Joint Conference on the Merger of Tanabe Seiyaku, Co., Ltd. and Mitsubishi Pharma Corporation

February 2, 2007
Venue: Hotel Okura, Tokyo

Tanabe Seiyaku Co., Ltd.      Mitsubishi Pharma Corporation
Global Novel Drug Discovery and Challenge to New Business Opportunities

Natsuki Hayama
President & Representative Director
Tanabe Seiyaku, Co., Ltd.
Background

The pharmaceutical industry is one of the most important industries for supporting Japanese economic growth

- Increased medical needs in an aging society
- Progress of technological innovations of life science

- Penetration of medical cost reduction policy
- Intensifying global competition over novel drug R&D

For continuous growth in the midst of a conflicting future environmental outlook, expansion of the scale and strengthening the business infrastructure are necessary
Background of the Merger

Existing Basic Strategies

**Tanabe Seiyaku**

- Accelerate R&D of in-house, original products
- Take on the challenges of business and growth opportunities that meet medical needs

**Mitsubishi Pharma**

- Reinforce overseas business infrastructure
- Build a distinctive corporate group that contributes to personalized medicines through a convergence with diagnosis and testing technologies in collaboration with Mitsubishi Chemical Group
Goal of the Merger

Common Goals

- Enhance drug discovery capabilities
- Accelerate overseas business development
- Pursue business opportunities to respond to the changing medical environment

To realize the goals

- Expand business scale and strengthen business infrastructure
- Become a top-tier pharmaceutical company in Japan

Merger
## Financial Summary
(Fiscal year ending March 2006; on a consolidated basis)

<table>
<thead>
<tr>
<th></th>
<th>Tanabe Seiyaku</th>
<th>Mitsubishi Pharma</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,716</td>
<td>2,362</td>
<td>4,078</td>
</tr>
<tr>
<td>R&amp;D Expense</td>
<td>305</td>
<td>479</td>
<td>784</td>
</tr>
<tr>
<td>Operating Income</td>
<td>276</td>
<td>362</td>
<td>638</td>
</tr>
<tr>
<td>Net Income</td>
<td>155</td>
<td>207</td>
<td>362</td>
</tr>
<tr>
<td>Total Assets</td>
<td>2,908</td>
<td>3,107</td>
<td>6,016</td>
</tr>
</tbody>
</table>
Positioning of the New Company

**Domestic Ethical Pharmaceutical Sales (Fiscal Year 2005)**

- Takeda
- Astellas
- Daiichi Sankyo*
- **New Company**
- Chugai
- Pfizer
- Novartis
- Eisai
- Mitsubishi Pharma
- GSK
- Banyu
- Otsuka
- AstraZeneca
- Shionogi
- Tanabe

**R&D Expenses (Consolidated basis; Fiscal Year 2005)**

- Takeda
- Daiichi Sankyo
- Astellas
- Eisai
- **New Company**
- Chugai
- Mitsubishi Pharma
- Dainippon Sumitomo*
- Ono
- Shionogi
- Tanabe

* The data for Daiichi Sankyo is the sum of the stand-alone IMS data for Daiichi Pharmaceutical and Sankyo.

* The data for Dainippon Sumitomo is the sum of stand-alone data for Dainippon Pharmaceutical and Sumitomo Pharmaceuticals.

Source: Japan Pharmaceutical Manufacturers Association DATA BOOK 2007

Copyright IMS Japan KK. 2006
Source: IMS Japan Pharmaceutical Market
No Unauthorized Copying
Outline of the New Company

- **Company name:** Mitsubishi Tanabe Pharma Corporation (Tentative)
- **Effective date of the merger:** October 1, 2007 (plan)
- **Surviving company:** Tanabe Seiyaku, Co., Ltd.
- **Headquarters:** Headquarters of Tanabe Seiyaku
- **Listing stock exchanges:** Tokyo Stock Exchange and Osaka Securities Exchange
- **Merger ratio:** Tanabe Seiyaku: Mitsubishi Pharma = 1 : 0.69

(Ratio based on shareholder value: Tanabe Seiyaku: Mitsubishi Pharma = 43.64 : 56.36)
Management of the New Company

- President & Representative Director: Natsuki Hayama
- Executive Vice President & Representative Director: Takeshi Komine
- Vice President & Director: Michihiro Tsuchiya
- Vice President & Director: Kunihiko Shimojuku

- Directors: Total of 8 Directors (Incl. 4 directors above)
  4 Directors from Tanabe Seiyaku
  4 Directors from Mitsubishi Pharma (Incl. Mitsubishi Chemical Holdings)

- Auditors: Total of 4 Corporate Auditors
  (2 auditors each to be nominated by Tanabe Seiyaku and Mitsubishi Pharma)

In addition, the New Company plans to introduce an operating officer system.
We will keep you informed on the progress of merger preparations as needed.
Management Policy of the New Company

- Promote the business integration on an equal spirit
- Prioritize maximization of the corporate value of the New Company
- Realize the merger effects as early as possible by leveraging the strengths of the two companies and efficiently employing corporate resources
- Appoint appropriate personnel to appropriate positions to motivate employees and vitalize the organizations
- Develop environment in which each employee can exert one’s utmost ability, and create a free and open-minded corporate culture in which employees courageously make challenges in responding to changes
Relationship with Mitsubishi Chemical Holdings

- The new company will be a consolidated subsidiary of Mitsubishi Chemical Holdings, which will hold the majority
- The new company will be operated based on the principle of independent decisions/judgment as a publicly listed company so as to maximize the profit of its shareholders as a whole
- Mitsubishi Chemical Holdings will, in principle, maintain its shareholding ratio in the new company for the next 10 years
Basic Strategies of the New Company

- Accelerate its overseas business development leveraging the two companies’ strong drug discovery capabilities and the business platform reinforced by the merger, and thus establish its position as a global pharmaceutical company at an early point.

- Enhance the domestic market presence through the top-tier marketing capability achieved through the merger.

- Proactively take on challenges to new business opportunities in response to the changes in medical environment. Specifically, build a new business model by making inroads into the generics business and by leveraging the diagnostic and testing platform of Mitsubishi Chemical Group (personalized medicine, etc.) with the aim of creating a distinctive pharmaceutical company.
## Towards Over 100 billion yen (Real) Operating Income

<table>
<thead>
<tr>
<th>Fiscal year 2005</th>
<th>Target in Fiscal year 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tanabe Seiyaku</td>
<td>Synergy 20.0</td>
</tr>
<tr>
<td>27.6</td>
<td>Sales Synergy(2) 7.0 bil. yen</td>
</tr>
<tr>
<td>Mitsubishi Pharma</td>
<td>Cost Synergy 13.0 bil. yen</td>
</tr>
<tr>
<td>36.2</td>
<td></td>
</tr>
</tbody>
</table>

**105.0 billion yen**

(1) Amortization of goodwill is not included as the amount for goodwill is not yet determined.

(2) Risk of negative profit impact due to change of control or product cannibalization due to the merger is included.
## Business Management Goal — Financial Targets for Fiscal 2010

(Yen in 100 million)

<table>
<thead>
<tr>
<th></th>
<th>Results for Fiscal Year 2005 (Combined)</th>
<th>Targets for Fiscal Year 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>4,078</td>
<td>4,700</td>
</tr>
<tr>
<td>R&amp;D Expense</td>
<td>784</td>
<td>850</td>
</tr>
<tr>
<td>Operating Income*</td>
<td>638</td>
<td>1,050</td>
</tr>
</tbody>
</table>

*Amortization of goodwill is not included as the amount of goodwill is not yet determined.*
Building Upon the Strengths of the New Company

- Advanced R&D Capabilities
- Top-tier Domestic Presence
- Collaboration with Mitsubishi Chemical Group
- Aggressive Challenge to Respond to Environmental Changes
Individual Strategies

- Sales Synergy
- Cost Synergy
- R&D Synergy
- Accelerate Overseas Business Development
- Challenges to New Business Opportunities

Takeshi Komine,
President & Representative Director,
Mitsubishi Pharma Corporation
## Sales Synergy

<table>
<thead>
<tr>
<th>Synergy Factors</th>
<th>Synergy value in FY 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhance presence with qualitative and quantitative expansion of sales force</td>
<td></td>
</tr>
<tr>
<td>Complement the ability in franchise area</td>
<td></td>
</tr>
<tr>
<td>Maximize organization’s power in special therapeutic areas</td>
<td>¥7.0 billion yen*</td>
</tr>
<tr>
<td>Improvement of presence in core distributors (Primary Care Physicians Channel)</td>
<td></td>
</tr>
<tr>
<td>Accelerate overseas business, etc</td>
<td></td>
</tr>
</tbody>
</table>

* Risk of negative profit impact due to change of control or product cannibalization due to the merger is included
Sales Synergy
(Numbers of MRs: Enhance Presence)

Source: Monthly MIX (Medical Information eXpress) Medical Ranking 2006
Sales Synergy
(Complement the ability in Marketing in Cardiovascular Area)

Metabolic Syndrome

Hypertension

Conan Kerlong

Tanatril Maintate Herbesser

Lochol Cholebine

Diabetes

Hyperlipidemia

Peripheral Circulatory Disorders

Treatment of Complications

Event Treatment

Relapse Prevention, etc.

Cerebral Infarction

Hyperacute Stage

Grtpa

Acute Stage

Novastan Radicut

Chronic Stage

Sermon

Acute Stage

Grtpa

Chronic Stage

Maintate

Myocardial Infarction

Grtpa Novastan

Radicut

Angina

Chronic Stage

Herbesser Maintate Kerlong

TA-6666

MP-513

MCI-196

(Cholebine )
We will maximize organization’s power in special therapeutic areas for the major products, including Remicade and Radicut, to develop/expand the client base (prescribing doctors) and, for Remicade, to explore new therapeutic areas (Advanced medical information provision to specialized doctors and enhancement of case management to penetrate appropriate usage, etc.)
### Sales Synergy
(Create new cooperative strategy in wholesale business)

<table>
<thead>
<tr>
<th>Ranking in Core Distributors</th>
<th>Tanabe Seiyaku</th>
<th>Mitsubishi Pharma</th>
<th>New company</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Kyoso Mirai Gr. 4.60%</td>
<td></td>
<td>Kyoso Mirai Gr. 7.20%</td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td>Suzuken Gr. 5.20%</td>
</tr>
<tr>
<td>6</td>
<td></td>
<td></td>
<td>Mediceo Paltac Gr. 4.20%</td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
<td>Alfresa HD 3.90%</td>
</tr>
<tr>
<td>8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td></td>
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<td></td>
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<tr>
<td>10</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Suzuken Gr. 2.60%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td></td>
<td></td>
<td>Alfresa HD 2.70%</td>
</tr>
<tr>
<td>13</td>
<td></td>
<td></td>
<td>Kyoso Mirai Gr. 2.60%</td>
</tr>
<tr>
<td>14</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Mediceo Paltac Gr. 1.50%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Alfresa HD 1.20%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- □ Share expansion especially in four major distributors
- □ Create new strategy together with wholesalers for further sales development
## Cost Synergy

<table>
<thead>
<tr>
<th>Synergy Factors</th>
<th>Synergy value in FY 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost Reduction</strong></td>
<td></td>
</tr>
<tr>
<td>- Improvement in efficiencies of sales and marketing expenses</td>
<td></td>
</tr>
<tr>
<td>- Integration of domestic and overseas sites</td>
<td>13 billion yen</td>
</tr>
<tr>
<td>- Reduction of redundant costs</td>
<td></td>
</tr>
<tr>
<td>- IT cost reduction</td>
<td></td>
</tr>
<tr>
<td>- Cost reduction for procurement, etc.</td>
<td></td>
</tr>
<tr>
<td><strong>Labor Cost Reduction</strong></td>
<td></td>
</tr>
<tr>
<td>- Suppression for new graduates recruiting, etc.</td>
<td></td>
</tr>
</tbody>
</table>
R&D Synergy

- Enhancement of drug discovery capability
- Bolstering pipeline
- Collaboration with Mitsubishi Chemical Group companies

Sustainable growth by strengthening R&D organization
R&D Synergy (Drug Discovery Capability)

Number of patents related to pharmaceuticals (2005)

- Daiichi Sankyo
- Kyowa Hakko
- Taisho
- Astellas
- New Company
- Dainippon Sumitomo
- Takeda
- Eisai
- Ono
- Otsuka
- Mitsubishi Pharma
- Shionogi
- Chugai
- Tanabe
- Mochida

Number of patents categorized in Section B (related to pharmaceutical/biological) of WPIX
Enhance discovery research capability by integration of strengths of the two companies

- **Target molecule discovery/validation**
  - Basic research
    - Mitsubishi Kagaku Institute of Life Sciences
  - Drug design
    - ZOEGENE
  - Biotechnology
    - Mitsubishi Chemical Group Science and Technology Research Center

- **Generation of lead compounds**
  - Biomarker/ non-clinical trials
    - Mitsubishi Chemical Medience
  - Formulation technologies (DDS, etc.)

- **Optimization of lead compounds**
  - Production of leading chemicals

- **Intensify pharmacological evaluation system**
  - Enrich chemical library
  - Protein-based medicinal research
  - Screening system utilizing embryonic stem cells

- **Enhance medicinal chemistry capability**

- **Collaboration with 3rd Party**
  - GSK, J&J, Research institutes including universities, and platform technology ventures
## R&D Synergy (Pipeline)

<table>
<thead>
<tr>
<th>Cardiovascular/Metabolics</th>
<th>Immunology/Inflammation</th>
<th>Respiratory</th>
<th>Others (CNS) (Hepatic) (Urology)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Preclinical</strong></td>
<td><strong>Phase 1</strong></td>
<td><strong>Phase 2</strong></td>
<td><strong>Phase 3</strong></td>
</tr>
<tr>
<td>Treatment of cerebral infarction</td>
<td><em>Radicut (cerebral infarction)</em></td>
<td>MCC-977 (DVT)</td>
<td><em>Novastan (PCI in HIT)</em></td>
</tr>
<tr>
<td>Antithrombotic drug</td>
<td><em>Albrec (stabilizer agent)</em></td>
<td>MCC-135 (Myocardial infarction)</td>
<td>Anplag (Relapse prevention for cerebral infarction)</td>
</tr>
<tr>
<td>Anti-obesity drug</td>
<td>TA-6666 (Diabetes)</td>
<td>MP-513 (Diabetes)</td>
<td>MP-146 (Chronic renal failure)</td>
</tr>
<tr>
<td>Antidiabetic drug (1)</td>
<td>MCC-257 (Diabetic neuropathy)</td>
<td>Y-700 (Gout)</td>
<td><em>Cholebin (Hyperphosphatemia)</em></td>
</tr>
<tr>
<td>Antidiabetic drug (2)</td>
<td><em>Cholebin (Diabetes)</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Antlipemic agent</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treatment of hypertriglyceridemia</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Immunology/Inflammation</th>
<th>Respiratory</th>
<th>Others (CNS) (Hepatic) (Urology)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Preclinical</strong></td>
<td><strong>Phase 1</strong></td>
<td><strong>Phase 2</strong></td>
</tr>
<tr>
<td>Antirheumatic drug</td>
<td>CNTO-148 (RA)</td>
<td>T-0047 (MS)</td>
</tr>
<tr>
<td></td>
<td>TA-5493 (RA,PS)</td>
<td>FTY720 (Implantation)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Respiratory</td>
<td>TA-2005(Asthma,COPD)</td>
<td>MCC-847 (Asthma)</td>
</tr>
<tr>
<td></td>
<td><em>Cleanal (Acute respiratory disease)</em></td>
<td>APTA-2217 (Asthma, COPD)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others (CNS) (Hepatic) (Urology)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Preclinical</strong></td>
<td><strong>Phase 1</strong></td>
<td><strong>Phase 2</strong></td>
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</tbody>
</table>

* * Additional indications, additional formulation, or change in dosage
Acceleration of Overseas Business Development
(Current Major Sites)

**US**
- MP Healthcare Venture Management Inc.
- Tanabe Research Laboratories U.S.A. Inc.
- $100 mm investment (plan)
- Bio-venture
- Introduction of basic technology
- Merging medicine and diagnosis

**Europe**
- Mitsubishi Pharma Europe (UK)
- Tanabe London office

**China**
- Mitsubishi Pharma Research and Development (Beijing)

**<Development Centers>**
- Mitsubishi Pharma America
- Tanabe Pharma Development America LLC

**<Marketing Centers>**
- Mitsubishi Pharma Deutschland
- Tianjin Tanabe Seiyaku
- Transfusion, Anplag, Novastan
- Cerekinon, Gastrox, Tanatril

**Pipeline**

**<Research Centers>**
- Argatroban (Germany, Austria)

**<CVC>**
- Herbeser
Acceleration of Overseas Business Development (Roadmap)

Bolster pipeline and accelerate establishment of global presence in US, Europe, and China

<table>
<thead>
<tr>
<th>2007~</th>
<th>2010~</th>
<th>2015~</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>◆ Enhance global development function</td>
<td>◆ MCI-196 (Hyperphosphatemia)</td>
</tr>
<tr>
<td></td>
<td>◆ Establishment of a sales and marketing infrastructure</td>
<td>◆ MP-146 (Chronic renal failure)</td>
</tr>
<tr>
<td></td>
<td>◆ Enhance sales effort of Argatroban</td>
<td>◆ MP-513 (Diabetes)</td>
</tr>
<tr>
<td></td>
<td>◆ Maximize business opportunities focusing on oral/injection formulation</td>
<td>◆ TA-5538 (Overactive bladder)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>◆ TA-6666 (Diabetes)</td>
</tr>
<tr>
<td>Europe</td>
<td></td>
<td>◆ MP-424 (Hepatitis C)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>◆ MP-513 (Diabetes)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>◆ Talion (Anti-allergy agent)</td>
</tr>
<tr>
<td>China</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Promote overseas development viewing self marketing in future

Consistent growth with continuous pipeline
Challenge to Explore New Business Opportunities (Future Domestic Pharmaceutical Market)

Environmental Outlook
- Increase of aging population
- Pressure on medical cost reduction policy
- Increase of QOL needs
- Advancement of biotechnology

1. Market expansion of generics
   Out of conventional mass-medicine, medicines with high patient satisfaction level for treatment are to be provided by generics
   → Basic strategy of new company: Enter into the generic drug business

2. Side effect avoidance and secured efficacy by personalized medicine (targeted medicine)
   → Basic strategy of new company: Establish new business models (personalized medicine, etc.)
Challenge to Explore New Business Opportunities (New Business Model Through Collaboration with Mitsubishi Chemical Group)

Disease Management Business

**Conventional Medicine**

**Personalized Medicine**

**Prophylactic Medicine**

Healthcare Business

**Mass-Medicine**

**Targeted Medicine**

**Provide Optimal Medicine**

GE business

API/MPT/ Bipha/ Yamaguchi Tanabe

3rd Party Partner
Perlegen, GSK, J&J, BG Medicine, HMT/ Hisayama Life, etc.

New company

Mitsubishi Chemical Medience

Vaccine

Testings / Diagnosis

Bulk Drug/ Formulation

Pipeline information
Drug discovery technology information

3rd Party Ventures, etc.

Diagnostic technology information

Merging medicine and diagnosis
Biomarker

MCRC/ZOEGENE/ Mitsubishi Kagaku Institute of Life Sciences

MPH (US Venture Capital)
Global Novel Drug Discovery and Challenge to New Business Opportunities
Cautionary Statement

The statements contained in this presentation is based on a number of assumptions and belief in light of the information currently available to management of the two companies and is subject to significant risks and uncertainties.

Information on the companies, excluding the two companies and the new company, is generally based on and referring directly to publicly available information, and the companies have not assumed any responsibility for independently verifying and makes no warranties or representations with respect to the accuracy and completeness of such information.