Friday, July 29, 2011 from 18:45pm to 19:20pm, JPT

[Attendees]

Ken-kichi Kosakai, Board Director and 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

[FY2011 1st quarter financial results]

Q. It would appear that sales of Remicade have grown more slowly in the 1st quarter than in the previous quarter; what is the reason for this?

A. This is likely attributable to a rebound from the temporary increase in orders received at the end of the previous quarter due to the Great East Japan Earthquake, and to more intense competition in every indication.

Q. What will be the sales schemes and marketing strategies employed for Simponi, expected to be launched during FY2011, and Remicade, similarly a biological agents for rheumatoid arthritis?

A. Remicade is being sold independently by our company, but Simponi will be jointly promoted and sold by our company and Janssen Pharmaceutical. Although a similar anti-TNF alpha antibody, Remicade is a rapid-acting intravenous drip infusion agent whose efficacy is backed by a wealth of evidence from clinical practice. Simponi, on the other hand, is a subcutaneous injection agent offering sustained effectiveness over the long term. Simponi is thus being made available for use by patients needing subcutaneous injections.

Q. Licensing fee, etc., have risen by 1.1 billion yen year-on-year; what additions have been posted?

A. Several additions have been made, including royalty revenues from Gilenya and milestone revenues for TA-1790.

Q. Why is the sales cost ratio for the 1st quarter (36.5%) so much better than the initial forecast for the first half (38.8%)?

A. The principal reasons are that sales of Radicut exceeded our initial expectations due to delays in the launch of its generic products, and that overseas purchase prices for

Remicade and other products dropped below initial expectations due to a more favorable exchange rate (anticipated rate: 85 yen/dollar).

[Revision of forecast for FY2011 earnings]

Q. Did you reconsider the impact of the quality control problems incorporated in the forecasts announced at the beginning of the fiscal year in revising your earnings forecasts?

A. Our earnings forecasts were adjusted because the impact of the earthquake disaster turned out to be lighter than initially expected, however we made no adjustments to our initial expectations stemming from the impact of quality control issues.

Q. Why have you revised your earnings forecasts but not disclosed sales forecasts for individual products? When do you intend to disclose these?

A. We have not made any disclosures pertaining to the impact of the administrative actions of July 19 because of the difficulty of estimating the financial impact on individual products at the moment. We will endeavor to ascertain this impact at a later date, however, and we intend to disclose this information when we release our 2nd quarter financial results.

Q. The sales forecasts at the start of this fiscal year included 19 billion yen in increased revenues arising from sales of six new products; was any change to this amount made in the recent revision of earnings forecasts?

A. As a consequence of our recent review, we have lowered the expected increase in revenues from new products by about 4 billion yen.

Q. Why have the full fiscal-year forecasts for licensing fee, etc., been revised from the initial figure of 5.4 billion yen to the current 6 billion yen? What exactly is included in this accounting item?

A. We have posted several additions – temporary milestone revenues and running royalty revenues pertaining to licensing fee, etc., as well as royalties for Gilenya – but we cannot disclose the details. The disparity between our initial forecasts and the current adjusted forecasts can be attributed to a rounding of the forecast figures; no change has been made to the plans initially incorporated therein.

Q. Although sales have increased by 2 billion yen over the forecasts given at the outset of this quarter, sales costs have declined by 500 million yen. What factors besides

exchange rates account for this?

A. This disparity arises from our product configuration, deriving from such factors as the anticipation that sales of Radicut will exceed initial forecasts due to the delay in the launch of its generic products.

Q. Mitsubishi Chemical Holdings' FY2010 financial statements noted a second-half drop of 5 billion yen in pharmaceutical product costs and 3 billion yen in pharmaceutical sales management costs; is there any connection between this and the recent adjustment in your earnings forecasts?

A. To keep costs down, we have instituted a full range of cost reduction measures centered on securing raw materials and goods at lower prices. These cost cuts were incorporated into our initial forecasts, and no changes have been prompted by the revision.

Q. Why are the 2nd quarter's forecasts for R&D expenses higher than those for the 1st quarter? (1st quarter: 15.7 billion yen; 2nd quarter [forecast]: 18.8 billion yen)

A. Development costs for TA-7284, which has entered Phase 3, will rise in the 2nd quarter, and some development costs were shifted from the 1st quarter to the 2nd quarter due to the earthquake disaster.

Q. What was the presumed exchange rate used in revising your earnings forecasts?

A. We used the same rate as in the initial forecasts: 1 dollar=85 yen.

[Development pipeline/licensed-out products]

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

Q. Vertex's 2nd quarter financial statements announced that US sales of Incivek (Telaprevir) had reached $75 million just over a month after it was launched, and we have heard that there are patients awaiting approval and sale of MP-424 in Japan. What is your assessment of this therapeutic agent?

A. Given the current degree of clinical satisfaction, we believe this is a drug very much needed by the market, and the specialist physicians who have cooperated in our clinical trials have also given it high praise. We have heard there are patients awaiting a newly available treatment method utilizing a three-agent combination that includes MP-424.

Q. Are you concerned about shortfalls in the supply of raw materials and bulk goods due to market expansion?

A. We are making preparations to secure reliable supplies of the products to ensure

that shortages do not occur.

[Integration of plasma fractionation operations]

Q. Your June 17 press release stated that you are moving ahead with the integration of plasma fractionation operations with the Japanese Red Cross Society; what scheme will the new company employ? What impact should we expect this merger to have on the business performance of Mitsubishi Tanabe Pharma? Is there any possibility that Mitsubishi Tanabe Pharma will be asked by the new company to make post-merger capital investments?

A. We are presently engaged in in-depth discussions with the Japanese Red Cross aimed at completing the merger by April 1, 2012, but we are not at liberty to say any more about this at the present time.

[Quality control issues]

Q. Did quality control problems have any impact on 1st quarter business results? How do things stand now in the wake of the July 19 administrative actions?

A. The impact of such issues was less than we had anticipated. There have been no apparent changes since the administrative actions of July 19, but we cannot rule out the possibility of some impact appearing in the future.