

Overview of the Mochida Pharmaceutical Group's "08-10 Medium Term Management Plan"

April 1, 2008

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 2008 through 2010.

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, healthcare products and medical devices 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 FY2008, 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 the 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. We will also challenge new medical fields such as the development of treatment drugs for intractable diseases and cellular pharmaceuticals, as well as generic drugs.

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 areas where Mochida has a competitive advantage
2. Placing a high priority on partnerships
3. Thorough streamlining of resources

Management Target Values for 2010 (Consolidated):

Sales	77 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 fields, in order to become a “specialty pharma”; ■ To expand our pipelines for products and products in development pipelines by maximizing the benefits of alliances;
- To build up our life cycle management to maximize values of development pipelines and current products;
- To promote customer-centered marketing and business strategies.

a) Development

The Group will seek:

- To optimize organizational structuring and to allocate resource for accelerating drug development and improving accuracy, in close cooperation with our partners;
- To accelerate the development of escitalopram (an antidepressant), treprostinil (for the treatment for pulmonary arterial hypertension), a cellular drug using human mesenchymal stem cells (for the treatment of GVHD) during a three-year period with the goal of securing their marketing approval;
- To promote strategic development plan of drugs under development in light of long-term life cycle management, such as extension of drug indications after launch;
- To promote prompt extension of drug indication (actinic keratosis) to Beselna Cream (a treatment for condyloma acuminatum);
- To enhance the strategies for the introduction of the products in development so as to expand the pipeline;
- To conduct unique formulation research by ascertaining a wide range of medical needs, including not only our products but also those of other companies.

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 by FY2009;
- To focus more resources on Atelec (prolonged-action Ca-channel antagonist) so as to establish its position as a prominent antihypertensive drug;

- Epadel (antihyperlipidemic drug) 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) with the goal of establishing its prominence in the cardiovascular field;
- To reinforce the areas of obstetrics and gynecology and dermatology with Dinagest (for the treatment of endometriosis) and Beselna Cream (for the treatment of external genital warts) which we launched in FY2007;
- To introduce multiple products in which we specialize and create efficiency in sales activities;
- To expand the generic drug business and to aim for initial sales of 3 billion yen.

c) Pharmaceutical Research Center

- To license out three new drugs, which include overseas markets, by the fiscal year 2010;
- To focus resources on "diabetes and obesity" as core fields, and "chronic pain" as a sub-core field through 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 in response to diverse needs of our customers, using both state-of-the-art manufacturing facilities and leading-edge technologies that meet global standards.

3) Mochida Healthcare Co., Ltd.

Since 1970, our healthcare products business has promoted itself as an expert in basic skin care products for sensitive skin. 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 products. Building upon its high rate of support and popularity among dermatologists, obstetricians and gynecologists, Mochida Healthcare will continue to further open up the market through strengthened marketing, expanding sales of the Collage line of products, such as the Furfur series and the Whitening series, and further establishing their 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 pharmaceuticals, the Pharmaceutical Research Center, pharmaceutical manufacturing, healthcare products and medical devices 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 its corporate value and the efficiency in organizational operation.

b) Innovations toward boosting productivity

The Group will review its personnel allocation, strategy, and utilization, from the viewpoint of

development and vitalization of human resources, in accordance with the restructuring of the Group's management system.

The Group will promote better awareness among employees and continue to 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.