

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

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

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

The Company revised the business results forecast on consolidated and non-consolidated bases for the fiscal year ending March 31, 2001 (from April 1, 2000 to March 31, 2001), which was made public on November 9, 2000, and it is hereby amended as follows:

<Consolidated business results forecast for the fiscal year ending March 31, 2001>

Unit: Millions of yen

	Net sales	Recurring Profit	Net Profit
Previous forecast (A)	450,000	99,000	76,000
Revised forecast (B)	450,000	99,000	38,900
Increase or decrease (B)-(A)	0	0	-37,100
Rate of Change (%)	0.0	0.0	-48.8
Reference: Results for the fiscal year ended March 31, 2000	433,653	98,246	57,174

<Non-consolidated business results forecast for the fiscal year ending March 31, 2001>

Unit: Millions of yen

	Net sales	Recurring Profit	Net Profit
Previous forecast (A)	300,000	74,000	24,000
Revised forecast (B)	300,000	74,000	19,400
Increase or decrease (B)-(A)	0	0	-4,600
Rate of Change (%)	0.0	0.0	-19.2
Reference: Results for the fiscal year ended March 31, 2000	278,564	72,620	34,121

**2. Effects on the consolidated cash flows**

A decrease of 37.1 billion yen in the Company's consolidated net profit is to be accounted for as corporate income taxes for prior years in its consolidated statement of income. However, of the 37.1 billion yen, 35.9 billion yen was already paid in 1998 (the Company has accounted for this amount as suspense payments of income taxes in the consolidated balance sheets at March 31, 2000 and 1999). Actual cash-out is, therefore, expected to be around 1.2 billion yen.

### 3. Principal reasons for the revision

In June of 1998, the Company received a notice of tax deficiency from Tokyo Regional Taxation Bureau with respect to the transaction with its subsidiary, Yamanouchi Ireland Co., Ltd. for the drug famotidine under Japanese transfer pricing tax legislation for the six-year period ended March 1997 (from the fiscal year ended March of 1992 to the fiscal year ended March of 1997). The Company requested for the competent authority negotiations between the governments of Japan and the Republic of Ireland with respect to the six-year period and the following three fiscal years (from the fiscal year ended March of 1998 to the fiscal year ended March of 2000) as well. Most recently, the Company has been informed that both countries had reached an agreement on the conditions, and decided to accept the agreed conditions. As a result, the Company revised its business results forecasts for the current fiscal year due to the following reasons:

<Principal reasons for the revision of the consolidated business results forecast >

- (1) Tax amount imposed in Japan for the six-year period: from the fiscal year ended March of 1992 to the fiscal year ended March of 1997

Approximately 29.0 billion yen

- (2) Tax amount imposed in Japan for the following three fiscal years: from the fiscal year ended March of 1998 to the fiscal year ended March of 2000

Approximately 13.3 billion yen

- (3) Amount of a tax adjustment in Ireland for the nine fiscal years: from the fiscal year ended January of 1992 to the fiscal year ended January of 2000

Approximately 5.2 billion yen

- (4) Total amount affecting consolidated net profit for the fiscal year ending March 31, 2001

(a) -29.0 billion yen

(b) -13.3 billion yen

(c) 5.2 billion yen

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Total (a)+(b)+(c) -37.1 billion yen

<Principal reasons for the revision of the non-consolidated business results forecast >

(1) Tax amount imposed in Japan for the nine fiscal years: from the fiscal year ended March of 1992 to the fiscal year ended March of 2000 (sum of the above (1) and (2) of the Principal reasons for the revision of the consolidated business results forecast)

Approximately 42.3 billion yen

(2) Amount of a payment out of revised income from Yamanouchi Ireland Co., Ltd. to the Company (the amount will be accounted as extraordinary gain in its non-consolidated statement of income for the fiscal year ending March 31, 2001)

Approximately 37.7 billion yen

(3) Total amount affecting non-consolidated net profit for the fiscal year ending March 31, 2001

	(a) -42.3 billion yen
	<u>(b) 37.7 billion yen</u>
Total (a)+(b)	-4.6 billion yen

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

For inquiries and more detailed information,  
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