

May 15, 2006

## **Submission to the General Ordinary Meeting of Shareholders of Proposal concerning Remuneration, etc. for Directors**

(Issuance of Stock Acquisition Rights as Stock Option Scheme for Stock-Linked Compensation Plan)

Japan, May 15, 2006 - Astellas Pharma Inc. (Headquarters: Tokyo; President and CEO: Toichi Takenaka, hereinafter called the “Company”) today announced that at the meeting of the Board of Directors held today the Company resolved that a proposal, “Determination of Remuneration, etc., for Stock Option Scheme as Stock-Linked Compensation Plan for Directors of the Board”, will be submitted to the 1st Ordinary General Meeting of Shareholders scheduled to be held on June 27, 2006 as follows:

The Company will issue stock acquisition rights to Directors of the Board of the Company under a stock option scheme as a stock-linked compensation plan in order to enhance motivation and morale for improving corporate value by raising sensitivity to the stock price and the business results of the Company, and to share the benefits and risks arising from the rise and fall of stock price with its shareholders.

In addition, the Company plans to issue stock acquisition rights to Corporate Officers under a stock option scheme as a stock-linked compensation plan. The Company expects that the valuation level of stock acquisition rights to be granted to Directors of the Board and Corporate Officers will be substantially the same as last year.

### Particulars

The Company abolished the retirement grants system by revising the remuneration for Directors of the Board, Corporate Auditors and Corporate Officers to a compensation system that responds to enhancement of the corporate value. In its place, the Company has implemented a stock option plan for stock-linked compensation by way of issuing stock acquisition rights to Directors and Corporate Officers of the Company since the 1st fiscal year ended March 31, 2006, with the exercise price of the stock acquisition rights being ¥1 per share.

Before the coming into force of the Corporate Law, the Company requested shareholders’ approval for a special resolution of a general meeting of shareholders with respect to the proposal of issuing stock acquisition rights to parties other than shareholders with specially favorable conditions under a stock option scheme. After the coming into force of the Corporate Law, the stock acquisition rights to be granted to Directors of the Company as stock options are positioned as part of remuneration, etc., for Directors of the Board. Accordingly, at this Ordinary General Meeting of Shareholders the Company would like to request approval for an ordinary resolution of a general meeting of shareholders for this proposal to set forth the remuneration, etc., by way of the stock options to be granted to Directors of the Board.

For this purpose, the Company would also like to request approval for determining the limit (an amount obtained by multiplying the fair value of one stock acquisition right to be allotted by the total number of stock acquisition rights to be allotted (300 or less)) of remuneration, etc. per year with the maximum of ¥145,000,000 for the stock acquisition rights to be issued during the 2nd Fiscal Year (from April 1, 2006 to March 31, 2007), the details of which are stated below, to the Directors of the Board of the Company.

With respect to this proposal, the Company requests the shareholders’ approval for remuneration, etc., to Directors of the Board, in addition to the remuneration for Directors as a group (an amount not exceeding 550,000,000 yen), which was approved at the 92nd Ordinary General Meeting of Shareholders held on June 24, 2005.

In addition, the number of Directors of the Board currently in office is nine (including three outside Directors), and if the Third Proposal (Election of Three (3) Directors) is approved as originally proposed,

the total number of Directors of the Board at the closing of this Ordinary General Meeting of Shareholders shall be nine (including five outside Directors). The Company, however, does not intend to grant the stock option to outside Directors pursuant to this proposal.

Details of Stock Acquisition Rights

- 1. Number of shares issued upon exercise of stock acquisition rights:  
 The number of shares to be issued upon exercise of one stock acquisition right (the “number of allotted shares”) is 100 shares.  
 In the event that the number of allotted shares stated above is required to be adjusted due to, among other reasons, division (including a gratis allotment of shares of common stock of the Company) or consolidation of shares, the Company may adjust the allotted shares to a reasonable extent.
- 2. Amount of cash to be contributed upon exercise of stock acquisition rights:  
 The means of contribution upon exercise of stock acquisition rights shall be cash, and the price per share shall be an amount obtainable by multiplying 1 yen by the number of allotted shares.
- 3. Exercise period of stock acquisition rights:  
 To be resolved at a meeting of the Board of Directors of the Board of the Company to fall within the period from June 28, 2006 to June 27, 2026 (both days inclusive).
- 4. Conditions for exercise of stock acquisition rights:
  - (1) The holders of stock acquisition rights may only exercise the right on and after the date immediately following the date when they lose their positions as both Directors of the Board and Corporate Officers of the Company.
  - (2) Each stock acquisition right may not be partially exercised.
  - (3) Other conditions of exercising the rights shall be resolved at the meeting of the Board of Directors of the Company.
- 5. Restrictions on transfer of stock acquisition rights:  
 Any transfer of stock acquisition rights shall be subject to approval of the Board of Directors of the Company.
- 6. Other details of stock acquisition rights:  
 The details relating to items 1 to 5 and other matters not stated in items 1 to 5 above shall be resolved at the meeting of the Board of Directors of the Company.

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