



11th Nomura INVESTMENT FORUM 2008



December 2, 2008

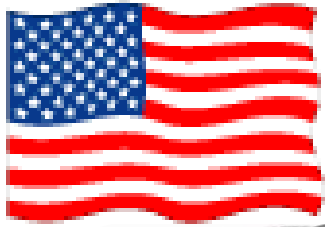


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Strategies to Lead Japan and U.S. Growth



Japan

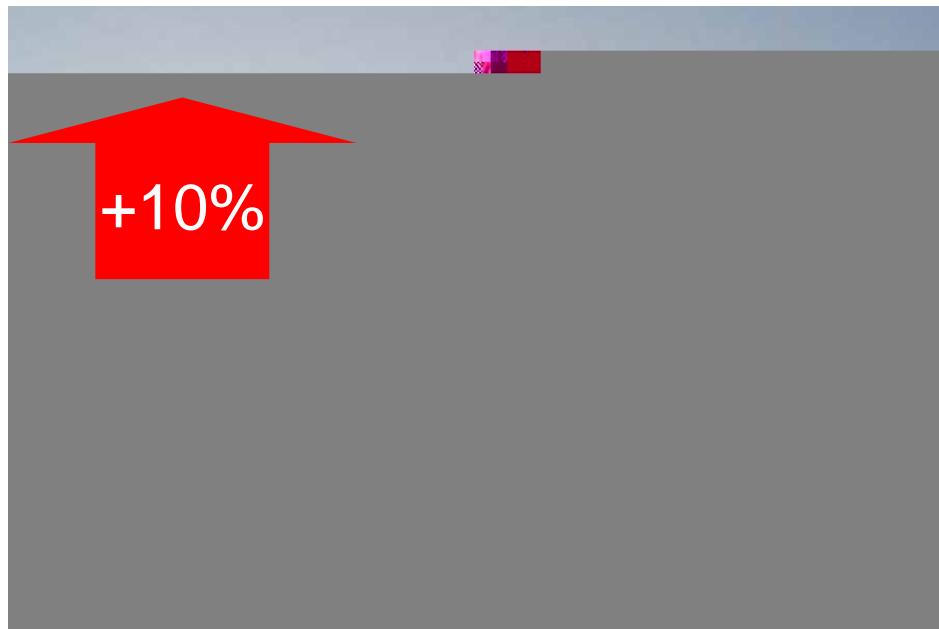
Integrated four businesses – prescription pharmaceuticals, consumer health products, diagnostic products, and generics – under Japan Business Headquarters (JBHQ)

U.S.

+28%

Full-scale entry to oncology area

Integration of MGI PHARMA led to synergies in sales and costs



Figures above are 1H FY2008 sales growth rate of US prescription pharmaceuticals (based on US\$) and JBHQ, respectively



Three Acquisitions in U.S. Oncology Area

Four products acquired from Ligand Pharmaceuticals	(October 2006)
Acquisition of Morphotek, Inc.	(April 2007)
Acquisition of MGI PHARMA, Inc.	(January 2008)

Full-scale entry into high-growth oncology business in the largest and most important market, the U.S.

Ø Commercial Infrastructure

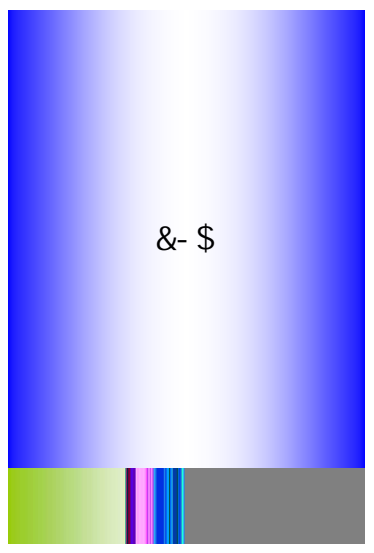
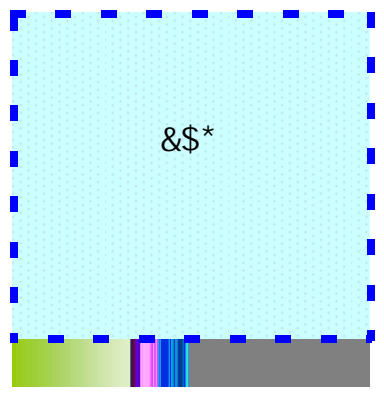
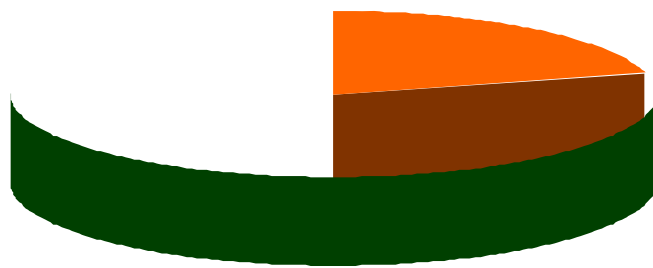
Ø R&D (pipeline, broad range of R&D approaches)

Ø Significant contribution for sales by oncology related products, while creating synergies contributing profits



- Steady progress of Morphotek R&D activities with substantially increased

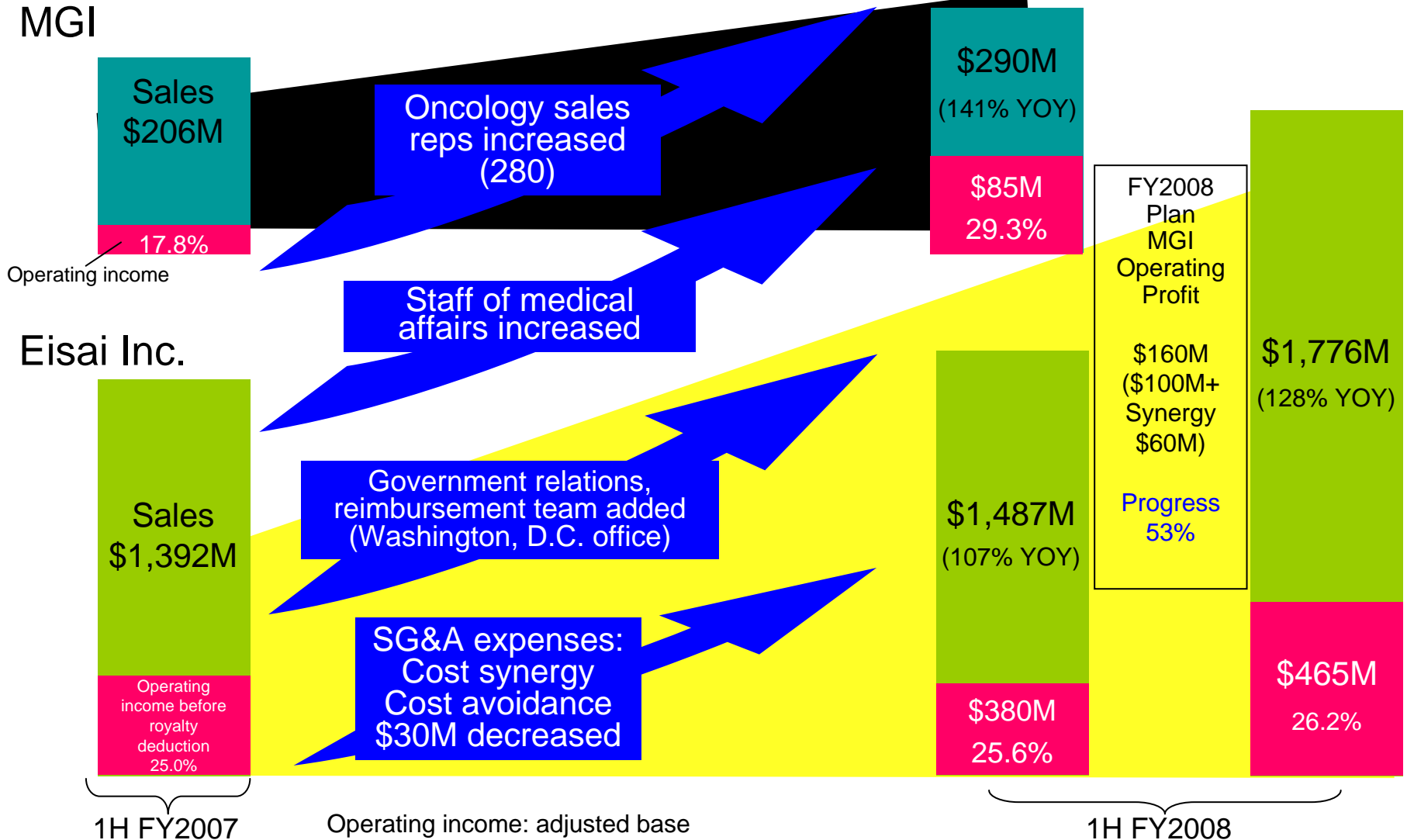




Synergies Created by Integration of MGI PHARMA



Birth of a Business Segment with High Growth Potential and Profitability from Integration Synergies



Operating income: adjusted base
FY2007 MGI results: adjusted by MGI PHARMA

Japan Business



Establishing business model that integrates the four businesses covering “prevention, intervention and innovation”

Prevention

Intervention

Innovation

Patients

Provide unified information that covers the four businesses
– Prescription, OTC, diagnostic and generics

Japan Business
Japan Business Headquarters ()

Diagnostics

OTC

Prescription
pharmaceuticals

Generics





Aiming to Become a New “Pharma+Bio” Company

- ‘ Proactively and continuously allocate resources for R&D
- ‘ Streamline promotion costs and strengthen profitability through independent marketing of new products
- ‘ Change in products mix by launch of biologics will temporarily increase COGS
- ‘ For operating profits, aim for a high profitability that allows proactive and adequate R&D resource allocation as a new “pharma + bio” company



Rich R&D Pipeline



Oncology and supportive care

Vascular and
immunological reaction







Improving Productivity and Success Probability of R&D

Rich Pipeline



Set priorities in order to launch new products

E7389 (eribulin mesylate): refractory breast cancer
E5564 (eritoran tetrasodium): TLR4 antagonist for severe sepsis
E2007 (perampanel): AMPA receptor antagonist
MORAb-003 (farletuzumab): ovarian cancer
E5555 : thrombin receptor (PAR-1) antagonist
AS-3201: diabetic neuropathy
amolimogene (E7101): cervical dysplasia
MORAb-009: pancreatic cancer
AKR-501: idiopathic thrombocytopenic purpura
E7080: melanoma, renal cancer, sarcoma, thyroid cancer, colorectal cancer
Gamma secretase modulators (E2012, E2212): Alzheimer's disease
Anti-beta amyloid antibody (BAN2401): Alzheimer's disease



E7389 (eribulin mesylate)

- ∅ **Evaluating for refractory breast cancer (refractory breast cancer pretreated with anthracycline and taxane), steady progress of study in US/Europe and Japan**
 - Study 305 (US/Europe, Phase III); compares eribulin to drugs of physicians' choice; achieved targeted patient enrollment (630 patients)
 - Study 221 (Japan, Phase II); achieved required number of responses at the 1st stage and moved to 2nd stage where over half of expected number of patient enrollment has been completed
 - Currently evaluating safety profile to ascertain if differentiable from other microtubule agents in terms of peripheral neuropathy side effects
 - Convenient bolus administration (many other conventional drugs administered via IV infusion or solution)

MORAb-003 (farletuzumab)

- ∅ **The only drug which, in a Phase II study targeting ovarian cancer, the 2nd remission extended longer than the 1st remission in combination with carboplatin + taxane**
 - In Phase II study targeting platinum-sensitive ovarian cancer after 1st relapse in combination with carboplatin + taxane showed remission of 88%. Normally the remission rate in combination with carboplatin + taxane alone shows only 45%.
 - In Phase II study, 44% of patients had a 2nd remission longer than their 1st remission in combination with carboplatin + taxane, which normally occurs in <1% of patients on carboplatin + taxane alone
 - Further combination therapy possible with various anti-cancer agents for wide variety of cancer types
- ∅ **Expecting to initiate Phase III study for ovarian cancer in 2008; platinum-sensitive relapse ovarian cancer**

E7080

- ∅ **Many Partial Responses and long (>6 months) Stable Disease responses were observed in melanoma, renal cancer, sarcoma, thyroid cancer, colorectal cancer**
 - Phase I studies in parallel in the US, EU and Japan
 - Proactively promoting translational research (biomarker research) as a typical molecular-targeting agent for cancer
 - Favorable PK/PD profile: C_{max} and AUC appear to increase proportionally to dose; C_{trough} level exceeded pharmacological active concentration
 - Promising safety profile: wide margin of safety and tolerable side effects (observed reversible blood pressure elevation and protein in urine as its major side effects, similar to other anti-angiogenesis agents)
 - Has distinctive spectrum of protein kinase inhibition; appears to have balanced features to inhibit angiogenesis around the tumor and to directly control proliferation of specific cancer cell
- ∅ **Phase II study in melanoma in preparation; Phase II study in thyroid cancer initiated**



E5564 (eritoran tetrasodium): TLR4 antagonist for severe sepsis

- ∅ Targeted to control progression of sepsis at TLR4, the source of sepsis, by competitive inhibition of endotoxin
- ∅ Observed significantly neutralized symptomatic reactions of sepsis in human Phase I endotoxin-challenge test
- ∅ Enrollment in 1H FY2008 increased 20% YoY and achieved over half of enrollment for interim analysis required for submission in end of FY2009

- ∅ Focusing clinical target to neuropathic pain and epilepsy to make use of nerve activation suppression

Characteristics and Progress of Important Pipeline Projects



AKR-501 – Thrombopoietin receptor agonist

- ∅ Novel, full agonist targeting thrombopoietin receptor, promoting platelet production (oral)
- ∅ Targeted indications: idiopathic thrombocytopenic purpura (ITP), hepatitis C-related thrombocytopenia (HCT), chemotherapy-induced thrombocytopenia (CIT), Myelodysplastic syndrome (MDS)
- ∅ Completed more than 2/3 of targeted patient enrollment for Phase II trial for ITP, pivotal trial to be initiated in FY2009

Gamma-secretase modulator (E2012, E2212): Alzheimer's disease

- ∅ E2012 is one of the most potential gamma-secretase modulators developed for Alzheimer's disease; observed POP (Proof of Pharmacology) targeting beta amyloid 42 as a marker of potential causative agent for Alzheimer's disease; by using biomarker information such as ADNI (Alzheimer's Disease Neuroimaging Initiative) in a timely manner, the goal is to achieve development at early stage while observing efficacy and safety.
- ∅ E2012: Completed single dosing with 400mg and measuring PK and beta amyloid levels in the blood in sequence, further progressing toward POP.
- ∅ E2212: a next-generation gamma-secretase modulator, pursuing for potentially superior efficacy and safety than E2012

Anti-beta amyloid antibody (BAN2401): Alzheimer's disease

- ∅ Under a strategic research alliance with Eisai, BioArctic NeuroScience AB (Sweden) successfully developed a humanized antibody that selectively recognizes beta amyloid protofibrils, which is believed to play a key role in the development of Alzheimer's disease
- ∅ Observed a reduction of beta amyloid protofibrils in mouse brain by using mouse monoclonal antibody.
- ∅ Pre-clinical development ongoing toward clinical introduction



	1H FY2007		1H FY2008		
	Results		Results	%	
	362.8			100.0	
	54.6			17.3	
	308.2			82.7	
	63.8			19.5	
	187.3			47.7	
Operating Income	57.1	15.7	61.9	15.5	109
Ordinary Income	59.6	16.4	59.0	14.8	99
Net Income	39.4	10.8	40.3	10.1	102
	14.1			-	
	138.5			-	

Financial Forecasts for FY2008



(billion yen, %)

	FY2007		FY2008				
	Results (Adjusted)	%	Forecasts (GAAP)	Accounting Transaction for Business Combination	Forecasts (Adjusted)	%	YOY
Net Sales	734.3	100.0	806.0	-	806.0	100.0	110
Cost of Sales	113.3	15.4	160.6	18.7	141.9	17.6	125
Gross Profits	620.9	84.6	645.4		664.1	82.4	107
R&D Expenses	137.8	18.8	155.0	0.9	154.1	19.1	112
SG&A Expenses	372.3	50.7	396.4	9.0	387.4	48.1	104
Operating Income	110.8	15.1	94.0		122.5	15.2	111
Ordinary Income	111.9	15.2	86.5		115.0	14.3	103
Net Income	70.7	9.6	56.5		78.3	9.7	111

Cash Income	105.5	114.0	108
Dividend per Share (yen)	130	140	108

*2H FY2008 forecast exchange rates: \$US1 = 100 yen, 1 Euro = 135 yen, 1 GBP = 175 yen



Aricept®: 4 Strategies against LOE* in the U.S.

1. Pursuing further patient contribution by Aricept®

- New formulations
 - Sustained Release (SR)
 - Transdermal Patch
- Pediatric indication

3. Increased probability and continuous launch of new products

- E7389: breast cancer (FY2009)
- E5564: severe sepsis (FY2009)
- E2007: neuropathic pain, epilepsy (FY2010, 12)
- E2012: Alzheimer's disease (FY2011)
- E5555: ACS (FY2012)
- MORAb-003: ovarian cancer (FY2012)



2. Accelerated transformation to oncology therapeutic area

- Sales target for FY2011 \$ 1.1 B
- Cost synergies

US oncology sales in 2011 targeting more than 30% of total sales

4. Strong sales by Japan Business that outperforms the plan

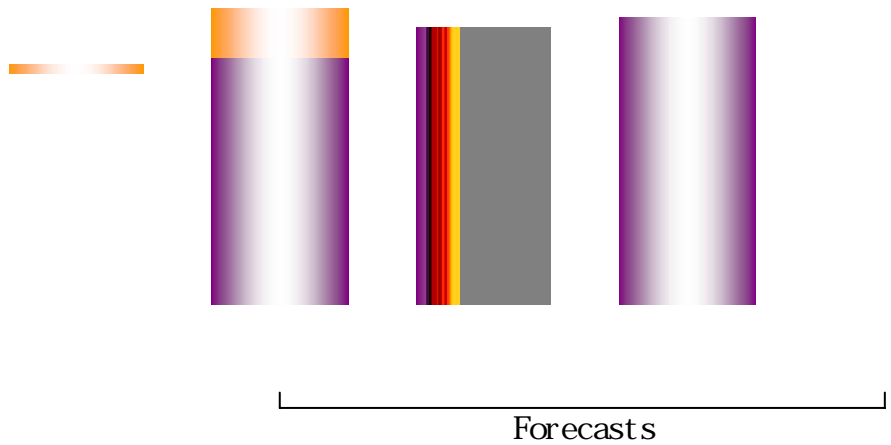
- Aricept®, Pariet® - continuous growth by LCM
- HUMIRA® (rheumatoid arthritis) fast expansion
- New product launch:
 - sibutramine: obesity (submitted)
 - HUMIRA®: psoriasis (submitted)
 - Crohn's disease (FY2009)
 - NerBlock: cervical dystonia (submitted)
 - eszopiclone: insomnia (FY2010)

*LOE Loss of Exclusivity



Improved probability of achieving the DLP lead by high growth in Japan and the U.S.

Dramatic Leap Plan (the 5th Mid-term Plan)
(FY2006 – FY2011)
FY2011 sales target: 1 trillion yen (CAGR 9%)



Japan

Aricept® Only Further expand penetration as the product available for full-spectrum AD treatment

Pariet® Continue highest growth in the high-growing PPI market

HUMIRA® after the post-KES524 Full-scale promotion marketing surveillance

Obesity: Submitted in November 2007

eszopiclone Insomnia: Plan to submit in FY2010

U.S.

Sales contribution by MGI (more than \$1B)

Transformation to growing area of oncology

Aricept® Continue high growth until LOE and LCM

AcipHex® Maintain sales level of \$1B

Emerging areas (China, Asia, Oceania, Middle East, etc.)

Aim to outperform the market growth in the growing market

Proactive business activities which match unique needs of the area