Mitsubishi Tanabe Pharma Corporation

January 28, 2011 (Fri), 18:00 to 18:30

[Attendance]

- Kenkichi Kosakai, Head of Finance & Accounting Department, Director and Managing Executive Officer
- Shin-ichi Matsuda, Head of Legal Affairs Department, Managing Executive Officer
- Kouji Noborihayashi, Head of Strategic Sales Planning Department, Sales & Marketing Division, and Executive Officer
- Seiichi Murakami, Head of Development Division and Executive Officer

[Forecasts for Q3 and Full Year Operational Results for fiscal 2010]

Q/ Net sales for the fourth quarter are expected to decrease considerably compared with the same period of the previous year, in which customers hold off buying, waiting for the revision of NHI drug prices. In the fourth quarter, it is expected that operating income will decrease by ¥2 billion. Did you make considerably conservative estimates for sales and SGA expenses?

A/ We have so far achieved sales slightly higher than the original plan. Since some SG&A expenses that should have accrued in the third quarter will be recorded in the fourth quarter, we expect that operating income will be the same level as that of the same period of the previous year (operating income of ¥1.5 billion). Although an operating income higher than in the plan may be achieved, we have not modified the full-year forecasts, since it is difficult to quantitatively measure the impact of the recent product recall. If modification of the forecasts for operational results becomes necessary, we will announce such modification.

Q/ What is the greatest factor driving the Remicade sales expansion?

A/ All indications contributed to the sales increase; the increase in sales for rheumatoid arthritis and additional indication of psoriasis in particular greatly contributed to the sales expansion. We estimate that rheumatoid arthritis accounts for about 60%, Crohn's disease for about 30%, and other indications (such as psoriasis and ulcerous colitis) for several percent of all sales.

Q/ There is a movement to raise the maximum dosage of methotrexate (MTX). What impact will the increased dosage of MTX have on the prescription of Remicade?

A/ In overseas markets, good results have been obtained by combined use of a large

volume of MTX and Remicade. In clinical practice, Remicade has been highly recognized. We do not believe that MTX will have a significant impact on the prescription of Remicade.

Q/ It is expected that a considerable number of Radicut generic drugs, including bug formulations, will be introduced on the market. What do you think of this?

A/ Even if generic drugs are launched on the market, we will focus on maintaining existing accounts. Specifically, we will strive for maximum use of our owned patents and complete implementation of information activities by MRs. We believe that information activities by MRs are essential for this drug. Thus, it is our policy to promote complete implementation of information activities. We will also consider other activities.

Q/ It seems that the expenditure of R&D expenses is behind the schedule. Do you expect that they will be spent as planned?

A/ The expenditure of R&D expenses has been slightly behind schedule. However, since R&D expenses in the fourth quarter are usually higher than those in the third quarter every year, we expect that the full-year R&D expense will be expended as scheduled.

Q/ The Company announced termination of the roflumilast joint development agreement with Nycomed. Will this termination result in any payment or receipt of money between the Company and Nycomed?

A/ We are not disclosing financial terms or any other details of the agreement, however, no charges accrue with the termination of the agreement at this time.

[Development Pipeline/Out-Licensing]

<u>MP-424 (telaprevir)</u>

Q/ The Company filed an application for approval of MP-424 on January 26, 2011. Can the Company receive a priority review, as with the FDA in the US? If the Company receives a priority review, can you obtain approval within 2011?

A/ We applied for a priority review when we filed the application with the authorities. We are not in a position to say when any approval will be given. However, if the authorities determine to make a priority review, we expect that approval will be given quickly.

Q/ I hear that the bulk substance for MP-424 will be purchased from an outside party. Do you have a proper production structure in Japan to handle the manufacturing? Depending on the NHI drug price, the purchase price of the bulk substance will have great impact on profitability. Can you negotiate the purchase price of the bulk substance?

A/ We are preparing to establish a production structure, including purchase of the bulk substance. We can make no comment regarding the purchase price of the bulk substance.

FTY720 (Product name used by Novartis in the U.S.: Gilenya)

Q/ In the announcement of its financial results for 2010 (announced in January 27), Novartis disclosed sales of Gilenya in the United States, including the number of patients. Have Gilenya sales in the United States progressed strongly? And how are the royalties recognized?

A/ For details of Gilenya sales, you should ask Novartis. However, we believe that they have made a good start, since they seem to be promoting a careful sales plan, considering the characteristics of the drug.

Royalties are received from Novartis based on sales revenues during each quarter. Our royalty income is recognized in the following quarter. Accordingly, royalty income for September was recognized in the third quarter, and royalty income for October to December will be recognized in the fourth quarter.

Q/ Does the application for FTY720 in Japan receive preferential examination? Is approval likely within FY2011?

A/ Since FTY720 is designated an orphan drug, it will be examined preferentially. We expect approval within FY2011.

CNTO148 (golimumab)

Q/ How has the examination for CNTO148 progressed?

A/ We filed the application in June 2011. We understand that the examination has been progressing steadily. We expect an approval within FY2011.

Escitalopram

Q/ We understand that Escitalopram, an anti-depression drug, is sold jointly by Mochida Pharmaceutical and the Company. When will the patent protection for the drug expire? Do you have a plan to add fibromyalgia syndrome to its indication?

A/ Escitalopram has been and is being developed by Mochida Pharmaceutical. We are not in a position to comment on either the potential addition of indications or the related patent.

[Problem of failure to implement certain shipping test for some drugs in the subsidiary (announced January 26, 2011)]

Q/ Is there a possibility that the same problem may be occurring in other plants?

A/ We have not found any other instance of the same problem, at this point.

Q/ What level of impact do you expect from this product recall? As for the contracted manufacturing product, do you expect any claims from the contractor for compensation of recall costs or losses resulting from this recall?

A/ We understand that medical institutions and wholesalers do not have much stock of the manufacturing lots in question. Accordingly, we believe that direct impact of the recall will be minor. We are not ready yet to comment on the contracted manufacturing product by contractors.

Q/ Will this problem have any impact on the new medium-term management plan scheduled to be announced at the end of March?

A/ We are still going all-out in our efforts to address this problem. We have not made any specific decision regarding the medium-range plan, including postponement of the announcement timing.