

Overview of the Mochida Pharmaceutical Group's "07-09 Medium Term Management Plan"

April 2, 2007

Dear All,

Every year, the Mochida Pharmaceutical Group (Mochida Pharmaceutical Co., Ltd., TSE: 4534, 1st Section) establishes its rolling three-year plan. We are pleased to present an overview of the mid-term management plan for the fiscal years 2007 through 2009.

With our focus on profits and ongoing investment for the future as our fundamental management policy, the Group has worked hard to build further on its strong business in the fields of pharmaceuticals, medical devices, healthcare products and to develop new businesses with the goal of achieving a unique and distinct comprehensive healthcare company with each of its business divisions ensuring its strong presence and competitiveness in its own field.

In order to reinforce the Group's lean management style to keep it in step with rapid changes in the environment for the pharmaceutical business during the coming three-year period which starts in FY2007, we will work hard to promote further structural reform in areas including the improvement of head office functions and the efficient management of the organization, under the current fundamental policy that focuses on profits and ongoing investment and aim to further boost productivity through stronger cooperation and bonds among group departments. We will also maximize the productivity of our finite resources, including human resources, and actively seek collaboration with external resources at the same time.

Furthermore, our core pharmaceutical business will focus its resources on four major areas of cardiovascular, obstetrics and gynecology, dermatology and emergency medicine so as to further promote strategic alliances which stress the importance of lifecycle management and partnerships.

Taking full advantage of the agility and responsiveness of a mid-sized firm, the Group will continue to strive toward the following three key points, which remain unchanged under the new mid-term management plan:

1. Establishing businesses and specialized fields where Mochida has a competitive advantage
2. Placing a high priority on partnerships
3. Thorough streamlining of resources

Management Target Values for 2009 (Consolidated):

Sales	82.5 billion yen
Operating income	10.5 billion yen
Research and development expenditures	10 billion yen
Productivity per worker	More than 44 million yen

[Reference]

1. Business Strategies

1) Pharmaceuticals

The Group will seek:

- To focus its resources on four major areas, in order to become a “specialty pharma”;
- To expand our pipelines for products and products in development by maximizing the benefits of alliances;
- To build up our life cycle management to maximize values of current products and products in development;
- To promote customer-centered marketing and business strategies.

a) Development

The Group will seek:

- To ensure the marketing approval of both imiquimod (for the treatment of external genital warts) and dienogest (for the treatment of endometriosis) within FY 2007 and FY 2008, respectively;
- To aim at ensuring marketing approval of escitalopram (an antidepressant) ;
- To enhance the strategies for the introduction of the products in development so as to expand the pipeline;
- To promote strategic development plan of drugs under development in light of long-term life cycle management, such as extension of drug indications after release;
- To conduct unique formulation research by ascertaining medical needs, including not only our products but also those of other companies;
- To optimize organizational structuring and to allocate resource for accelerating drug development and improving accuracy, in close cooperation with our partners.

b) Marketing

The Group will seek:

- To develop medical representatives (MRs) who can capably cover all the four targeted major areas. The number of the MRs will increase from 700 to 750;
- To focus more resources on Atelec (Ca-channel antagonist) so as to establish its position as a prominent antihypertensive drug;
- To maximize sales of Atelec and Epadel (antihyperlipidemic drug) in particular by clearly defining the line between attack and defense. Epadel will be promoted through optimal application of the results of JELIS (the world’s first large-scale clinical trial of a highly-purified EPA drug);
- To introduce multiple products in which we specialize and create efficiency in sales activities.

c) Pharmaceutical Research Center

- To license out three new drugs, which include overseas markets, by the fiscal year 2008;
- To focus resources on “diabetes and obesity” as core fields, and “chronic pain” as a sub-core field through ongoing selection and concentration processes.

2) Mochida Pharmaceutical Plant Co., Ltd.

Mochida Pharmaceutical Plant in Otawara will promote contract manufacturing business of medical products with high reliability and efficiency, using both state-of-the-art manufacturing facilities and leading-edge technologies that meet global standards.

3) Mochida Siemens Medical Systems Co., Ltd.

Mochida Siemens Medical Systems introduced high-end models manufactured by Siemens into the ultrasound diagnostic devices market field. We aim to further strengthen our position in the field of obstetrics and gynecology, where we hold the largest market share, and increase presence in the cardiovascular and abdominal devices markets.

4) Mochida Healthcare Co., Ltd.

Since 1970, our healthcare products business has promoted itself as an expert in sensitive-skin basic care products. Our success includes Skina Babe, a baby bath additive product which enjoys the top market share, and the Collage series, a line of gentle basic skin care products. Building upon its high rate of support and popularity among dermatologists, obstetricians and gynecologists, Mochida Healthcare will continue to open up the market through strengthened marketing, expanding the Collage Furfur line-up, releasing more new products, and further establishing its brand image.

2. Promotion of restructuring and better awareness

Mochida Pharmaceutical Group promotes structural improvement of the entire group and better awareness of all employees of the group companies so as to enhance lean management that enables us to respond to the environmental changes.

a) Innovations toward independent and collaborative business units

Business units such as medical devices (Mochida Siemens Medical Systems Co., Ltd., split in 2003), healthcare products (Mochida Healthcare Co., Ltd., split in 2004), pharmaceutical manufacturing (Mochida Pharmaceutical Plant Co., Ltd., split in 2005), pharmaceuticals, and the Pharmaceutical Research Center, are managed under the self-support accounting system with an awareness of the business environment of each unit and operational efficiency. In addition, the Group enhances the liaison among the units. Headquarters will also seek to enhance its functions as one of the Group’s business units so as to improve the efficiency in organizational operation.

b) Innovations toward boosting productivity

The Group will review its personnel strategy, allocation, and utilization, from the viewpoint of optimization of human resources, in accordance with the restructuring of the Group’s management system.

The Group will promote better awareness among employees and assist them in their efforts

to develop competencies so as to enhance their performance. We will enhance interdepartmental cooperation in order to meet our target of increasing productivity by 10% through operational restructuring.