Monday, May 11th, 2015, from 1.00pm to 2.15pm

[Attendees]

Masayuki Mitsuka, President & Representative Director, CEO
Seiichi Murakami, Managing Executive Officer, Division Manager of Sales & Marketing Division
Takeshi Matsumoto, Executive Officer, Division Manager of Development Division
Eizou Tabaru, Executive Officer, General Manager of Finance & Accounting Department

[Earnings Forecasts for the Fiscal Year Ending March 31, 2016]

Q: Can you please explain why you forecast larger profits in the second half compared with the first half?

A: We believe the following catalysts will come into play.

- In the first half we are forecasting licensing expense.
- In the second half we anticipate a rise in royalty income, versus the first half, owing to expectations of gradual growth in sales at licensees.
- Owing to seasonal factors, we estimate higher sales of Talion and influenza vaccines in the second half.

Q: Why do you forecast a substantial improvement to the sales cost ratio in FY2015?

A: The following are catalysts we forecast in order of impact, from largest to smallest.

- Ended our sales partnership in the plasma fractionation products
- Plan to see an increase royalty income
- Aim to dispose of ocerstocks

[Domestic Sales]

Q: Earnings are continuing to deteriorate in the domestic ethical drugs business. This appears to be due to your heavy dependence on long-listed drugs. Do you have any plans to stop this deterioration in earnings, such as transferring out the long-listed drugs or reducing the number of medical representatives(MRs) in Japan? Also, was this taken into account when the new medium-term management plan was created?

A: As you pointed out, the market environment for long-listed drugs is grim, not only for us but for our competitors as well. It is our policy to pour energies into products, mainly new products, which boast growth potential to minimize the impact to earnings from long-listed drug sales. In addition, although it is not an easy task, we plan to make a maximum effort to sustain Remicade sales. It is important that we bolster our sales strength in our four franchise areas to make them appealing to potential partners. To do so, I believe we first

have to grow sales of proprietary products with underlying growth potential. At this stage we are not considering undertaking measures such as reducing our MR headcount. Moreover, as for our new medium-term management plan, the Sales & Marketing Division will be responsible for strengthening its own alliance functions and we plan to carry out discussions on issues such as development system for actively acquiring products that will sell.

[Development]

Radicut (ALS)

Q: Please tell me the results of the clinical trials, and how many patients do you estimate will use this drug after approval?

A: I cannot go into details but we believe the drug is effective based on scores using the ALS Functional Rating Scale-Revised (ALSFRS-R), an evaluation index for ALS. This is an extremely serious and debilitating disease so we will first focus on how quickly we can get the drug approved in Japan. After that, if possible, we plan to provide patients around the world access to the drug.

Q: Is there a possibility you will license the drug overseas?

A: Overseas licensing is one possibility. Given the limited number of patients, we are not ruling out the option of developing the drug in-house.

MT-1303

Q: Please tell us about the development of this drug and how are you going about developing this business.

A: First it is necessary to think of multiple sclerosis (MS) separately from other diseases. A fairly large-scale clinical trial will be necessary if we conduct phase 3 for use in treating MS. This would require us teaming up with another company. As for its use in treating other diseases, we are currently looking at variety of options, including whether or not to develop the drug in-house.

Q: Do the positive results from phase 2 of the MS drug trials hold some significant meaning?

A: The results indicate that we have improved, to a certain degree, some of the issues seen with using Gilenya. All of the trials have not yet been completed so we cannot discuss the details right at this moment. That being said, the impact that Gilenya has on heart rate is now clear so we plan to focus on this point while moving forward with development.

Q: Do you plan to start phase 3 trials in FY2015 for MS?

A: We plan to start phase 3 as soon as possible, that is, if we find a partner. We have had inquiries into forming an alliance. I cannot go into detail at this moment.

MT-3995

Q: Have you completed your overseas clinical trials? Can you give us an update?

A: We have not yet completed all phase 2 trials. The results we have garnered thus far are basically in line with plans. We aim to development plans after closely scrutinizing the data. I do not believe that we will be able to give you a report on the results anytime in the first quarter of FY2015.

[Business developments in the US]

Q: You stated you plan to transfer your global business development functions to the US. How do your prospects look for acquiring personnel?

A: On April 1, 2014, we set one of our executive officers to the US to serve as president of our US headquarters. He originally worked in licensing and business development. He will be heading up operations.

Q: What drugs developed by your company do you plan to market over your proprietary sales channels in the US? When do you plan to launch proprietary sales?

A: We are clearly classifying candidates, including some additional indications. As for the timing, if there is a suitable project then we aim to move flexibly. Consequently, if we can acquire a company already conducting sales, then it is possible we will be able to get our drug candidates out on the market in 2-3 years.

[Structural reforms]

Q: You estimate a net extraordinary loss of ¥7.5 billion in FY2015, citing that this is mainly for reforms. Do you believe that you will be able to wrap up reforms in FY2015?

A: We believe that, for the most part, we will complete reforms in FY2015.

[M&A]

Q: What is the scale of the M&A deals you have planned?

A: At present the liquidity we have on hand is around ¥350 billion. We are not planning to use all of this for a single deal.

Q: Can you discuss direction?

A: We are always on the lookout when it comes our pipeline. As with the VMAT2 inhibitor we licensed the other day, the majority of the deals are for existing types of drugs that have clear clinical value. However, it is not our intent to focus solely on vaccines. Our prior is on finding a sales company where we can add our own pipeline drugs to the drugs the company already sells. We are looking for a company with potential but are not interested in a company that has been continually bleeding losses for some time.

[Shareholder returns]

Q: You announced plans to hike your dividend payout. Can you discuss the company's stance on improving its payout ratio, buying back shares, and improving ROE?

A: At present our basic policy on shareholder returns remains unchanged. However, in the new medium-term management plan, we plan to review our current basic policy on shareholder returns.

Q: Do you plan to sustain the 60.9% dividend payout ratio you plan for FY2015 going forward?

A: We plan to include goals for our payout ratio in and after FY2016 in our new medium-term plan.

Q: Is there a possibility you will buy back shares before you release your new medium-term management plan?

A: This will demand on the composition of our shareholders and our share price. We are not using the timing of the announcement of our new medium-term management plan as a factor to determine whether or not to buy back shares.

Q: Mitsubishi Chemical Holdings, your parent company, is targeting an ROE of 10%. What is your goal?

A: Our net worth is fairly hefty and an ROE of 10% is not easy to achieve. We are currently examining what measures we should take.

[Other]

Gilenya

Q: Do you plan to negotiate to review your contract of Gilenya to receive royalties over a longer period of time in return for lowering the royalty rate?

A: Our focus is on putting out a product, which includes padding our pipeline, to offset the negative impact from patent expirations of Gilenya.

Bipha Corporation

Q: Is Bipha resuming manufacturing of Medway? What is the current status of this?

A: We are preparing to resubmit our application for Medway and are currently in talks with regulatory authorizes. However, we estimate it is difficult to make business sense for only medical usage. We are currently looking into alternative uses, including its use as a stabilizing agent.

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