Announcement of VISION 2015

Japan, December 6, 2006 - Astellas Pharma Inc. (“Astellas”; headquarters: Tokyo; President and CEO: Masafumi Nogimori) today announced that it has decided “VISION 2015” as its management vision.

Since Astellas was established in April, 2005, it has tried to grow its business as an R&D-driven company aiming at “sustainable enhancement of enterprise value” positioned at the raison d’etre in our business philosophy. Social and market factors around pharmaceutical industry have been changing, including the progress of policies to control health expenditures, decrease in market growth rates, and the rise of medicines requiring a high degree of expertise. In order to show the direction of Astellas under these circumstances, VISION 2015 is derived from an analysis of forecast of pharmaceutical market environment and Astellas’ current status and market forecasts. VISION 2015 shows how Astellas must look in the year 2015, and the guidelines and strategies necessary to achieve this.

The outline of VISION 2015 is described below.

1. The objectives of VISION 2015

In order to realize our business philosophy, “contribute toward improving the health of people around the world through the provision of innovative and reliable pharmaceutical products,” VISION 2015 has been settled to show how Astellas must look in the year 2015, and the guidelines and strategies necessary to achieve this.

2. Forecast of pharmaceutical industry by analyzing the external environment

Complexity and segmentation of the pharmaceutical market will be increased due to the followings: progress of policies to control health expenditures, decrease in market growth rate due to the patent expiration of top-line products and promotion of use of generics, and growth of specialty market where high unmet medical needs exist. Thus, it is thought in the future market not only scale but also a variety of competitive advantage will exist.

3. Business model of Astellas

Astellas is aiming a construction of its business model, a “Global Category Leader” (“GCL”). A GCL is in several ‘categories’ where high unmet medical needs exist and a high degree of expertise is required. A GCL shows higher competitiveness by providing value-added products ‘globally’ and takes over the position of ‘leader’ in a category. Astellas will realize optimal business portfolio based on these categories as the core. In order to realize being a GCL, Astellas will promote sustainable reinforcement of current products, solid progress of current pipeline, further reinforcement of global sales and
marketing activities, and in-licensing and business development activities aggressively. Moreover, Astellas settled six categories, including urology, inflammation/immunology, infectious diseases (virus), neurology/sharp pains, diabetes, and cancer, as its most important R&D categories with concern of unmet medical needs, market potential, and research potential. Astellas aims to expand categories in a sustainable manner by aggressive investment in these categories and improvement of product creation.

4. The system to fulfill and realize VISION 2015

Astellas will promote the three systems shown below to achieve VISION 2015.

- Astellas has identified human resources development as its most important issue, and is tackling this with competitive investment.
- Astellas will create the optimal management control system based on necessary information for decision making in a faster and better manner.
- Astellas will clarify its corporate social responsibilities and promote CRS-based management as a system to fulfill them.

Astellas will seek to enhance enterprise value in a sustainable manner through heading maximization of value-added for all people seeking health, and creating a business model, a “Global Category Leader” not just seeking for enlargement of sales scale.

Please also refer to the attachment for more information.
Today’s Agenda

◆ The objectives of VISION 2015

◆ Forecast of pharmaceutical industry by analyzing the external environment

◆ Business model of Astellas

◆ Long-term position of Astellas
Today’s Agenda

- The objectives of VISION 2015
- Forecast of pharmaceutical world by analyzing the external environment
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- Long-term position of Astellas

Positioning of Vision 2015

-Vision 2015 shows precisely how our Business Philosophy can be put into practice.

<table>
<thead>
<tr>
<th>Business Philosophy</th>
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<tbody>
<tr>
<td>Raison d’Être</td>
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<tr>
<td>Mission</td>
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<tr>
<td>Beliefs</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Planning system</th>
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<tbody>
<tr>
<td>Midterm business plan</td>
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<tr>
<td>Annual business plan</td>
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CSR-based management
Charter of Corporate Conduct
Timeline of FY2010 Medium Term Plan

Mission: Sustainable enhancement of enterprise value

- Integration completed
- Focus on Rx business
- Progress in R&D projects
- Proactive in-licensing

Astellas launch

2005

Strengthen bases for growth

2006 2010

Long-term growth

2015

- Maintain and expand transplant and urology franchise
- Reinforce cardiovascular and infectious diseases areas by new products
- Improve cost structure
- Reinforce global business
- Enhance R&D pipeline
- Improve capital efficiency

Enhance enterprise value

- Launch new products with high sales potential
- Expand franchise areas
- Expand global marketing infrastructure
- Further strengthen R&D pipeline

Long-term Aspect of Astellas
(reference from FY2010 Medium term Business Plan)

Beyond 2010

- Achieve No.1 position in Japanese market
- Launch new products
  Strengthen global marketing infrastructure
- Create innovative products from drug discovery research

To become a global leader in our focused therapeutic area

Astellas will strive to gain the trust of stakeholders and thereby enhance its enterprise value.
**Raison d'Être**
Contribute toward improving the health of people around the world through the provision of innovative and reliable pharmaceutical products

**Mission**
Sustainable enhancement of enterprise value

**Beliefs**

- High Sense of Ethics
  - We will always manage our business with the highest sense of ethics.

- Customer Focus
  - We will always seek to understand customer needs and our focus will always be on achieving customer satisfaction.

- Creativity
  - We will not be complacent and will always seek to innovate to create new value.

- Competitive Focus
  - Our eyes will always be directed to the outside world, and we will continue to create better value faster.

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**Long-term Strategy of Astellas VISION 2015**

April 2005 Astellas reaches critical mass as a global competitor

**Where is Astellas heading?**
What kind of global existence is Astellas aiming at?

**Business Philosophy:**
Contribute toward improving the health of people around the world through the provision of innovative and reliable pharmaceutical products

**Forecast of the External Environment**

**VISION 2015 Drawn Up**
guidelines and strategy for achieving corporate goals for 2015
Today’s Agenda

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External Environment Scenario

1. Progress of policies to control medical treatment costs
2. Decrease in market growth rates
3. Increased complexity of the market
Progress of Policies to Control Health Expenditures

In the developed nations, government spending on social welfare is subject to increasing pressure due to decreasing birth rates combined with aging populations. This will lead to the advancement of policies to control health expenditures.

<table>
<thead>
<tr>
<th>Japan</th>
<th>United States</th>
<th>Europe</th>
</tr>
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<tbody>
<tr>
<td>• Increasingly frequent cuts in NHI drug prices</td>
<td>• Possible holding down of drug prices through enactment of Medicine Part D</td>
<td>• Promotion of measures to curtail health expenditures by each country</td>
</tr>
<tr>
<td>• Promotion of treatment with generics</td>
<td>• Promotion of use of centralized drug procurement systems</td>
<td>Expansion of reference price, cuts in refund prices, promotion of use of generics</td>
</tr>
<tr>
<td>• Upward revision of out-of-pocket payment ratio for elderly patients</td>
<td>• Impact on healthcare policies of Democrats’ success in US midterm elections?</td>
<td>• Higher ratio of parallel imports</td>
</tr>
</tbody>
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2. Decrease in Market Growth Rates

- Downturn in the scale and number of blockbuster products
- Price constraints in developed nations, particularly the USA
- Generics will grab a much larger share of the market

- Possibility that it will be low growth of 5-8%

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<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>10% growth per year</td>
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<td></td>
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<tr>
<td>5-8% per year</td>
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<table>
<thead>
<tr>
<th>Region</th>
<th>Growth Rate</th>
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<tbody>
<tr>
<td>Total</td>
<td>5-8%</td>
</tr>
<tr>
<td>North America</td>
<td>5-8%</td>
</tr>
<tr>
<td>Europe</td>
<td>5-8%</td>
</tr>
<tr>
<td>Japan</td>
<td>2-4%</td>
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<tr>
<td>Latin America</td>
<td>6-9%</td>
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<tr>
<td>Asia (excluding Japan)</td>
<td>8-11%</td>
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<tr>
<td>Africa</td>
<td></td>
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<tr>
<td>Australia</td>
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Reference: IMS
3. Increased Complexity of the Market

Correlation between satisfaction with treatment and contribution of drugs to treatment


3. Increased Complexity of the Market

- Majority of drugs prescribed by GPs
- Large number of patients
- Mainly small-molecule pharmaceuticals

Examples: Peptic ulcer, Hyperlipidemia, Hypertension

Medical needs sufficiently met

- Many diseases exist
- Typically drugs prescribed by specialists
- Many biotech or other more innovative drugs in this group

Examples: Cancer, Hyperlipidemia, Hypertension

High contribution of drugs to treatments

High unmet medical needs

Examples: Diabetes-related complications, Neurological disease, Cancer

Low satisfaction with treatment

Low contribution of drugs to treatments

High satisfaction with treatment

Low unmet medical needs

Examples: Diabetes, Hypertension, Peptic ulcer

High satisfaction with treatment

High medical needs sufficiently met
3. Increased Complexity of the Market

- Current market that is pulled by blockbusters will change to segmented market that will be pulled by drugs in high unmet medical need
- As a result, the market that allows to exist variety of structure patterns of competitive predominance will be formed

**Current market structure**

<table>
<thead>
<tr>
<th>Primary care</th>
<th>Specialty</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mass markets</strong></td>
<td></td>
</tr>
<tr>
<td>- Satisfaction with medical treatment is high</td>
<td></td>
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<tr>
<td>- Large number of patients for each disease</td>
<td></td>
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<tr>
<td>- Mainstream is small-molecule</td>
<td></td>
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<tr>
<td>- Aggressive mass marketing</td>
<td></td>
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<tr>
<td><strong>Niche markets</strong></td>
<td></td>
</tr>
<tr>
<td>- Satisfaction with current treatment is low</td>
<td></td>
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<tr>
<td>- Treatment with high degree of expertise</td>
<td></td>
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<tr>
<td>- Emergence of high value-added products</td>
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<tr>
<td>- Marketing and sales with high degree of expertise</td>
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</table>

A scale is an important competitive factor

**Market structure assumed in 2015**

<table>
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<tr>
<th>Primary care</th>
<th>Specialty</th>
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<tr>
<td><strong>Mass markets</strong></td>
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<tr>
<td>- Large number of patients for each disease</td>
<td></td>
</tr>
<tr>
<td>- Mainstream is small-molecule pharmaceuticals</td>
<td></td>
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<tr>
<td>- Penetration of generics</td>
<td></td>
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<tr>
<td>- Aggressive mass marketing</td>
<td></td>
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<tr>
<td><strong>Segmented markets</strong></td>
<td></td>
</tr>
<tr>
<td>- Satisfaction with current treatment is low</td>
<td></td>
</tr>
<tr>
<td>- Treatment with high degree of expertise</td>
<td></td>
</tr>
<tr>
<td>- Rise of high value-added products</td>
<td></td>
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<tr>
<td>- Marketing and sales with high degree of expertise</td>
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A variety of strategies is possible

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**Launch of New Type Top-Line**

**Medicines for Specialists**

- Schizophrenia : Zyprexa (4,202 mil US$/yr)
- Cancer : Rituxan (3,867 mil US$/yr)

**Biomedical**

- Renal anemia : Epogen (6,145 mil US$/yr)
- Articular rheumatism : Enbrel (3,657 mil US$/yr)

Reference: Dendrite Japan Corporation "World Ranking of Pharmaceutical Sales in 2005"
**Market Growth Promoted by Specialty Market**

- Specialty market will have over 50% share

**Player Structure as Seen in VISION2015**

- **Current**
  - Aggressive mass marketing in the primary market
  - Focus on markets requiring a high degree of expertise
  - Capitalize on specific strengths (eg. technology) (many)
  - local players (many)

- **2015**
  - Decreased profitability
  - Further consolidation to offset reduced profitability
  - Sustained growth benefiting from increasing market complexity
  - Few effects from contraction of conventional markets
  - Expansion of market survival and growth opportunity by market complication
  - Frequent entrances and exits of new players
  - Move to the generic market
  - Withdrawn from market or M&A

Players in a market requiring a high degree of expertise possess high possibility of sustainable growth
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Business Model of Astellas

Global Category Leader "GCL"

In specialty market that is anticipated to expand

- in several ‘categories’ where high unmet medical needs exist and a high degree of expertise is required in the process of product carrying

- A GCL shows higher competitiveness by providing value-added products ‘globally’

- and takes over the position of ‘leader’ in a category
Product Portfolio Current to 2015 (top-line)

Transplant
- Prograf
- FK506MR

Urology
- Harmal
- Vesicare
- Eligard
- YM178
- YM672
- YM155
degarelix

CV
- Lipitor
- Micardis

Infectious diseases
- Adenoscan
- Vaprisol
- RSD1235
- regadenoson
- YM150
- YM758

Kidney / Cancer
- YM155
- YM311
- ILY-101

Steps to Becoming a GCL (1)

To 2010 - 2015
- Solid progress of current pipeline
- Further reinforcement of global marketing infrastructure
- In-licensing and strategy of business development

To 2020
- Drug discovery to creation of global products
- Settlement of newly important research categories and diseases
  1) Unmet medical needs, potential marketability, research capability
  2) Construct newly based technology - antibody drugs -
Steps to Becoming a GCL (2)

<table>
<thead>
<tr>
<th>2005</th>
<th>2010</th>
<th>2015</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transplantation</td>
<td>Inflammation</td>
<td>Immunology</td>
<td></td>
</tr>
<tr>
<td>Infectious</td>
<td>Infections</td>
<td>CNS</td>
<td></td>
</tr>
<tr>
<td>Gastrointestinal diseases</td>
<td>Pain</td>
<td>Cancer</td>
<td></td>
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<tr>
<td>Cardiovascular</td>
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</table>

Sustainable reinforcement as a GCL

Settled in 2006

Urology  Inflammation  CNS  Cancer
Diabetes  Pain

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Our Target Position

Astellas aims to enhance enterprise value

1) High profitability as a GCL
   We will establish a high profitability structure by providing high value-added products.

2) Growth potential
   We will ensure future growth through innovative discoveries and inventions, full product pipelines, marketing capability to maximize product value and clarification of business strategies, as well as leadership, governance, human resources and systems.

Elements Consist in Astellas Enterprise Value

EVA®: Economic Value Added

* EVA is a registered trade name of Stern Stewart & Co.
Enhancement of Enterprise Value by EVA

Sum of all future EVA® at current prices will be an added-value

Capitalization Ranking

As of December 1, 2006, Exchange rate: ¥115.7/$, ¥153.3/EUR
Astellas’s Three Systems to Become a GCL

- **Human resources management**: We will create a very flexible and agile organization by optimizing the balance of power and authority in the group.
- **Management control**: We will clarify corporate social responsibilities and build a system to fulfill them.
- **CSR-based management**: We will optimally leverage the talent and potential of Astellas’ human resources to achieve our VISION.

Human Resources Management in Achieving Our VISION

Most important management resource obtained from birth of Astellas

“Variety of human resources”

We must optimally leverage the talent and potential of Astellas’ human resources to achieve our VISION.

Astellas has identified human resources development as its most important issue, and is tackling this with competitive investment:

- Promoting a high level of development support to talented employees who have capability and strong commitment to continuous high performance
- Appraising and treating employees in a fair manner according to their role and achievement
- Employment based on equal opportunity and individual capability regardless of gender, nationality, race, age or disability
- Achieving simple and optimal organization where talented people show high performance
- Providing free and generous argument environment and communication opportunity
Astellas’ role in society

Maximization of value-added for people seeking health

Providing high profitability and value-added as a GCL

Sustainable enhancement of enterprise value

Achieving VISION 2015

Customer, society in general, and shareholders feel established presence and a reputation for trustworthiness of Astellas “brand,” and employees will work with a feeling of pride in the Company

Tomoiki means “harmonious coexistence.”

Achieving Enhancement of Enterprise Value