

**Yamanouchi Pharmaceutical Co., Ltd.**  
**(the “Company”)**

**NOTICE OF REVISION OF THE BUSINESS RESULTS FORECAST**

1. Revised business results forecast for the year ending March 31, 2001

The Company revised the business results forecast on consolidated and non-consolidated bases for the year ending March 31, 2001 (from April 1, 2000 to March 31, 2001), which was made public on May 18, 2000, and it is hereby amended as follows:

<Consolidated Business Results Forecast for the year ending March 31, 2001>

• Interim Period ended September 30, 2000 (April 1, 2000 - September 30, 2000)

	Net Sales	Recurring Profit	Net profit for the Interim Period
	(¥ mil.)	(¥ mil.)	(¥ mil.)
Previous forecast (A)	200,000	42,000	25,000
Revised forecast (B)	204,000	45,000	45,000
Increase or decrease (B)-(A)	4,000	3,000	20,000
Reference: Results for the interim period ended September 30, 1999:	199,646	41,330	24,132

• Fiscal Year ending March 31, 2001 (April 1, 2000 - March 31, 2001)

	Net Sales	Recurring Profit	Net profit
	(¥ mil.)	(¥ mil.)	(¥ mil.)
Previous forecast (A)	450,000	99,000	58,000
Revised forecast (B)	450,000	99,000	76,000
Increase or decrease (B)-(A)	0	0	18,000
Reference: Results for the year ended March 31, 2000:	433,653	98,246	57,174

*Note:*

*The foregoing are forward-looking statements based on a number of assumptions and beliefs in light of the information currently available to management and subject to significant risks and uncertainties. Actual financial results may differ materially depending on a number of factors including, adverse economic conditions, currency exchange rate fluctuations, adverse legislative and regulatory developments, delays in new product launches, pricing and product initiatives of competitors, the inability of the Company or its subsidiaries or affiliates to market existing and new products effectively, interruptions in production, infringements of the Company's intellectual property rights*

*of the Company or its subsidiaries or affiliates and the adverse outcome of material litigation.*

<Non-Consolidated Business Results Forecast for the year ending March 31, 2001>

- Interim Period ended September 30, 2000 (April 1, 2000 - September 30, 2000)

	Net Sales	Recurring Profit	Net profit for the Interim Period
	(¥ mil.)	(¥ mil.)	(¥ mil.)
Previous forecast (A)	140,000	38,000	21,000
Revised forecast (B)	147,000	38,000	4,700
Increase or decrease (B)-(A)	7,000	0	- 16,300
Reference: Results for the interim period ended September 30, 1999:	136,326	35,217	14,700

- Fiscal Year ending March 31, 2001 (April 1, 2000 - March 31, 2001)

	Net Sales	Recurring Profit	Net profit
	(¥ mil.)	(¥ mil.)	(¥ mil.)
Previous forecast (A)	290,000	74,000	40,000
Revised forecast (B)	300,000	74,000	24,000
Increase or decrease (B)-(A)	10,000	0	- 16,000
Reference: Results for the year ended March 31, 2000:	278,564	72,620	34,121

*Note:*

*The foregoing are forward-looking statements based on a number of assumptions and beliefs in light of the information currently available to management and subject to significant risks and uncertainties. Actual financial results may differ materially depending on a number of factors including, adverse economic conditions, currency exchange rate fluctuations, adverse legislative and regulatory developments, delays in new product launches, pricing and product initiatives of competitors, the inability of the Company to market existing and new products effectively, interruptions in production, infringements of the Company's intellectual property rights and the adverse outcome of material litigation.*

## 2. Principal Reasons for the Revision

### <Principal Reasons for the Revision of the Consolidated Business Results Forecast>

- (1) The revision is made due to an increase in net profit on a consolidated basis caused by a decrease in tax expenses payable by the Company in Japan. Such decrease is attributable to an extraordinary loss recognized in the non-consolidated business results.

The effect of this tax decrease  
on the consolidate net profit: approximately ¥12 billion (+)  
(for both the interim period ended Sep. 30, 2000 and the fiscal year ending  
March 31, 2001)

- (2) The revision is made due to the gain on the sale of investment securities (extraordinary profit) of approximately ¥10 billion, which resulted from the sale in September 2000 of shares of Shire Pharmaceuticals Group Plc in the UK held by Yamanouchi Group Holding Inc., a U.S. holding company 100% owned by the Company.

The effect of this extraordinary profit  
on the consolidate net profit: approximately ¥6.0 billion (+)  
(for both the interim period ended Sep. 30, 2000 and the fiscal year ending  
March 31, 2001)

- (3) Furthermore, the upward revision of the consolidated business results forecast for the interim period ended September 30, 2000 is due to an increase in consolidated net sales along with an increase in non-consolidated net sales and the improvement of net non-operating profit and loss.

### <Principal Reasons for the Revision of the Non-Consolidated Business Results Forecast>

- (1) The revision is made due to a devaluation loss on the investment of the shares of Shaklee Japan K.K. of approximately ¥28.3 billion (extraordinary loss) in accordance with the accounting standards applied for financial instruments and a decrease of approximately ¥12 billion in tax expenses resulting therefrom.

The effect of this extraordinary loss  
on the non-consolidated net profit: approximately ¥16 billion (-)  
(for both the interim period ended Sep. 30, 2000 and the fiscal year ending  
March 31, 2001)

\* Since February 1989, the Company has held 77.7% of the shares of Shaklee Japan K.K., an over-the-counter company in Japan. The Company has devalued the shares of Shaklee Japan K.K. based on the current market price as of September 30, 2000, in accordance with the accounting standards applied for financial instruments. The loss resulting from the devaluation of shares for the non-consolidated results is as follows:

Acquisition cost (A):	¥46,284 million
Current market price	
as of Sep. 30, 2000 (B):	<u>¥17,891 million</u>
(B) – (A)	- ¥28,393 million

(Note) The investment in the subsidiary held by the parent company is offset and cancelled by the capital accounts of the subsidiary, in the consolidated balance sheet. The Company entirely amortized its goodwill (acquisition cost (minus) net assets at fair value when acquired), which occurred when the set-off and cancellation of shares of the subsidiary were made for the fiscal year ended March 1998. Accordingly, the loss resulting from the devaluation of shares recognized in the non-consolidated business results will not be reported in the consolidated business results.

- (2) Furthermore, the Company has made an upward revision for the business results forecast of non-consolidated net sales for the period ended September 30, 2000 and fiscal year ending March 31, 2001 based on the recent business results.

- End -

<Summary of Explanation>

**Yamanouchi Pharmaceutical Co., Ltd. (the “Company”) revised  
the Business Results Forecast for the Interim Period made public  
at the beginning of the fiscal year**

- Consolidated Net Sales shall be ¥204 billion, Net Profit shall be ¥45 billion, up ¥20 billion -

The Company (Dr. Toichi Takenaka, President) announced a revision of the business results forecasts on consolidated and non-consolidated bases made public at the beginning of the fiscal year ending March 31, 2001.

With respect to net sales and recurring profit on a consolidated basis for the interim period ended September 30, 2000, they are expected to increase by ¥4 billion and ¥3 billion, respectively, from the previous business results forecast, totaling ¥204 billion and ¥45 billion, respectively. In addition, the Company devalued the shares of Shaklee Japan K.K., the Company’s consolidated subsidiary, so tax expenses decreased by approximately ¥12 billion. A net profit of approximately ¥6 billion resulted from the bulk sale in September 2000 of shares of Shire Pharmaceuticals Group Plc in the UK. These factors will contribute to an increase in the consolidated net profit of ¥45 billion in the business results forecast for the interim period, that is, up ¥20 billion from the previous business results forecast made at the beginning of the fiscal year.

On the other hand, it is expected that the non-consolidated net profit for the interim period will likely decrease ¥16.3 billion from the previous forecast made at the beginning of the fiscal year to ¥4.7 billion. Net sales will increase by ¥7 billion from the previous forecast made at the beginning of the fiscal year to ¥147 billion, owing to favorable sales of the Company’s principal products, the launch of a new product “Lipitor”, and other factors. However, net profit is expected to decrease, due to the fact that the Company will appropriate an extraordinary loss of ¥28.3 billion due to the devaluation of shares of Shaklee Japan K.K., the Company’s consolidated subsidiary.

With respect to the business results forecast for the fiscal year ending March 31, 2001, net sales, recurring profit and net profit on a consolidated basis are expected to amount to ¥450 billion, ¥99 billion and ¥76 billion, respectively. Net sales, recurring profit and net profit on a non-consolidated basis are likely to amount to ¥300 billion, ¥74 billion and ¥24 billion, respectively.

Shaklee Japan K.K. is an OTC company, a leading corporation in the nutritional supplement industry in Japan and a core company dealing in the consumer product business of the Yamanouchi Group. Until the fiscal year ended March 31, 2000, the investment in shares of Shaklee Japan K.K. was carried at cost in the Company’s non-consolidated financial statements. The Company recognized a devaluation loss on such investment based on the market value as at September 30, 2000 in accordance with new accounting standards for financial instruments, which became effective for the fiscal year ending March 31, 2001. The devaluation loss is included in the non-consolidated business results. However, it is eliminated upon consolidation and, accordingly, consolidated net profit increases due to the decrease in tax expenses deriving from the devaluation loss.

The announcement of the Company’s business results for the interim period ended September 30, 2000 is scheduled to be made on November 9, 2000.