Meiji Group 2020 Vision

“New Management Vision for FY2020 and New Management Structure”

Meiji Holdings Co., Ltd.
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I. New Management Structure

1. Current Status
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Current Status

1. Progress of FY2009-2011 Medium-Term Business Plan

We have been making efforts based on our basic concept of “maximizing Meiji Group’s strengths, achieving growth of existing businesses and expediting integration synergies.”

- The early establishment of the new “meiji” brand and the proactive launching of collaboration products; and
- The penetration of the slogan of “Ashita wo motto oishiku” and the management philosophy within and outside of the Meiji Group.

On the other hand, numerical targets for the last year of the Medium-Term Business Plan (FY2011: net sales of ¥1,260 billion and ordinary income of ¥ 45 billion) are currently under review, due to such factors as the slowing growth of existing businesses.

- Forecasts of financial results for FY2011 (the last year of the Medium-Term Business Plan) will be announced at the time of the release of financial results for FY2010.

⇒ We will establish a framework to expedite the creation of synergies and accelerate the growth of existing businesses.

2. Recognition of issues to be addressed

Under the assumption that the severe business environment will continue, we will:

- Create further synergies for the further growth of existing businesses (dairy products, confectionary, healthcare and nutrition, and pharmaceuticals); and
- Create new growth drivers by developing new markets and new businesses with an eye toward overseas business expansion.

⇒ We will establish a framework to expedite the creation of synergies and accelerate the growth of existing businesses.
1. A shrinking domestic population and an aging society with a declining birthrate

- **Total population**: Decrease of 4.83 million, down 3.8%
- **Aged 0 to 12**: Decrease of 3.48 million, down 23.8%
- **Aged 65 to 75**: Increase of 2.16 million, up 13.3%
- **Aged 70 or older**: Increase of 7.64 million, up 37.9%

Source: National Institute of Population and Social Security Research (Projected based on median birth, median death figures)

- Diversification of consumer needs, values, lifestyles
- Rising awareness of safety and security
- Growing health consciousness
- Medical-care system reforms

2. Accelerating globalization and the growth of emerging economies

- Strategy for overseas markets (such as China), which are growing rapidly due to population explosion and economic development (business opportunities and intensified competition)
- Risks associated with the scramble for raw materials both in Japan and overseas

The business environment is expected to continue changing dramatically over the next 10 years. The key point is how we can seize business opportunities by taking advantage of the changes.
Background of 2020 Vision

Recognition of issues to be addressed

The severe business environment will continue. In order to find opportunities amid change and secure a competitive advantage in Japan and overseas, we believe the following are indispensable:

1. Long-term Management Vision to show the direction the Meiji Group should take
   * Redefine our strengths
   * Invest in growth markets

2. New group management structure that enables Meiji Seika and Meiji Dairies to combine their strengths
   * To strengthen the existing businesses
   * To create new value

2020 Vision

+ New Group Management Structure

A new management structure capable of taking advantage of changes
New Group Management Structure

1. New group management structure (reorganization of business)

Meiji Holdings Co., Ltd.

Meiji Seika Kaisha, Ltd.
Meiji Dairies Corporation

Meiji Holdings Co., Ltd.

Meiji Co., Ltd.
Meiji Seika Pharma Co., Ltd.

(Food business)
(Pharmaceutical business)

2. Date of establishment of new companies

April 1, 2011
New Group Management Structure

3. Organizational charts

Meiji Holdings Co., Ltd.

- R&D headquarters
  - Confectionaries, ice cream, sweets, etc.

Meiji Co., Ltd.

- Unit for confectionary business
  - Milk, yogurt, cheese, cream, etc.

- Unit for dairy products business
  - Sports nutrition, functional foods, infant formula, enteral formula, OTC drugs, etc.

- Unit for healthcare and nutrition business
  - Export and overseas operation for dairy, confectionary, and healthcare and nutrition products

- Unit for international business

Meiji Seika Pharma Co., Ltd.

- Ethical pharmaceuticals business
  - Anti-infective drugs, drugs for central nervous system disorders, and generic drugs

- Agricultural chemicals and veterinary drugs business
  - Agricultural chemicals and veterinary drugs
New Group Management Structure

4. Purpose of reorganization

(1) The food and pharmaceutical businesses will be reorganized into two companies under the umbrella of Meiji Holdings Co., Ltd., which deal with different competitive environments, business cycles, related regulations, etc.

(2) “Meiji Co., Ltd. (food company)” will integrate and effectively utilize management resources (such as technologies and know-how) within one company, aiming to create new value by anticipating customer needs.  
   - Research and development functions will be integrated into an R&D headquarters. Through such integration, we will establish a structure that facilitates the creation of new value.
   - The establishment of separate business units for the healthcare & nutrition business and the international business will not only allow for speedy business operations through the delegation of authority, but also will facilitate the creation of synergies with the confectionary business unit and the dairy products business unit.

(3) By becoming a separate company, “Meiji Seika Pharma Co., Ltd. (pharmaceutical company)” will operate its business as a “Specialty and Generic Pharmaceuticals Company” in a flexible manner by accelerating the decision-making process.

(4) We will maintain the holding company framework so as to respond swiftly to the significantly changing business environment.
II. Meiji Group 2020 Vision Concept

1. Definition of 2020 Vision
2. The Meiji Group of the Future in the 2020 Vision
3. Keywords for Achieving the 2020 Vision
Meiji Group Philosophy

Our mission is to widen the world of “Tastiness and Enjoyment” and meet all expectations regarding “Health and Reassurance.”

Our wish is to be closely in tune with our customers’ feelings and to always be there to brighten their daily lives.

Our responsibility as “Food and Health” professionals is to continue finding innovative ways to meet our customers’ needs, today and tomorrow.
The Meiji Group aims to become a corporate group that brightens customers' daily lives by providing customers of all ages, from infants to the elderly, with foods that offer tastiness and enjoyment, as well as products that contribute to customers’ physical and emotional well-being. This way of providing value is unique to the Meiji Group, and is what clearly distinguishes it from its competitors.

**Three Keywords in the 2020 Vision**

*Kodomo Sukoyaka*  ~ Treasure children! ~  
*Otona Hatsuratsu*  ~ Invigorate adults! ~  
*Minna Wakuwaku*  ~ Create excitement for all ~
2020 Vision Concept: Three Key Words

Kodomo Sukoyaka
~ Treasure children! ~
We want to see children’s smiling faces.

Otona Hatsuratsu
~ Invigorate adults! ~
We want to invigorate our customers through the tastiness and enjoyment of food.
We want to become indispensable to our customers’ physical and emotional well-being.

Minna Wakuwaku
~ Create excitement for all! ~
We want to create excitement for customers of all ages.
2020 Vision Concept

Our product portfolio to brighten customers’ daily lives

Nutrition

Support for dietary education
Tenderness
Support for parenting

Contribution to dietary life

Wellness

Probiotics

Beauty

Weight control

Sports nutrition

Exercise support

A sense of fulfillment

Rest

Comfort

Satisfaction

Confectionary

Medical treatment
Prevention and recovery

Kodomo Sukoyaka

Otona Hatsuratsu

Minna Wakuwaku

Brightening customers’ daily lives

Nutritional balance

Nutritional balance

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III. Meiji Group 2020 Vision Strategies

1. Goals of the 2020 Vision (Numerical Targets) & Outline of Strategies
2. Strategies in the Food Business
3. Strategies in the Pharmaceutical Business
Goals of 2020 Vision (Numerical Targets) & Outline of Strategies

Goals for FY2020 (Numerical Targets)

Net sales: ¥1,500 billion
Operating income ratio: 5% or higher

(Reference) Results for FY2009
Net sales: ¥1,106.6 billion
Operating income: ¥28.7 billion (2.6%)

Outline of Strategies (Contents)

Food Business (Meiji Co., Ltd.)

(1) Meiji Co., Ltd.’s Strategies (Overall Strategies)
(2) Strategies by Business
   (i) Confectionary and Dairy Products businesses (Unit for confectionary business) (Unit for dairy products business)
   (ii) Healthcare and Nutrition businesses (Unit for healthcare and nutrition business)
   (iii) International Food business (Unit for international business)

Pharmaceutical Business (Meiji Seika Pharma Co., Ltd.)

(1) Meiji Seika Pharma Co., Ltd.’s Strategies (Goals)
(2) Specific Strategies
   (i) Proactive investment in R&D (anti-infective drugs, drugs for central nervous system disorders, and new business fields where there are no satisfactory treatment methods or drugs)
   (ii) Expansion of generic drug business
   (iii) Expansion of international business
(1) Meiji Co., Ltd.’s Overall Strategies

(i) Our Strength: Distribution

Our distribution channels

- Supermarkets, C-stores
- Drug stores
- Wholesalers
- Home delivery
- Vending machines
- Mail order

Creating new customer value by integrating and reinforcing R&D functions (technology integration) and matching the combination of temperature ranges for distribution, distribution channels, and technology; establishing a greater competitive advantage under the new “meiji” brand in each food business field

Creating greater strengths as a food company by taking advantage of these strengths

- Providing customers of all ages with a broad range of products through the new “meiji” brand
- Possessing the technology and infrastructure that enable the provision of a broad range of products via almost all distribution channels and temperature ranges
- Holding a wealth of technology that has established a competitive advantage in a variety of business fields
Dairy Products business

Confectionary business

Healthcare and Nutrition business

Pharmaceutical business

Integrating and reinforcing R&D functions (Research headquarters)

Technology for nutrition engineering
×
Forming technology

Technology for nutrition engineering
×
Technology for lactic bacteria fermentation

Technology for nutrition engineering
×
Technology for clinical trials of pharmaceuticals

Manufacturing technology for dairy products
×
Forming technology

Manufacturing technology for confectionaries
×
Technology for lactic bacteria fermentation

Manufacturing technology for confectionaries
×
Technology for microorganism control in chilled products

Support

Achieving the creation of new value that is unique and provided only by the Meiji Group
(2) Strategies by Business

(i) Confectionary and Dairy Product Businesses

The confectionary and dairy products businesses are the Meiji Group’s core businesses, accounting for 65% of group sales.

(Strategies)

● Stable growth as the No.1 in the categories, such as chocolate and yogurt
● Mutually share our strengths in the confectionary business and the dairy products business
● Creating new customer value by integrating and reinforcing R&D functions
● Apply strengths of the core business in other businesses (such as the healthcare & nutrition business, and international business)

<table>
<thead>
<tr>
<th>Confectionary business</th>
<th>Dairy Products business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chocolate</td>
<td>Milk</td>
</tr>
<tr>
<td>Chewing gum</td>
<td>Yogurt</td>
</tr>
<tr>
<td>Snacks</td>
<td>Cheese</td>
</tr>
<tr>
<td>Ice cream</td>
<td></td>
</tr>
<tr>
<td>etc.</td>
<td>etc.</td>
</tr>
</tbody>
</table>

Target net sales for FY2020: ¥800 billion (including the possibility of M&As)
(2) Strategies by Business
(ii) Healthcare and Nutrition Businesses

The healthcare and nutrition businesses, areas in which the Meiji Group is particularly well equipped, provide unique products that contribute to customers’ well-being.

(STRATEGIES)
- Develop the business into a core business of the Meiji Group through prioritized resource allocation
- Mutually share knowledge, technology, assets, and know-how among dairy products, confectionary and pharmaceutical businesses
- Reinforce product portfolio that covers customers of all ages, from infants to the elderly
- Expand the sports nutrition category, centered on SAVAS and VAAM
- Strengthen the existing No.1 business in the category, and create a new No.1 business in other categories

Existing businesses to be strengthened

Infant formula  OTC drugs  Sports&nutrition

Beauty supplements  Enteral formula etc.

New businesses to be developed

Foods for toddlers
Foods for active seniors
Foods for people with certain diseases and nursing care foods, etc.

Target net sales for FY2020: ¥200 billion

(Results for FY2009: Approximately ¥120 billion)
(2) Strategies by Business

(iii) International Food Business

The Meiji Group aims to become a corporate group that brightens customers' daily lives not only in Japan but also in overseas markets through a broad business portfolio.

( Strategies)

● Develop the business into a core business of the Meiji Group through prioritized resource allocation
● Raise the profile of the “meiji” brand in overseas markets as a trusted brand
● Conduct prioritized management of the business by focusing on three main geographic areas (China, Southeast Asia, and the U.S.)
● Expand business, including through alliances and M&As

<table>
<thead>
<tr>
<th>Businesses to be strengthened</th>
<th>China</th>
<th>Southeast Asia</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confectionaries</td>
<td>Infant formula</td>
<td>Healthcare products</td>
<td>Dairy products</td>
</tr>
<tr>
<td>Ice cream</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Businesses to be newly-launched for 2020 vision</td>
<td>Dairy products</td>
<td>Ice cream</td>
<td>Healthcare products</td>
</tr>
</tbody>
</table>

Target net sales for FY2020: ¥150 billion

(Results for FY2009: Approximately ¥50 billion, calculated simply by combining available figures.)
(1) Meiji Seika Pharma Co., Ltd.’s Strategies (Goals)

Goals of Meiji Seika Pharma Co., Ltd.

In order to protect people’s health and lives, the new company will focus on three main fields (anti-infective drugs, drugs for central nervous system disorders, and generic drugs), aiming to become one of Japan’s leading companies in these fields. Also, it will contribute to society and gain the trust of people as a “Specialty and Generic Pharmaceuticals Company” that has the ability to expand business internationally.

In addition, through the agricultural chemical and veterinary drug businesses, Meiji Seika Pharma will contribute to the stable supply of safe and reliable agricultural, livestock, and marine products that can support people’s lives worldwide, and also improve productivity in these industries.

Main business fields

<table>
<thead>
<tr>
<th>&lt;Ethical pharmaceuticals business&gt;</th>
<th>&lt;Agricultural chemicals and veterinary drugs business&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anti-infective drugs</td>
<td>Generic drugs</td>
</tr>
<tr>
<td>Drugs for central nervous system</td>
<td>Agricultural chemicals</td>
</tr>
<tr>
<td>system disorders</td>
<td>Veterinary drugs</td>
</tr>
</tbody>
</table>

Meiji Seika Pharma will strive to further expand the business as a core business of the Meiji Group.
(2) Specific Strategies

(i) Business expansion through proactive R&D investment

(ii) Further expansion of generic drug business

Contributing to the well-being of people worldwide through the research and development of ethical pharmaceuticals, agricultural chemicals, and veterinary drugs, and by providing high-quality, low-priced generic drugs.

(Strategies)

Business expansion through proactive R&D investment

● Strengthen R&D for CNS and anti-infective drugs, as well as new business fields where there are unmet medical needs

● Build a foundation for drug discovery research and manufacturing technology, including for biotechnology-based drugs

● Create new pharmaceutical and agricultural chemical products using microorganism fermentation technology

● Enhance international R&D capabilities, mainly in Europe, the U.S., and Asia

Further expansion of generic drug business

● Increase our product lineup (anti-infective drugs, drugs for CNS disorders and lifestyle-related diseases, and anticancer and biosimilar drugs)

● Continue to strengthen our domestic sales system

Business expansion through alliances (including M&As in Japan and overseas)
(2) Specific Strategies
(iii) Proactive expansion of international business, mainly in Asia and emerging countries

Brightening the daily lives of the people worldwide by strengthening business operations in growing markets in Asia and other emerging economies.

(Strategies)
- Enhance the presence of overseas group companies (in China, Thailand, Indonesia, Spain, and Portugal); build and strengthen relationships with local partners
- Establish a structure for high-quality products, stable supply, and low-cost operations by optimizing production systems and improving their efficiency
- Develop business in the market of affordably priced drugs, mainly in Asia and emerging countries
  - Proactively launch antibacterial drugs, generic drugs, and agricultural chemicals
  - Establish value chains ranging from the manufacturing of drug ingredients to the building of an in-house sales network
- Develop business by forming alliances (including M&As in Asia, Europe, or the U.S.)
- Utilize local human resources and develop global human resources

Target net sales for FY2020: ¥200 billion

(Meiji Seika Pharma’s overseas affiliates (Asia))
IV. The Business Foundation That Supports Our Strategies

1. Our Solid Business Foundation Achieved through Management Integration
2. Roadmap for Realizing Our Vision
Leveraging and Reinforcing the Solid Business Foundation
Achieved through Management Integration

Improving brand value
Enhancing marketing capabilities
Building an advanced quality control system
Enhancing proprietary technological and development capabilities
Improving efficiency of production, procurement and distribution functions
  • Proactively promoting the utilization of IT
Reinforcing efforts for CSR
  • Initiatives for the environment, compliance, etc.
Enhancing corporate governance
Effectively utilizing a solid financial base
  • Proactively promoting alliances, etc.
Enhancing the development of global human resources

• Proactively promoting the utilization of IT
Roadmap for achieving our vision

For the achievement of the 2020 vision, the strategies described herein will be specified as specific business strategies in the following three Medium-Term Business Plans:

FY2012-2014 Medium-Term Business Plan
FY2015-2017 Medium-Term Business Plan
FY2018-2020 Medium-Term Business Plan

FY2012-2014 Medium-Term Business Plan will be formulated during FY2011 and will focus on the following points:

- Full-scale creation of integration synergies
- Integration and reinforcement of the R&D structure
- Proactive allocation of management resources to growth businesses
V. Profile of the New Companies

1. Company Profiles
2. Method of Group Reorganization
## Company Profiles

### Food Company

<table>
<thead>
<tr>
<th>Company name</th>
<th>Meiji Co., Ltd.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head office address</td>
<td>2-10, Shinsuna 1-Chome, Koto-ku, Tokyo, Japan</td>
</tr>
<tr>
<td>Main businesses</td>
<td>Manufacturing and sale of confectionaries, dairy products and other food products</td>
</tr>
</tbody>
</table>

### Pharmaceutical Company

<table>
<thead>
<tr>
<th>Company name</th>
<th>Meiji Seika Pharma Co., Ltd.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head office address</td>
<td>4-16, Kyobashi 2-Chome, Chuo-ku, Tokyo, Japan</td>
</tr>
<tr>
<td>Main businesses</td>
<td>Manufacturing and sale of ethical pharmaceuticals, agricultural chemicals and veterinary drugs</td>
</tr>
</tbody>
</table>
Method of Group Reorganization
(Summary of Company Split)

Schedule of Company Split Transaction

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 14, 2010</td>
<td>Board of Directors meeting of the Company to approve a basic policy of implementing a corporate reorganization of the Meiji Group</td>
</tr>
<tr>
<td>February 2011 (planned)</td>
<td>Board of Directors meetings of Meiji Seika and Meiji Dairies to approve a company split; conclusion of a company split agreement by Meiji Seika and Meiji Dairies</td>
</tr>
<tr>
<td>February 2011 (planned)</td>
<td>Extraordinary shareholders’ meeting of Meiji Seika to approve a company split</td>
</tr>
<tr>
<td>April 1, 2011 (planned)</td>
<td>Effective date</td>
</tr>
</tbody>
</table>

Business to be Transferred and the Structure of the Transaction

- The Company plans to implement an absorption-type company split, in which the Food & Healthcare Business of Meiji Seika is the business to be transferred; Meiji Seika is the splitting company; and Meiji Dairies is the succeeding company.
- As Meiji Seika and Meiji Dairies are wholly owned subsidiaries of the Company, no shares or cash will be allocated or issued in connection with the company split.

* This notice is to state a decision concerning a basic policy for reorganization of the Meiji Group. Upon final decision, we will announce the details immediately.
• The forward-looking statements described in this material, such as business forecasts, are based on information available at the time of the release of this presentation and reasonable assumptions made by the Company. Actual results could differ materially from forecasts due to various factors.

• Although this material includes information concerning pharmaceutical products (including those currently under development), such descriptions are not intended to advertise the products or provide any medical advice.
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meiji