

## Takeda will continue to advance its unique steps toward the accomplishment of our goal from a long-term perspective within the pharmaceutical industry, where the trend of international standardization is progressively underway.

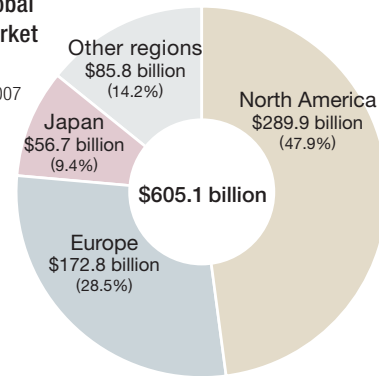
### THE TRENDS IN THE "INTERNATIONAL STANDARDIZATION" OF DRUG DEVELOPMENT

Pharmaceutical products can be classified into two categories - "consumer healthcare drugs & quasi-drugs," and "ethical drugs" which require prescriptions. In Japan, the total pharmaceutical market size in fiscal 2005 was ¥10.2606 trillion, of which ¥8.2294 trillion (including ¥1.6186 trillion - net sales exported to overseas) accounted for ethical drugs\*. The development of new ethical drugs requires lengthy periods of time, taking a dozen years and enormous cost; therefore, the ratio of R&D cost to proceeds of sales is one of the highest among all the industries. In addition, due to the difference of approval system in each country, the required data for submission for approval have not been identical even for the same new drug, which has been a sort of obstacle for efficient drug development processes. In the International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH), which started in 1991, a variety of discussions got underway, aiming to accelerate the procedures of new drug development and in 1998, a guideline "Ethnic factors in the acceptability of foreign clinical data" was issued. Since then, ICH discussions have continued and the "international standardization" of new drug development has been further accelerated. In response to this trend known as the international standardization of pharmaceutical products (the pharmaceutical Big Bang), Takeda has been striving to develop the R&D and marketing functions of the tri-polar structure (Japan, U.S. and Europe) from the early stages, and our remarkable growth in the U.S. market is due to such initiatives, being a spearhead of the Takeda group now.

\* Source: "Pharmaceutical Industry Survey" by the Ministry of Health, Labour and Welfare

### Net Sales of the Global Pharmaceutical Market in 2006

Data: IMS World Review 2007  
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### CHANGE IN THE GLOBAL PHARMACEUTICAL MARKET AND TAKEDA

The size of global pharmaceutical market in 2006 reached \$605.1 billion, doubling in the past decade. Although Japan maintains the world's second-largest market in the industry next to the U.S., the share of the Japanese pharmaceutical market fell to 9.4 percent, around half as much as previously, due to the constant drug price revision, while the U.S. market share increased to nearly 50 percent. Under such circumstances, Takeda has successfully accomplished sustainable growth by focusing our operations in the Japanese and fast-growing U.S. market, thanks to the four international strategic products (brand names in Japan: *Leuplin*, *Takepron*, *Blopress* and *Actos*), which are the fruits of our predecessors' efforts. Takeda will continue to lead the innovation of both Japanese and global industry, based on long-term strategies and targeting growth toward a "world-class pharmaceutical company with Japanese origin."

