May 14, 2009

NEWS RELEASE

Name of Listed Company: **TSUMURA & Co.**
Code: 4540
Head Office Address: 2-17-11 Akasaka, Minato-ku, Tokyo
Contact: Position: Head of Corporate Communications Dept.
Name: Terukazu Kato
Telephone:81-3-6361-7100

Tsumura Announces Medium-Term Management Plan for FY 2009 to FY 2011
(Consolidated)

Tsumura & Co. (Headquarters: Tokyo, President: Junichi Yoshii) is pleased to announce that a meeting of the Board of Directors held on May 14, 2009 has adopted a medium-term management plan for the three years starting fiscal 2009 (ending March 31, 2010). Details are as follows:

1. Background to Development of the Medium-Term Management Plan

Tsumura developed and announced a medium-term management plan for the three years from fiscal 2007 in May 2007. In the management plan, in which Tsumura positions FY 2007 as the first year of specializing in the kampo and botanicals business, the Company has aimed to achieve 7% growth in terms of sales volume of prescription kampo preparations and has taken the following actions:

・Establishing kampo medicine
・Promoting Drug Fostering and Evolution of Kampo
・Internationalizing kampo
・Developing production systems
・Establishing a botanical raw materials traceability system
・Creating an open company

Through these initiatives, sales of prescription kampo preparations grew more than 10% in volume terms in the most recent period.

Meanwhile, Tsumura carried out the following initiatives:

・Transferred shares in Pacific Marketing Alliance, Inc., a subsidiary in the United States (November 2007)
・Transferred shares in Tsumura Lifescience Co., Ltd. (August 2008)
・Transferred the approval of the production and marketing of ASTAT, an ethical, external-use anti-fungal drug (February 2009)

Considering the situation, Tsumura has developed a new medium-term management plan for developing a new stage specializing in the kampo and botanicals business.

The main points of the new medium-term management plan are as follows:

(1) Sales and profits

We aim to post consolidated sales of ¥104.3 billion and an operating profit of ¥25.4 billion for fiscal 2011 based on the assumption that sales of prescription kampo preparations will grow 10% in volume terms.

(2) Important management indicator

From the perspective of the improvement of capital efficiency and rate of return, we continue to view return on assets (ROA) as an important management indicator. We aim to record an ROA of 16.7% in fiscal 2011.

(3) Capital investment

With a rise in demand for prescription kampo preparations, we plan to invest a total of ¥26 billion over the three years, primarily to enhance the capacity of three plants in Shizuoka, Ibaraki, and Shanghai to maintain a stable supply system.

(4) Dividend
We plan to pay an annual dividend per share of ¥40 (interim dividend of ¥20 and year-end dividend of ¥20) for FY 2009, an increase of ¥6 from FY 2008. We aim to continue to increase dividends, considering situations including investments.

2. Numerical Targets in the Medium-Term Management Plan for FY 2009 to FY 2011

(Million Yen)

	FY 2008 performance	FY 2009		FY 2010		FY 2011	
		Plan	Year on year	Plan	Year on year	Plan	Year on year
Net sales	90,016	92,300	2.5%	96,900	5.0%	104,300	7.6%
Operating profit	16,483	19,100	15.9%	20,700	8.4%	25,400	22.7%
Recurring income	16,622	19,300	16.1%	20,900	8.3%	25,700	23.0%
Net income	10,777	11,300	4.9%	12,100	7.1%	15,000	24.0%
R&D expenses	3,958	3,700	△6.5%	3,800	2.7%	3,900	2.6%
Capital Investment	5,479	6,900	25.9%	9,500	37.7%	9,600	1.1%

	2008 performance	2009 plan	2010 plan	2011 plan
ROA (Return on assets)	12.6%	14.5%	14.7%	16.7%

3. Action Targets in the Medium-Term Management Plan

(1) Establish Kampo medicine
We will continue to support improved Kampo education at 80 medical schools in Japan and the establishment of outpatient Kampo clinics in medical school hospitals.

(2) Promote Drug Fostering and Evolution of Kampo
Examining the recent structure of diseases, we will focus on disorders that are difficult to treat with modern drugs but for which kampo preparations have shown specific results in areas where medical needs are heavy and will continue to promote Drug Fostering and Evolution of Kampo to establish evidence. We will also seek new Drug Fostering and Evolution of Kampo prescriptions.

(3) Internationalize Kampo
In relation to the promotion of Drug Fostering and Evolution of Kampo, we will develop a system to connect latest basic and clinical data in Japan to clinical trial procedures in the United States. We will encourage information exchange between leading doctors in Japan and the United States and will create a more efficient development system to develop TU-100 Daikenchuto.

(4) Increase production capacity and enhance the quality control system
We will respond to increasing demand for prescription kampo preparations by updating facilities, including an expansion of our extract powder production building, construction of a granulating building, and introduction of additional packaging equipment, and encouraging efficient personnel assignment. In quality control terms, we will seek to standardize and improve efficiency in inspections primarily, using the analysis center.

(5) Secure the stable supply of safer botanical raw materials
We will continue to take steps to secure a stable supply of safer and more credible botanical raw materials, by developing a traceability system and standardizing cultivation methods and cultivation management at production areas in Japan and overseas.

*We ensure that our kampo preparations meet the safety standard for Pharmaceutical Affairs Act. For patients to have full confidence that our kampo preparations are safe, we take steps to ensure the safety and quality of botanical raw materials.

(6) Create an open company
We will continue efforts to build a management system that will improve corporate value and that will clearly disclose our position through communication with our stakeholders.

These are target activities in the medium-term management plan. Through the kampo and botanicals business, we aim to become a people-friendly company that will contribute to society and people.

(For reference)
Progress of the Medium-Term Management Plan Announced in May 2007 (Consolidated, Million Yen)

	FY 2007			FY 2008			FY2009
	Plan	Performance	Difference	Plan	Performance	Difference	Plan
Net sales	95,000	94,799	△201	99,000	90,016	△8,984	104,500
Operating profit	16,000	15,820	△180	17,000	16,483	△517	20,000
Recurring income	15,500	15,258	△242	16,500	16,622	122	19,600
Net income	8,800	9,139	339	9,500	10,777	1,277	11,500
ROA	11.3%	11.4%	—	11.9%	12.6%	—	13.5%

●The figures in the plan columns are all figures announced in May 2007.
●The plan for FY2008 was revised in May, August, and November in 2008, and in February 2009.
●The difference in net sales for FY2008 reflects the transfer of shares in Tsumura Lifescience Co., Ltd. in August 2008 and the exclusion of the company from the scope of consolidation from the second quarter of FY2008.

Comparison Between the Plan for FY2009 in the Previous Medium-Term Plan and the New Medium-Term Plan (Consolidated, Million Yen)

	FY 2009		
	Previous medium-term management plan	New medium-term management plan	Difference
Net sales	104,500	92,300	△12,200
Operating profit	20,000	19,100	△900
Recurring income	19,600	19,300	△300
Net income	11,500	11,300	△200
ROA	13.5%	14.5%	—

●The net sales of the previous medium-term management plan include sales of about 18 billion yen of Pacific Marketing Alliance, Inc., Tsumura Lifescience Co., Ltd., and the ethical, external-use anti-fungal drug ASTAT.