**Q1:** Progress in R&D spending seems modest. Does this include expenses for business alliances and so on? Taking into consideration alliance and other expenses, is it fair to say that research and development expenditure is showing moderate progress?

**A1:** Yes, that is correct. It includes expenses for OPC-34712 P-III trials and various alliances.

**Q2:** 1Q profit margins in the Nutraceutical Business are strong. Do you expect this trend to continue?

**A2:** July saw a succession of days where temperatures were high. This hot weather is helping sustain favorable sales conditions. However, we also experienced extremely hot weather in July last year, so the bar has been set at a high level. The Nutraceutical Business is impacted by seasonal factors. 1Q and 2Q profit margins for the business compare favorably with the full term profit margins.

**Q3:** Please tell us about the current status of new products such as Aloxi, Abraxane and E Keppra.

**A3:** Aloxi is performing extremely well. We are seeing slight delays with Abraxane due to its limited indications. We hold high expectations for E Keppra following the approval for long-term prescription starting in September.

**Q4:** Are you going to disclose numerical data on the export of ABILIFY API?

**A4:** Our company policy is not to disclose the information.

**Q5:** Sales of ABILIFY in the U.S. were firm during the April-June quarter. Is this a one-off occurrence?

**A5:** Indications are that new initiatives began to take effect from the October-December quarter in 2010. This positive trend continues to spill over through to the present with firm results recorded in July.
<table>
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<tr>
<th>Q6:</th>
<th>Is research and development expenditure progressing in accordance with internal plans?</th>
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<tr>
<td>A6:</td>
<td>Currently, yes.</td>
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<tr>
<th>Q7:</th>
<th>In OPC-34712 Phase II data, do the mean changes in body weight give rise for concern?</th>
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<td>A7:</td>
<td>Phase III dose-finding studies are currently in progress. We are not in a position to disclose detailed information at this time and would ask you to wait a little longer. The first patient was enrolled in the Phase III clinical trial for OPC-34712 on depression in July. On schizophrenia, we will soon be able to announce details of the clinical trials.</td>
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<th>Q8:</th>
<th>What are the reasons behind the low tax rate for the 1Q?</th>
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<td>A8:</td>
<td>Compared with the previous period, the tax rate is low. This is largely due to significant research and development expenditure deductions, reflecting shipments of ABILIFY API brought forward. The drop in the tax rate is temporary. We anticipate the enterprise tax rate for the full term will be around 35%.</td>
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<th>Q9:</th>
<th>Where are improvements in the profit margin reflected following amendment to the ABILIFY agreement with Bristol-Myers Squibb Company?</th>
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<td>A9:</td>
<td>Promotion expenses in the Pharmaceutical Business decreased ¥3.3 billion year on year. The vast majority of this contribution to profit was due to amendments to the ABILIFY agreement. By vast majority, we are looking at between 80 and 90%.</td>
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<th>Q10:</th>
<th>How has Pocari Sweat performed in July?</th>
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<td>A10:</td>
<td>It is up 8% year on year on a volume basis.</td>
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Q11: What are the reasons behind the ¥0.9 billion increase in costs in the Nutraceutical Business?
A11: This increase is attributed to higher sales. In percentage terms, costs have decreased. The increase relates to variable expenses.

Q12: Are reductions in such expenses as advertising and promotion restricted to the 1Q, or will cutbacks be continued throughout the full fiscal year?
A12: We intend to apply costs as efficiently as possible and anticipate levels to remain unchanged year on year. Every effort will be made to curtail costs wherever possible.

Q13: Regarding the NDA filing schedules, is it correct to assume the submission for the intramuscular depot formulation will be made in autumn?
A13: We are moving forward according to schedule.

Q14: Classification of upfront licensing payments received was changed. Has this change been applied to the Pharmaceutical Business in North America in the Sales to Customers by Market on page 2 of the Appendix?
A14: Yes, that is correct.

Q15: Has the Company licensed in the intramuscular depot formulation technology?
A15: We use our proprietary technologies.
Q16: Net sales in the Pharmaceutical Business have improved by ¥5.1 billion. On the other hand, costs have increased only by ¥0.2 billion. What are the reasons behind this?

A16: Basically, the increase in sales is attributed to ABILIFY.

Q17: On a yen basis, results in the Nutraceutical Business for other regions have grown by 4.4%. Please provide us with more details on what and where these improvements have occurred?

A17: While the impact of foreign currency exchange rates is a significant factor, the major component is the growth in Pocari Sweat sales approaching 20% in Indonesia.

Q18: The Company has provided details on the impact of foreign exchange rates on its operations on page 3 of the financial results presentation meeting materials. Could you please provide us with a breakdown of the impact on each of the Pharmaceutical and Nutraceutical businesses?

A18: The impacts on the Pharmaceutical and Nutraceutical businesses are ¥10.5 billion and ¥2.5 billion, respectively for net sales, and ¥3.9 billion and ¥0.2 billion, respectively for operating profit.

Q19: The impact of foreign exchange rates on operating profit, outlined on page 3 of the financial results presentation meeting materials, is substantial. What are the reasons for this?

A19: The major impacts come from shipments of ABILIFY brought forward and progress in research and development expenses. There is no change in forex rate sensitivity over the full term.
Q20: What is the status of ABILIFY price increases?
A20: Since the beginning of 2011, the price has been increased 6.9% in January and again 3.5% in June. In overall terms, the price has been increased approximately 10%. In 2010, the Company increased prices more than 6% in January and July.

Q21: Regarding the operating profit ratio in the Nutraceutical Business, will profit surpass the level recorded in the 2Q of last year?
A21: Rather than focus on each individual period, our considerations are based on the full term. Because of the extremely hot weather last year, the bar has been set at a high level for 2Q. We will, however, do our best.

Q22: What is the status of the Consumer Products Segment?
A22: Demand for water grew due to the effects of the earthquake disaster. Looking ahead, we will continue to do our best.

Q23: Current sales of ABILIFY appear to be slowing down in the U.S. What are your thoughts?
A23: Any slowdown in pace is shown on a weekly basis. Taking into such factors as July and August summer holidays, activities are in line with annual trends. We see no cause for concern.

Q24: If the current conditions continue, ABILIFY forecasts are expected to contract 4% during the second half. Do you perceive any risk factors?
A24: With respect to risk factors, we see a potential of further price discounts due to healthcare reform in the U.S. Taking into consideration the impact of foreign exchange rate trends, we have put in place an extremely stringent budget. We believe that results will improve on a dollar basis.
Q25: Forecasts for SG&A expenses other than R&D expenditure call for them to exceed ¥20.0 billion in fiscal 2011. On a year-on-year basis, results for the 1Q are down ¥5.0 billion. Do you believe results for the full term will progress in accordance with plans?

A25: Results are projected to move in line with our plans.

Q26: Is there any possibility that the Company will reconsider the projected interim cash dividend of ¥20 per share for the current fiscal year?

A26: At this stage, we do not contemplate any change.