering having external committee members verify the details of those investigations in future.

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