Friday, May 9th, 2014, from 3pm to 4.30pm

[Attendees]

Michihiro Tsuchiya, President & Representative Director, CEO

Masayuki Mitsuka, Representative Director and Senior Managing Executive Officer

Seiichi Murakami, Managing Executive Officer, Division Manager of Sales & Marketing Division

Kouji Noborihayashi, Executive Officer, General Manager of Corporate Management Department

Takeshi Matsumoto, Executive Officer, Division Manager of Development Division

Eizou Tabaru, Executive Officer, General Manager of Finance & Accounting Department

[Forecasts for FY2014 ending March 31, 2015]

Q. Please give us a breakdown for licensing fee, etc. in FY2014. Why is your 1H forecast for licensing fee, etc. higher than for the 2H?

A. We did not disclose a breakdown of licensing fee, etc. in our forecasts. We estimate royalty income for Gilenya and Invokana will continue to expand for some time. We are also posting milestone income in addition to this royalty income.

Q. What degree of impact is there on the forecasts from Medicago Inc.?

A. Priority will be on R&D expenses for some time. In addition, Medicago will change its fiscal year-end in FY2014 to eliminate the gap with our fiscal year. Accordingly, we plan to factor in Medicago's 15-month fiscal year into our consolidated accounts. Reflecting this and other factors, we estimate an operating loss of more than ¥5.0 billion.

[Domestic sales]

Remicade

Q. What degree of impact was factored into FY2014 forecasts and the medium-term management plan to reflect Remicade biosimilars?

A. This is difficult to forecast as we are uncertain about the details of the approval of biosimilars and drug prices. Even if the biosimilars are launched in the end of 2014, we believe it will take time before they are employed for use by hospitals. We factored in minimal impact in our FY2014 plan. We also believe there will be no major impact in the final year of our medium-term management plan (FY2015).

Q. Will biosimilars also impact demand for Simponi and other anti-human TNFα biologics?

A. We expect medical fronts to recognize Remicade biosimilars as a new type of anti-human TNFα biologic, rather than a generic. In light of this, we believe these biosimilars are also likely to have the same impact to anti-human TNFα biologics other than Remicade.

Tenelia

Q. How does the market view the benefits of Tenelia? Will these benefits encourage doctors to switchover to Tenelia or promote new prescriptions?

A. We believe doctors that are prescribing Tenelia are realizing its benefits, which includes 24-hour sustained efficacy and that it is metabolized through two routes, the kidneys and liver. Sales continued to grow in April and going forward we plan to confidently move ahead with promotions.

Q. SGLT2 inhibitor was newly introduced into a diabetic market where DPP4 inhibitors are intensely competing. Has the launch of rival ipragliflozin had an impact on Tenelia?

A. We see no direct impact given the different mechanisms of these two drugs and due to restrictions on long-term prescriptions of ipragliflozin during the first year following market launch.

Plasma fractionation products

Q. How much longer do you plan to continue sales?

A. We will continue to implement sales in FY2014. At this stage, I have no comment on what are plans are further out.

[Development pipeline]

Invokana

Q. What is the effective mechanism to treat diabetic nephropathy? How does it differ from other hypoglycemic?

A. We believe that properly controlling blood glucose levels will help suppress diabetic nephropathy, a complication of diabetes. At this stage we do not know how Invokana differs from other hypoglycemic.

Q. Is the multinational study for diabetic nephropathy being led by Janssen Pharmaceuticals?

A. Yes, that is correct. Janssen Pharmaceuticals is taking the lead. We are currently considering our participation in the study.

MT-1303

Q. I believe that rivals have a number of drug development candidates in the domains of inflammatory and autoimmune diseases area. Do you plan to continue development alone going forward?

A. We plan to make a decision after clinically confirming the drug profile for MT-1303.

[Medium-term management plan]

General topics

Q. Aside from reviewing the numeric targets in the medium-term management plan, what other initiatives do you have as the next president?

A. I plan to promote a structural reform project (Kouzou Kaikaku Project, KKP) and embark on the further review of our other businesses. As has been already announced, we plan to reorganize our production bases and downsizing to two bases by the end of FY2017. Furthermore, I also plan to develop specific policies for business expansion in the US and for the generics business.

Domestic new products

Q. Sales of new products look weak. What is the reason for this?

A. Telavic's product strength is weaker than that of a rival product. Meanwhile, Lexapro and Tenelia are markets we have no experience in and which were highly competitive. It took time for these drug sales to get off the ground but we look for a full-fledged growth in sales in and after FY2014.

Generics business

Q. What are your plans for this business? We would like to hear from the next president.

A. At this stage, I will not move to change policy. We plan to keep the generics business in our business portfolio. However, the recent round of NHI drug price revisions heavily weighed down generic drug prices therefore I believe we are at a juncture where a closer examination of this business is warranted.

[Other]

Q. What is a situation of Bipha?

A. We are striving for re-release Medway.

End