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FOR IMMEDIATE RELEASE

Yamanouchi Pharmaceutical Co., Ltd.
Fujisawa Pharmaceutical Co., Ltd.

Mid-term Management Plan for Astellas Pharma Inc.

Yamanouchi Pharmaceutical Co., Ltd. (Head Office Tokyo, President Toichi Takenaka, hereafter referred to as “Yamanouchi”) and Fujisawa Pharmaceutical Co., Ltd. (Head Office Osaka, President Hatsuo Aoki, hereafter referred to as “Fujisawa”) are pleased to announce their joint mid-term management plan for Astellas Pharma Inc. (“Astellas”). Astellas will be formed by merging the two companies on April 1, 2005, subject to regulatory approval by all relevant authorities.

Both Yamanouchi and Fujisawa plan to establish an all-new “merged” company with outstanding research and development capabilities, which will improve their competitiveness both in Japan and in global pharmaceutical markets. At present, both companies -- under the direction of the Merger Preparatory Committee, led by the Presidents of the two firms -- are working toward the merger of the two enterprises. On September 15, 2004, both sides announced the new business philosophy, brand mark, and corporate message of the merged entity. With this mid-term management plan, Astellas hopes to take another step closer to becoming a “global pharmaceutical company born in Japan,” one that will contribute to the health of people around the world.

For both Yamanouchi and Fujisawa, this mid-term management plan for fiscal year ending March 2008 (FY2007) represents a milestone. Astellas will actively pursue opportunities to further expand its business.

The key details of the mid-term management plan are presented below. Please refer to supplementary materials for more detailed information. We are also pleased to announce the names of the representatives to be appointed to head the major divisions within Astellas (9 Divisions, plus North American Business Operations and European Business Operations).

[Mid-term Management Plan for Astellas]

I. Basic Strategy

Astellas will implement the following strategies over the mid-term to realize sustainable improvements in enterprise value.

1. Realize Stronger Capabilities for Generating New Products

- We will pursue R&D under the policy of selectivity and concentration in specific fields and projects.
- We will build a more advanced R&D organization by integrating and consolidating the two different corporate cultures, and the particular skills and specialties, of both companies.
- We will give priority, in research work, to diabetes, infectious diseases, gastrointestinal disorders, and disorders of the central nervous system (CNS), on top of our existing franchises in urology, immunology and inflammatory disorders (transplants). These priorities will be pursued in an effort to develop superior new drugs.

(Note) Franchise areas: Therapeutic areas in which both companies are already strongly competitive globally in the treatment of diseases, from research to sales

- Global development locations will be consolidated to strengthen the development organization and to make it more efficient.

2. Establish Global Sales Network

- Japan: We plan to achieve the Number One position in Japan in terms of quantity and quality. When the merged company is launched, the sales force will consist of 2,700 MRs (general MRs + therapeutic area specialists). We will work continuously to optimize the number of MRs over the mid-term, taking into consideration both future product strategies and customer strategies.
- North America: We plan to accelerate business operations in the US, the world's largest pharmaceuticals market. We will work hard to achieve sustainable growth in our four existing business areas (transplants, cardiovascular, infectious diseases, and dermatology), and to also build-up a profitable urology business as early as possible. In the primary care physician market, we will establish a market-penetration strategy that suits future progress involving in-house development, while simultaneously leveraging our business bases in the urology areas.
- Europe: We plan to improve our positioning in the European market, where we aim to achieve both sustainable growth and better efficiencies as a leader in the fields of urology, immunology (transplants), and dermatology. we will have sales bases in 18 European countries.

- Asia: We plan to expand our presence in the growing Asian market, by concentrating our resources on transplants and urology. We also plan to strengthen our sales and marketing system and to boost profitability through consolidation of management resources.

3. Realize More Efficient Organizational and Cost Structures

- Separate clearly the roles and responsibilities of the board of directors and corporate officers, thereby enhancing the speed and transparency of decision-making and strengthening corporate governance.
- Promote global strategies for group management to boost the overall competitiveness of the group.
- Pursue ongoing cost-structure reforms.

4. Pursue Strategic Initiatives

- Introduce products aggressively in both global and local markets in order to further strengthen our product lineup.
- Pursue strategic business investments backed by a strong financial positioning.

5. Implement a Capital Policy to Boost Enterprise Value

- Make positive business investments using internal cash.
- Implement measures that improve shareholder returns & promote capital efficiency.
Aim for Dividend-on-Equity (DOE) ratio of 3.5% during the mid-term.
 - Expect annual dividends for FY2005 (the first year for Astellas) to be 50 yen.
 - Aim to flexibly implement share buy-back to further increase shareholder returns.

II. Personnel / Human Resource (HR) Systems

- To realize merger benefits as soon as possible and to build globally competitive advantages, it is imperative that we cultivate a lively organizational climate and recruit and deploy excellent personnel. Thus, the personnel / HR systems of either Fujisawa or Yamanouchi will not be carried over unchanged. Rather, we will rebuild from scratch, thereby ensuring that the new company will have the optimal personnel / HR systems.
- The number of employees for the ethical drug business will likely be around 15,500 (as of March 2008). By region, this equates to a workforce of over 9,000 in Japan, under 1,000 in Asia, over 3,000 in Europe, and under 2,000 in North America.

III. Figures for FY2007

1. Figures

- Targets of ethical drug business for the FY2007 are shown below.
Sales: 1 trillion yen
Operating Income: 250 billion yen
Operating Margin: 25%
- Sales of Prograf, Harnal, and Lipitor are each forecast to exceed 100 billion yen.
- R&D expenses for sales of ethical drugs are anticipated at around 145 billion yen. This is equivalent to an R&D cost-to-sales ratio of 14.5%.
- Group sales at Astellas for the FY2007, including OTC drugs (Zepharm), medical supplies and systems, and home care, are forecast at around 1.04 trillion yen.
- No targets have been disclosed for net income or return on equity (ROE).

2. Synergy Benefits of Merger

- This merger is anticipated to generate synergy benefits worth about 25 billion yen in terms of sales and about 40 billion yen in terms of operating income in FY2007. These benefits would not be expected if the two companies continued to operate independently.

[Astellas Main Organizations and Personnel]

The first layer of Astellas organization, which reports directly to the President, will be heads of nine Divisions and of two regional headquarters in the US and Europe.

We are pleased to announce the following appointments for these positions. All appointments shall take effect from April 1, 2005.

<u>Organization/Position</u>	<u>Name</u>	<u>(Current position)</u>
Head of Corporate Strategy	Hirofumi Onosaka	(Corporate Senior V.P., Global Corporate Strategy Planning of Fujisawa)
Head of Corporate Administration	Toshio Ohsawa	(Corporate V.P., Director of Corporate Planning Dept. of Yamanouchi)
Head of Corporate Finance and Accounting	Osamu Nagai	(Corporate V.P. and Chief Financial Officer of Fujisawa)
Head of Information Systems Management	Isao Kishi	(Corporate Senior V.P. of Yamanouchi)
Head of Drug Discovery Research	Isao Yanagisawa	(Corporate Senior V.P. of Yamanouchi)
Head of Development	Masao Shimizu	(Corporate Senior V.P., Global Development of Fujisawa)
Head of QA, RA and Pharmacovigilance	Iwaki Miyazaki	(Corporate V.P., Director of QA&RA Div. of Yamanouchi)
Head of Technology	Hitoshi Ohta	(Corporate V.P., Global Manufacturing of Fujisawa)
Head of Sales & Marketing	Kunihide Ichikawa	(Director of the Board, Corporate Executive V.P. of Yamanouchi)
President and CEO, Astellas Pharma US, Inc.	Makoto Nishimura	(Corporate V.P., Executive V.P.-Fujisawa Healthcare, Inc.)
Chairman and CEO, Astellas Pharma Europe, Ltd.	Yasuo Ishii	(Corporate Senior V.P. of Yamanouchi)

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