Thursday, May 12, 2011 from 1:00pm to 2:10pm

[Attendees]

Michihiro Tsuchiya, President and Representative Director

Ken-ichi Yanagisawa, Board Director and Managing Executive Officer, Division Manager of Sales & Marketing Division

Ken-kichi Kosakai, Board Director and Managing Executive Officer, Department Manager of Finance & Accounting Department

Masayuki Mitsuka, Board Director and Executive Officer, Department Manager of Global Product Strategy Department

Seiichi Murakami, Executive Officer, Division Manager of Development Division

[FY2010 Financial results and FY2011 business forecasts]

Q: To what extent do you anticipate the impact of the earthquake and tsunami will be on your operating income for FY2011?

A: At the end of FY2010, we had a temporary increase in orders because of the earthquake. We estimated that our sales of FY2010, up by approximately 6 billion yen, and operating income, up by approximately 4 billion yen due to this temporary increase in orders. For FY2011, we have factored in a decrease in operating income of approximately 4 billion yen, which is the same amount as the increase in the operating income of the previous FY attributed to the increased orders received, so it is a backlash of the increase. Since we also anticipate that we would not be able to carry out sufficient sales activities in the Tohoku region, we also factor in approximately 2 billion that includes the influence on the sales of newly launched products. Besides these, we anticipate about 1 billion yen worth of expenses such as power-saving measures. As a result of estimating the earthquake-related impact to total 7 billion yen, we have announced an operating income amounting to 63 billion yen.

We have incorporated the impact of the quality control issue in FY2011, so, although we have shown a prospect of an operating income amounting to 63 billion yen, please understand that an operating income exceeding 70 billion yen is more or less our true level.

We feel that we will be able to assess the impact of the earthquake and the quality

control issue by the second quarter. So, after we gain a grasp of the impact, we would revise FY2011 forecasts, if needed.

Q: Regarding the sales for April 2011, do you see a backlash of the temporary increase in orders?

A: As far as the April sales, we do not confirm such influence. We, however, anticipate that the influence will appear during FY2011.

Q: You did not disclose product-specific sales forecast for FY2011. What are your views on the sales of Remicade?

A: We have refrained from disclosing our sales forecasts on this occasion because the influence of the earthquake, and because the influence of the quality control issue are unclear. Regarding the quality control issue, in particular, when we took into consideration the rigorous responses and feedback given by medical institutions, and the fact that no decisions have yet been released from the authorities at this point, we need to anticipate their impact on sales to a certain extent. Remicade is no exception. At present, five biological agents for rheumatoid arthritis are launched, including Remicade, making this a highly competitive market. However, Remicade is being evaluated highly by patients and medical professionals. Some patients achieve clinical remission, and Remicade will continue to serve as the driving force for our company's business performance in FY2011.

Q: Actemra, the same intravenous injection formulation as Remicade, has been launched, and I heard that some medical institutions do not have enough hospital beds for administering intravenous injection drugs. Is there a possibility that this would have an influence on the future growth of Remicade?

A: Although Remicade is an intravenous injection preparation, it is administered once every two months. This longer dosage interval as compared with other biological agents is evaluated positively. As for the problem of insufficient infrastructures at medical institutions, we understand that construction of an infusion center is progressing.

Q: Regarding the reason for increased sales of Remicade, does the fact that early diagnosis has become possible thanks to articular echogram have an influence?

A: We have not been able to assess the influence of articular echogram. We believe that indication was expanded smoothly, and the changes in dosage and administration (increase in doses or shortening of the administration interval), contributed to increase sales.

Q: The Company predict that licensing fee would increase in FY2011 by 3 billion yen, year-on-year. Does this increase come from the royalties for Gilenya? Also, the royalties shown here—are they the amounts after royalties have been distributed to other companies?

A: Sales of Gilenya in other countries have continued to grow at a steady pace, so the increase was largely contributed by Gilenya. As for the royalties, we post net amount which Mitsubishi Tanabe receives.

Q: The Company predict that the R&D fees for FY2011 would increase by 3 billion yen from the previous year. Does this include milestone payments concerning MP-424?

A: We have completed the basic payment relating to MP-424. Mitsubishi Tanabe feels that 70 billion yen or so is the appropriate R&D expenditure level for us now, so the amount for FY2010 was slightly small. The reason for the increase was the start of a phase 3 study of TA-7284 in Japan and other factors.

Q: What is the factor behind an increase of 9 billion yen over the previous year for the SG&A expenses and other fees for FY2011?

A: We expect an increase in sales expenses of 4.5 billion yen in association with the release of six new products. Also, for FY2010, we were unable to carry out sufficient sales activities because of administrative punishment (suspension of business operations), so the expenses were curtailed. For FY2011, however, we will resume normal sales activities, so we anticipate increased sales expenses amounting to 2 billion yen. Besides these, we anticipate an increase of approximately 2 billion yen from coping with the earthquake, measures to prevent quality control issues from recurring, and other activities. These all add up to an increase of 9 billion yen.

Q: The Company predict expenses associated with the release of new products to be 4.5 billion yen. Does this amount include amortization costs of the marketing rights for Lexapro?

A: We incorporate amortization expenses of marketing rights of products that include those other than Lexapro as well.

[Development pipeline and licensed-out products]

<u>MCI-196</u>

Q: What was the reason for filing MAA of MCI-196 in Europe in prior to any other countries?

A: In the US, in January 2014, oral agents are to be included in a new comprehensive payment system for dialysis. This forced us to revisit our business case for MCI-196 in

the US. Therefore, we have decided to start with Europe first. We do not abandon the application in the US; we are currently studying it.

Q: The filing of application for MCI-196 has been delayed. Will this have an influence on the timing of investment toward building a sales infrastructure in the US?

A: In the US, we have already set up a sales subsidiary. Because MP-146 is awaiting business launch after MCI-196, preparations of the Scientific Information Department to build relations with Key Opinion Leaders (KOL) are as scheduled. We are, however, putting off increasing the number of MRs.

MP-424

Q: Was MP-424 designated as priority review? About when do you expect the approval?

A: It was designated as priority review in early April. The authorities have set total period to investigate the items which was designated as priority review as 10 months in FY2010 and 9 months starting in FY2011. Therefore, we are expecting the earlier approval.

Q: What is the development status of MP-424 in China?

A: In China, we are planning to file application for approval under the “third classified drug” category. In this case, there is a need to carry out two types of trials, a phase 3 study and a PK study. As the procedure, after we obtain approval in Japan, we will get hold of a Certificate of Pharmaceutical Product (CPP), and then file an IND. It usually takes about one year from after IND to the start of a clinical study, so we believe that this would take a due amount of time.

Q: Vertex is conducting a clinical study of combination therapy with telaprevir and VX-222. Are you going to introduce VX-222 and develop the drug in Japan?

A: If it will be appeared to suppress viruses with oral drugs only without using interferon, we feel that it is highly inevitable to develop the drug, since there is a strong social need from the large number of elderly patients in Japan. At this point, however, there is nothing we can comment on this.

MT-3995

Q: Regarding MT-3995, existing treatment of hypertension is relative satisfactory. What advantages would the patients enjoy from developing an anti-aldosterone drug now?

A: There are many antihypertensive in the market, and they increase satisfaction for treatment. We recognize, however, that there still remain issues to be solved, such as controlling nighttime hypertension, for example. We will be developing an anti-aldosterone drug not only as an antihypertensive but also for cardiovascular disease such as for heart failure.

Q: Will hypertension patients who have developed cardiovascular diseases as a complication be targeted for this drug?

A: The drug is based on aldosterone, and since it is said that symptoms cannot be fully suppressed even with ACE inhibitors or ARB, we feel that, while the drug will be effective for hypertension, it can also contribute as one of the treatment drugs for heart failure, etc.

FTY720

Q: Overseas, FTY720 has obtained approval with recurrent/remitting multiple sclerosis (RRMS) as the indication. Do you have a plan to expand its indication for clinically isolated syndrome (CIS) which is the early stage of the onset of multiple sclerosis?

A: Regarding the expansion of indication overseas, Novartis has already announced it for chronic inflammatory demyelinating polyradiculoneuropathy (CIDP). Novartis has the developing & marketing rights for FY720 overseas. We will decide on whether we follow by consulting with Novartis.

MT-1303

Q: Are you thinking of licensing out MT-1303 (for multiple sclerosis) to Novartis, just like with FTY720?

A: As a basic policy, we will mainly be responsible for carrying out the development.

[Medium-term management plan]

Q: Regarding your medium-term management plan 08-10, what was the reason for falling short of the target sales for the final FY by about 50 billion yen?

A: There was approximately 26 billion yen impact on sales, accompanying the exclusion of the consolidated subsidiary from consolidated scope (about 2 billion yen in operating income), which accounts for half of the reason for not fulfilling the goal. Moreover, the influence of the exchange rate (high yen) amounted to approximately 7 billion yen, and the influence of the delay in new products' contribution to sales amounted to about 6 billion yen. Other reasons are difficult to analyze. Some factors, the impact of the increased number of hospitals that introduced DPC and the government's measures to promote the use of generic drugs, was larger than we had anticipated.

Q: Is your next medium-term management plan a 3-year plan?

A: The next medium-term management plan is a 5-year plan that begins in FY2011. We will draw up the plan by taking into view the target for FY2015, such as sales of 500 billion yen and operating income of 100 billion yen. During the first two years of the plan, we aim to restore trust from society through stable supply of drugs that meet

medical needs including newly launched products. Then, in the final three years of the plan, we will expand our business results.

Q: Does your sales goal for FY2015 incorporate the re-calculation of NHI drug price for the expanded market regarding Remicade?

A: All the factors that can be anticipated have already been incorporated, including the Remicade factor.

Q: Some newspapers reported that the MHLW had proposed integrating domestic blood products manufacturers. What are your views on this?

A: Generally, blood preparations business is that in which the economies of scale come into play. So, in terms of strengthening the competitive power against overseas blood products, it would be good for domestic manufactures to get united and carry out business together. However, as far as we are concerned, we have no comments about this proposal.

[Quality control issue]

Q: Regarding the quality control issue announced in January of this year, are we correct in our understanding that there will be no administrative punishment?

A: It depends on the judgment of the authorities. This is not a question that we should be answering.

Q: Our concern is a succession of misconducts and problems in the Company such as the Medway injection issue and the quality control problem. Is there a possibility that you have other similar problems? Are you taking measures to counter them?

A: Regarding the quality control issue, we made an announcement on January 26, 2011. After this, as an emergency countermeasure, we carried out comprehensive quality inspections on all the products we manufacture and confirmed that there were no problems. As a result of these comprehensive quality inspections, we have compiled the following: corrective measures set forth in the wake of the proposal received from Crisis-management Committee for the Quality Control Incident; measures to prevent recurrences; and company-wide programs toward restoring public trust. These were summarized into a Summary of the Quality Control Incident, and announced on April 27. We are committed to making company-wide efforts to make sure that no such problems will occur again.