



Mitsubishi Tanabe Pharma Corporation

FY2009 Business Results

(April 1, 2009 – March 31, 2010)

May 14, 2010
LEVEL XXI Tokyo
Kaikan

Michihiro Tsuchiya
President
Representative
Director

FY2009 Business Results Outline

(April 1, 2009 – March 31, 2010)

FY2009 Financial Results

(April 1, 2009 – March 31, 2010)



| | FY2008 | FY2009 | Increase Decrease | | Published Forecasts | Achieved |
|-------------------|-------------|-------------|----------------------|-------|------------------------|----------|
| | Billion yen | Billion yen | Billion yen | % | Billion yen | % |
| Net sales | 414.8 | 404.7 | -10.0 | -2.4 | 408.0 | 99.2 |
| Cost of sales | 158.2 | 147.8 | -10.4 | -6.6 | 148.5 | 99.5 |
| Sales cost ratio | 38.1% | 36.5% | | | 36.4% | |
| SG&A | 184.9 | 195.5 | +10.6 | +5.7 | 196.0 | 99.7 |
| Operating income | 71.7 | 61.5 | -10.2 | -14.3 | 63.5 | 96.8 |
| Ordinary income | 72.6 | 61.6 | -10.9 | -15.1 | 63.5 | 97.1 |
| Net income | 26.5 | 30.3 | +3.7 | +14.0 | 32.5 | 93.1 |

Published forecasts : revised forecasts for FY2009 announce on October 29, 2009

Sales by Segment

【FY2009 Financial Results】



| | FY2008 | FY2009 | Increase Decrease | | Published forecasts | Achieved |
|---------------------------------|--------------|--------------|----------------------|--------------|------------------------|-------------|
| | Billion yen | Billion yen | Billion yen | % | Billion yen | % |
| Net sales | 414.8 | 404.7 | -10.0 | -2.4 | 408.0 | 99.2 |
| [Overseas sales] | [35.2] | [26.9] | [-8.3] | [-23.7] | [27.5] | [97.7] |
| Pharmaceuticals | 387.2 | 395.7 | +8.5 | +2.2 | 398.1 | 99.4 |
| Ethical drugs domestic sales | 335.4 | 354.6 | +19.2 | +5.7 | 356.3 | 99.5 |
| Ethical drugs overseas sales | 25.3 | 22.8 | -2.4 | -9.6 | 23.5 | 97.1 |
| OTC | 5.3 | 5.0 | -0.3 | -5.8 | 5.1 | 97.5 |
| Others | 21.2 | 13.3 | -7.9 | -37.3 | 13.2 | 101.1 |
| Other Businesses | 27.5 | 9.0 | -18.5 | -67.3 | 9.9 | 91.0 |

Ethical Drugs Domestic Sales of Main Products

【FY2009 Financial Results】

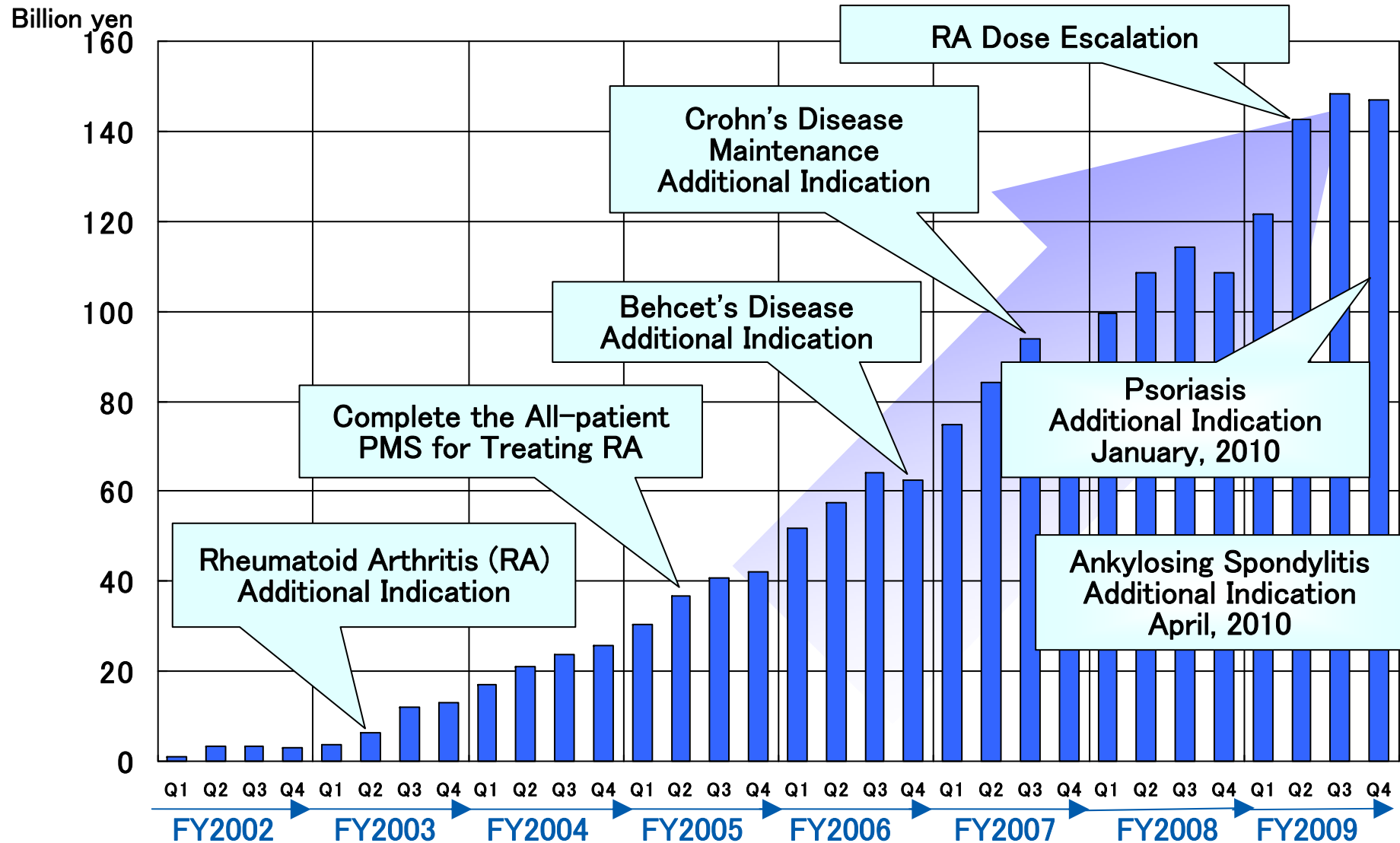


| | FY2008 | FY2009 | Increase Decrease | | Published forecasts | Achieved |
|-------------------------------------|--------------|--------------|----------------------|-------------|---------------------|-------------|
| | Billion yen | Billion yen | Billion yen | % | Billion yen | % |
| Ethical drugs domestic sales | 335.4 | 354.6 | +19.2 | +5.7 | 356.3 | 99.5 |
| Remicade | 37.4 | 47.2 | +9.8 | +26.2 | 46.8 | 100.8 |
| Radicut | 28.1 | 28.0 | -0.1 | -0.3 | 27.8 | 100.6 |
| Anplag | 18.5 | 18.4 | -0.1 | -0.5 | 18.9 | 97.1 |
| Urso | 16.2 | 16.3 | +0.1 | +0.5 | 16.6 | 98.0 |
| Tanatril | 11.9 | 11.1 | -0.8 | -6.5 | 11.2 | 99.2 |
| Talion | 10.4 | 10.6 | +0.2 | +2.3 | 12.2 | 87.0 |
| Ceredist | 16.2 | 16.9 | +0.7 | +4.0 | 17.0 | 99.5 |
| Depas | 11.8 | 11.6 | -0.2 | -1.9 | 11.8 | 98.1 |
| Maintate | 10.2 | 11.0 | +0.8 | +7.8 | 11.0 | 100.4 |
| Herbesser | 11.9 | 10.8 | -1.1 | -9.2 | 11.1 | 97.5 |
| Vaccines* | 21.5 | 23.0 | +1.5 | +6.9 | 23.2 | 98.9 |
| [Mearubik] | [11.8] | [11.8] | [-0.1] | [-0.4] | [12.5] | [94.4] |
| [Influenza] | [6.7] | [6.4] | [-0.3] | [-4.9] | [6.5] | [97.9] |
| The H1N1 flu vaccine | - | 8.8 | 8.8 | - | undisclosed | undisclosed |

*: excluded the HINI flu vaccine

Remicade Sales Trend (Drug Price Basis)

【FY2009 Financial Results】



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Cost of Sales/SG&A Expenses

【FY2009 Financial Results】



| | FY2008 | FY2009 | Increase Decrease | | Published forecasts | Achieved |
|-----------------------------|-------------|-------------|----------------------|-------|------------------------|----------|
| | Billion yen | Billion yen | Billion yen | % | Billion yen | % |
| Net sales | 414.8 | 404.7 | -10.0 | -2.4 | 408.0 | 99.2 |
| Cost of sales | 158.2 | 147.8 | -10.4 | -6.6 | 148.5 | 99.5 |
| Sales cost ratio | 38.1% | 36.5% | | | 36.4% | |
| SG&A | 184.9 | 195.5 | +10.6 | +5.7 | 196.0 | 99.7 |
| R&D expenses | 73.1 | 83.1 | +10.0 | +13.6 | 84.0 | 98.9 |
| Labor costs | 50.0 | 53.0 | +3.0 | +6.0 | 52.3 | 101.4 |
| Sales promotion expenses | 11.7 | 12.0 | +0.3 | +2.4 | 11.6 | 103.1 |
| Amortization of goodwill | 10.1 | 10.1 | +0.1 | +0.8 | 10.1 | 100.4 |
| Others | 40.0 | 37.3 | -2.7 | -6.8 | 38.0 | 98.1 |
| Operating income | 71.7 | 61.5 | -10.2 | -14.3 | 63.5 | 96.8 |

Non-operating Income and Expenses/ Extraordinary Income and Losses

【FY2009 Financial Results】



| | FY2008 | FY2009 | Increase Decrease | | Published forecasts | Achieved |
|---|-------------|-------------|----------------------|-------|------------------------|----------|
| | Billion yen | Billion yen | Billion yen | % | Billion yen | % |
| Operating income | 71.7 | 61.5 | -10.2 | -14.3 | 63.5 | 96.8 |
| Non-operating income & expenses | 0.9 | 0.2 | -0.7 | -80.4 | | |
| Ordinary income | 72.6 | 61.6 | -10.9 | -15.1 | 63.5 | 97.1 |
| Extraordinary income | 1.2 | 0.1 | -1.1 | -92.9 | 0.1 | 85.0 |
| Extraordinary losses | 25.8 | 10.8 | -15.0 | -58.3 | 8.1 | 132.8 |
| Loss related to business suspension | — | 3.3 | +3.3 | | | |
| Provision for reserve for HCV litigation | 8.8 | 3.0 | -5.8 | | | |
| Impairment loss | 3.4 | 1.8 | -1.5 | | | |
| Restructuring expenses | 0.3 | 1.6 | +1.2 | | | |
| Net income | 26.5 | 30.3 | +3.7 | +14.0 | 32.5 | 93.1 |

Forecasts for FY2010

(Fiscal Year Ending March 31, 2011)

Forecasts for FY2010

【Forecasts for FY2010】



| | FY2009 | FY2010 | Increase Decrease | |
|-------------------------|-------------|-------------|----------------------|-------|
| | Billion yen | Billion yen | Billion yen | % |
| Net sales | 404.7 | 380.0 | -24.7 | -6.1 |
| Operating income | 61.5 | 55.0 | -6.5 | -10.5 |
| Ordinary income | 61.6 | 55.0 | -6.6 | -10.8 |
| Net income | 30.3 | 27.0 | -3.3 | -10.8 |

For the fiscal year ending March 2011, the Company forecasts weak sales due to the influence of the NHI drug price revisions implemented in April and to the influence of the recent administrative action resulting from the Medway problem. At this point, the outlook includes a number of uncertain elements. However, the Company's consolidated results forecast for the fiscal year anticipates substantial declines in sales and profits.

There are substantial uncertain factors related to the Medway problem, especially in regard to the outlook in the first half of the fiscal year. Accordingly, the Company has chosen not to disclose results forecasts for the first half of the fiscal year, and forecasts for sales by business segments, net sales, SG&A expenses, and sales of main products at this point. The Company attempts to collect information, analyzes the influences to the business results, and will disclose forecasts again.

Returning Profits to Shareholders

【Forecasts for FY2010】



- Target 35% for consolidated dividend payout ratio based on net income before amortization of goodwill.
- Aim for even more aggressive returns to shareholders in the longer term.

| | FY2007 | FY2008 | FY2009 | FY2010 (Estimate) |
|-----------------|--------|--------|--------|----------------------|
| Dividends | ¥ 26 | ¥ 28 | ¥ 28 | ¥ 28 |
| Dividend Payout | 44.0% | 43.0% | 39.0% | 42.4% |

Tanabe Seiyaku's interim figures and Mitsubishi Tanabe Pharma's estimated year-end figures are used for the FY 2007 dividends. The dividend payout ratio for FY2007 is calculated exclusive of the amortization of goodwill from Mitsubishi Tanabe Pharma's second-half net income, and with estimated year-end dividends. The dividend payout ratios from FY2008 are calculated exclusive of the amortization of goodwill from net income of the period, and with an annual dividends.

Priority issues for FY2010

Basic Stance of Management



The Group has reflected deeply on the problems related to the Medway incident. As we strive to regain the trust of society, we will give the highest priority to the following management issues.

1. Always acting in accordance with the Group's Corporate Behavior Charter
2. Ensuring the safety and quality of pharmaceuticals as an enterprise in a life-related industry
3. Bolstering internal control for the Group as a whole
4. Fostering enhanced awareness of professional ethics and compliance

Business Improvement and Recurrence Prevention



- Formulation and implementation of business improvement plan
 - ✓ In April 2009, established the in-house Medway Problem Countermeasures Committee.
 - Investigation of the facts and the cause of the incident
 - Renovation of Bipha's organization
 - Implementation of the improvement measures
 - ✓ In September 2009, established the Medway Problem Outside Investigation Committee, composed of outside experts.
 - Investigation of the cause and the background of the problem
 - Considering recurrence preventive measures
 - Received the final report in April 2010
 - ✓ Formulating the business improvement plan which includes the measures and the advice in the report..
 - ✓ Newly establishes Medway Issue Management Office under the direct control of the President to drive and manage the improvement plan.

The entire Group will work together to recheck all operations from the viewpoint of "securing safety and quality" as an enterprise in a life-related industry. With consideration for the advice of the outside investigation committee, we will give the highest priority to business improvement and recurrence prevention. By continuing and redoubling these efforts, we will work to regain the trust of society as a pharmaceutical company.

Major Development Project



Overseas

- MCI-196 (Hyperphosphatemia) US & EU: P3 **Planned filing in FY2010**
- MP-146 (Chronic kidney disease) US & EU: P3 **Planned filing in FY2011**
- MT-2832 (Secondary hyperparathyroidism) US & Canada: P2
- MP-513 (Type2 diabetes mellitus) EU: P2

Japan

- MP-424 (Chronic hepatitis C) P3 **Planned filing in 2011**
- MP-513 (Type2 diabetes mellitus) P3
- TA-7284 (Diabetes mellitus) P2
- FTY720 (Multiple sclerosis) P2 **Planned filing in 2010***

(Co-development with Novartis Pharma KK)

* Planned filing in 2010 if expected data are shown in Phase 2

Major Development Project



LCM

- Remicade (Additional indications, change in dosage and usage)
 - Psoriasis: Approved (January, 2010)
 - Ankylosing spondylitis: Approved (April, 2010)
 - Ulcerative colitis: sNDA filed
 - Crohn's disease (Change in dosage and usage) : P3
- Radicut (Additional formulation)
 - Bag for I.V. infusion : Approved (January, 2010)

Licensing-out (Overseas)

- FTY720 (Multiple sclerosis)
 - US & EU: Filed by Novartis Pharma AG (December, 2009)
- TA-7284 (Diabetes mellitus)
 - US & EU: P3 (Developed by Johnson & Johnson Pharmaceutical Research & Development, LLC)

Co- marketing

- Escitalopram (Antidepressant)
 - Agreement for co-marketing (January, 2010)
 - P3 (Developed by Mochida Pharmaceutical Co., Ltd.)



Mitsubishi Tanabe Pharma

<Appendix> Corporate Behavior Charter



Philosophy

We contribute to the healthier lives of people around the world through the creation of pharmaceuticals.

Vision

We strive to be a global research-driven pharmaceutical company that is trusted by communities.

Corporate Behavior Charter

We will maintain high ethical standards, place priority on fairness and integrity in all activities, and act in accordance with the following guidelines.

Pride and Sense of Mission

As people involved in the creation of pharmaceuticals, we will work with pride and a sense of mission as we endeavor to research and develop pharmaceuticals that are needed by society and to ensure product safety and quality.

Challenge and Innovation

With acute sensitivity and a broad perspective, we will focus on our future direction, decisively take on the challenge of meeting higher goals, and strive to create innovative value.

Trust and Teamwork

Through free and open communication, we will promote mutual understanding and respect, and we will emphasize teamwork as we strive to maximize our results based on strong relationships of trust.

Harmonious Coexistence with Society

We will work to achieve harmonious coexistence with society by acting with consideration for local communities and the environment.

Cautionary Statement

The statements contained in this presentation is based on a number of assumptions and belief in light of the information currently available to management of the company and is subject to significant risks and uncertainties. Actual financial results may differ materially from these forecasts depending on a number of important factors.