

Business philosophy

Good health is a wish shared by people worldwide, and our mission is to help them realize this. The Astellas business philosophy has three elements – raison d’être, mission and beliefs. This business philosophy expresses Astellas’ commitment to contributing to the health of people around the world through the provision of highly effective and trustworthy pharmaceuticals, while continuously increasing the Company’s enterprise value.

Astellas Business Philosophy

Raison d’être

Contributing toward improving the health of people around the world through the provision of innovative and reliable pharmaceutical products

Mission

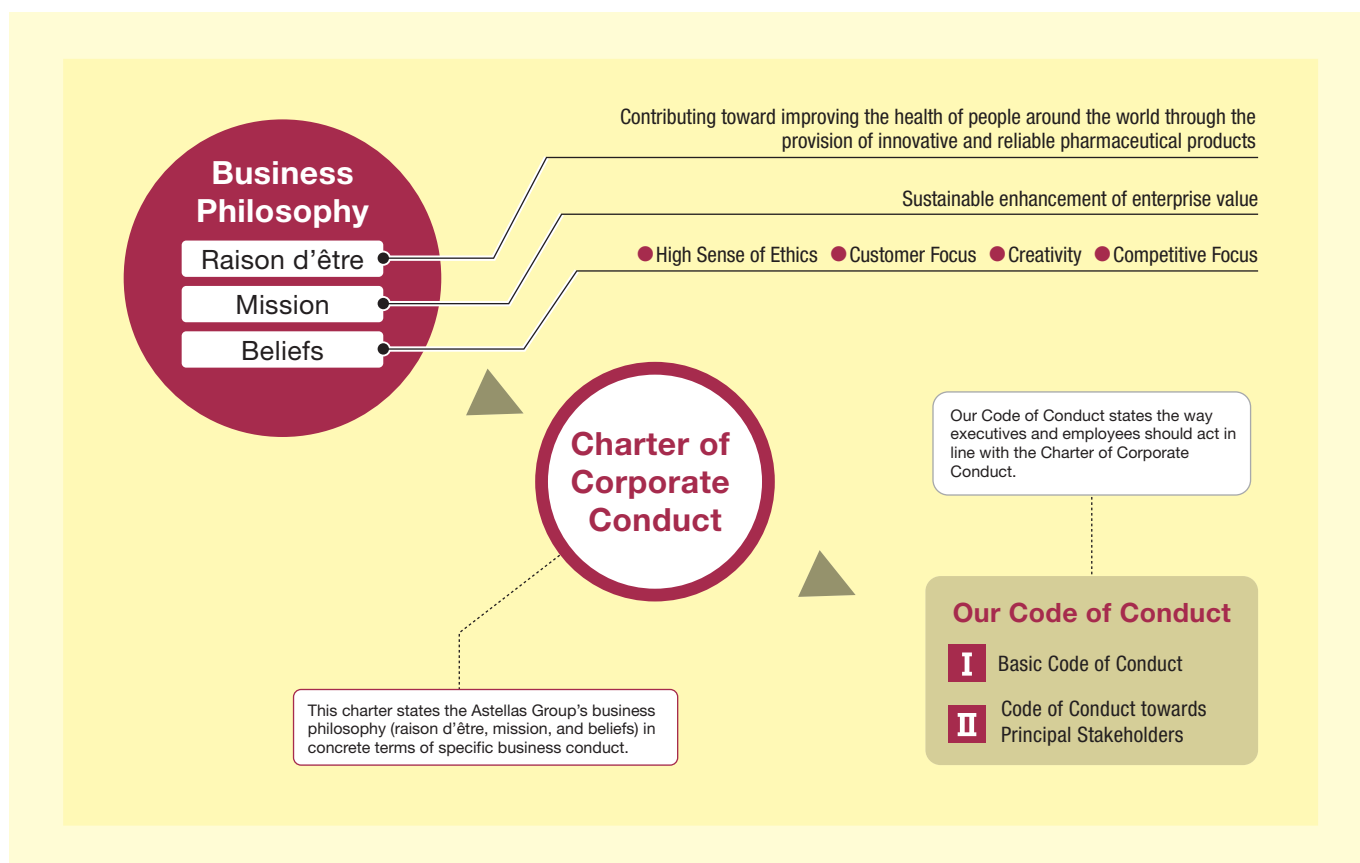
Sustainable enhancement of enterprise value

Beliefs

Our “beliefs” provide the code of conduct we prize at all times. Astellas will always be a group of people who act upon these beliefs.

- High Sense of Ethics
- Customer Focus
- Creativity
- Competitive Focus

Positioning of our Business Philosophy, the Charter of Corporate Conduct, and Our Code of Conduct



Charter of Corporate Conduct

Astellas has renewed its commitment to fulfilling its social responsibilities through corporate activities that show a high level of integrity based on the Charter of Corporate Conduct, which was adopted in April 2005 and more concretely expresses the concept of our business philosophy.

Charter of Corporate Conduct

The Astellas Group seeks to enhance its enterprise value in a sustainable manner through its worldwide business activities and to gain the trust of all stakeholders, including its customers, shareholders, employees, and the global community. To achieve this, we must not only continuously provide stakeholders with value through our business activities, but we must also proactively take measures to ensure legal compliance and corporate accountability and to preserve the environment, based on our recognition of our corporate social responsibility.

This Charter states the Astellas Group's business philosophy (raison d'être, mission, and beliefs) in concrete terms of specific business conduct, and clarifies for our business partners, customers, and society how we will conduct ourselves in our activities.

The top management and other executives at Astellas fully recognize that their primary responsibility is to ensure that the conduct outlined in the Charter of Corporate Conduct is duly reflected in the Company's business activities, and to set an example and take the initiative. For this purpose, we are working to raise employee awareness regarding ethical conduct and creating an in-house system to promote the maintenance of high ethical standards.

Charter of Corporate Conduct

The member companies of the Astellas Group shall observe both the spirit as well as the letter of all laws and regulations applying to their activities and conduct themselves in accordance with the following ten principles based on high ethical standards.

Established April 1, 2005

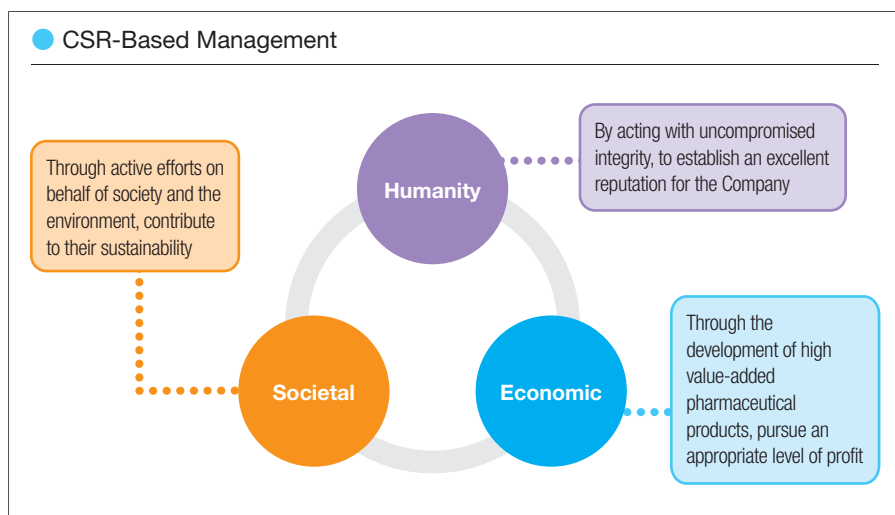
- 1** **Providing beneficial products**
To fulfill our raison d'être — "Contribute toward improving the health of people around the world through the provision of innovative and reliable pharmaceutical products" — we shall provide products and services which benefit customers and society.
- 2** **Maintaining high ethical standards**
We shall ensure that all our relationships with stakeholders are sound and proper, based on high ethical standards.
- 3** **Fulfilling disclosure requirements and transparency**
We shall disclose relevant corporate information in a timely and appropriate manner not only to stakeholders but also to all members of society at large, thereby fulfilling our obligations regarding corporate accountability.
- 4** **Fair and free competition**
We shall promote appropriate competitive behavior in our business activities.
- 5** **Ensuring sustainable benefits**
We shall actively pursue management efficiency to ensure sustainable benefits for stakeholders.
- 6** **Promoting employee welfare**
We shall respect the universally recognized human rights of our employees as well as their diversity, individuality, and differences, and provide a safe work environment and fair treatment for all.
- 7** **Respect for different cultures**
In the management of our international businesses, we shall not only observe all applicable laws and regulations, but also respect the culture and customs of other nations.
- 8** **Promoting environmental conservation**
Recognizing that harmony between the global environment and our business activities is a prerequisite to our corporate existence, we shall proactively take measures to conserve the global environment.
- 9** **Engaging in philanthropic activities**
As good corporate citizens, we shall actively engage in charitable and other activities to benefit society.
- 10** **Selecting ethical business partners**
We shall not do business with others who break the law or fail to accept standards of responsible social behavior.

CSR-based management

Our mission is to continuously provide truly effective pharmaceutical products to patients fighting disease, and to adequately respond to the requests we receive from the medical community. However, earning the trust of society and raising our enterprise value not only requires adequate product development capabilities and economic performance targets, but is also contingent on the Company's interaction with society, and the characteristics of its corporate citizenship. A company's overall rating is based on all of these factors. We have introduced CSR-based management to realize the aspirations expressed in our business philosophy. We will maintain a steady dialogue with the public and practice integrity in our interactions with our stakeholders, while making utmost efforts to fulfill our corporate social responsibilities.

Basic stance on CSR-based management at Astellas

Our CSR-based management program is a means through which we strive toward sustained enhancement of enterprise value while remaining acutely aware of our social responsibilities and taking a broad view that considers economics, society, and humanity so that we can exist not just as a market entity, but also as a valuable member of society. This means not only contributing to society through the provision of truly effective pharmaceutical products, but also considering how to help realize social and environmental sustainability as a good corporate citizen, and take the necessary action.



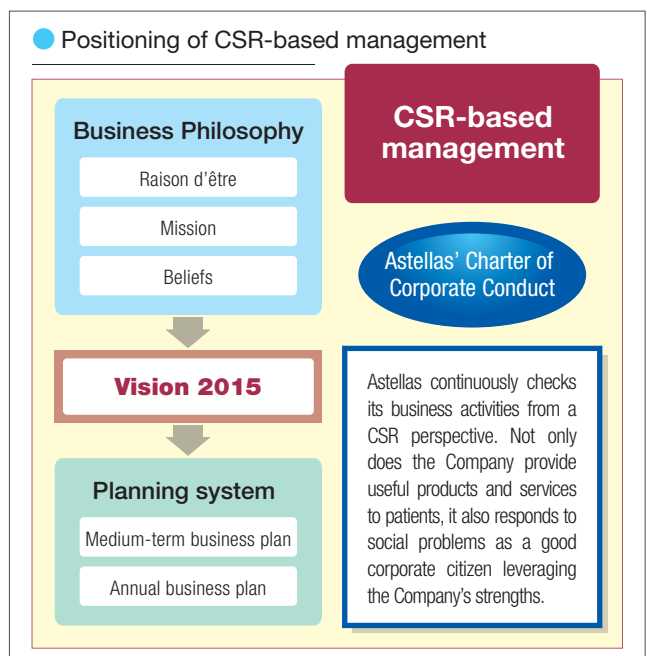
Corporate humanity

A concept that considers a company as being an organic entity — a corporation with a personality — and that enhancement of this personality is a proper responsibility for us as members of society. Therefore, it is important to aspire to enhance the company's personality through honest relationships with stakeholders.

Positioning of CSR-based management

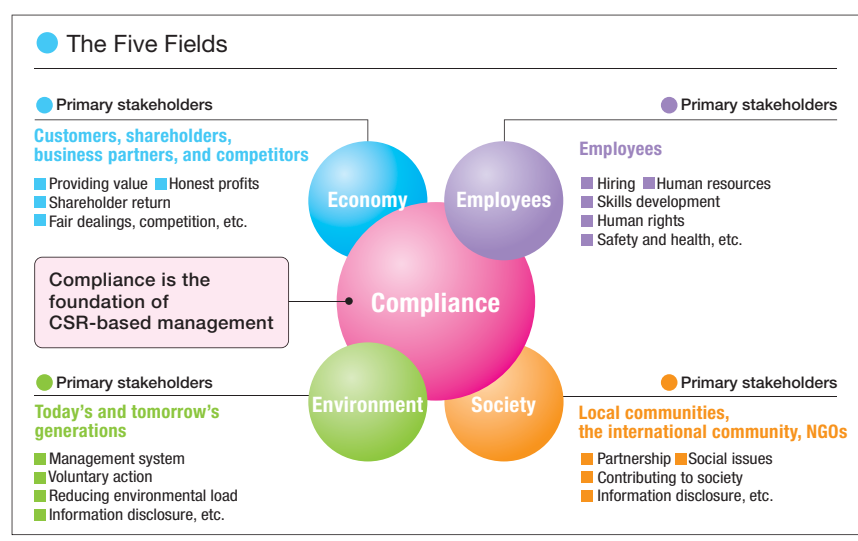
Astellas thinks of CSR-based management as the way business is conducted, in terms of both management theory and strategy. It means that all business activity is checked from the CSR perspective. Because of this, we have positioned the Charter of Corporate Conduct as our standard for judgment of appropriateness of individual corporate behavior.

In accordance with this standard, we identify issues to be addressed, and determine tasks in response to our interactions with stakeholders, social issues, and legal and social requirements. In this way, we are proactively implementing CSR-based management.



● The five fields of CSR-based management

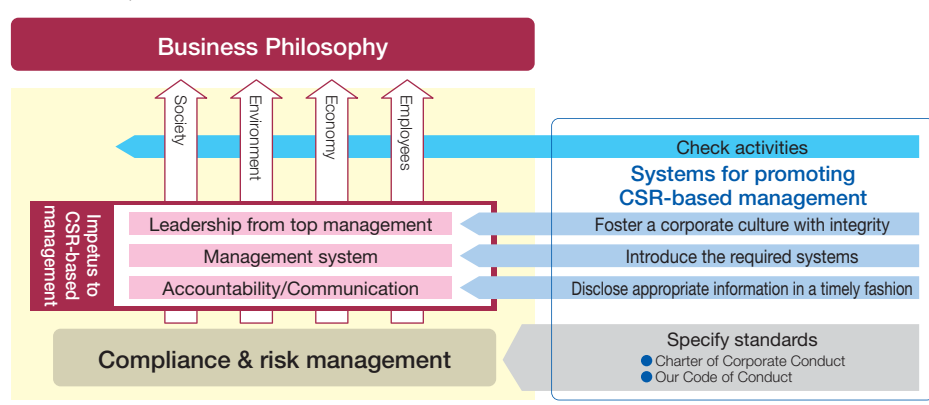
Corporate performance is evaluated not only from an economic perspective but also in terms of the company's environmental and social performance. The determination of a company's overall rating using this "triple bottom line" has become a commonly accepted practice. At Astellas, we break this down further by making society and employees into separate categories, and add compliance as an additional factor. We call these the five fields of CSR-based management. Compliance is the very foundation of all our corporate activities, and we are strongly committed to fulfilling our social responsibilities in the other four fields as well.



● Systems for promoting CSR-based management

We have established a CSR Committee, with the President serving as chairman, to deliberate CSR-related issues pertaining to all aspects of the Company's operations, to formulate basic policy on CSR, and to set CSR targets. All our facilities and business divisions implement measures in line with the basic policies and targets set by the CSR Committee. Status reports on CSR management initiatives are made to the CSR Committee, and additional measures are devised as necessary on an ongoing basis.

In order to practice management in a way that fulfills our corporate social responsibility, all the Company's business activities must be rooted in an awareness of CSR. For this, the driving forces – particularly leadership from the top management – are needed, along with the creation of a management system as the mechanism for implementing CSR management, as well as the timely disclosure of information (accountability and communication).



By checking all of our corporate activities from a CSR perspective, we are able to clarify the steps we need to take to fulfill our social responsibility. We endeavor to meet our social responsibility through the implementation of measures targeting the three systems.

● Three systems

- Promote a corporate culture with integrity based on compliance**
 - We will develop a compliance philosophy that adheres not only to the law, but also to the principles of corporate ethics.
 - Corporate activities based on compliance shall permeate and be inculcated in every department and every employee.
 - We will verify that compliance is entrenched throughout the company.
- Introduce international principles and systems concerning environmental, safety, and social activities**
 - We support international principles of corporate behavior.
 - We will adopt public standards, for example ISO standards, for environmental, health and safety, and social activities.
- In order to meet the demand for transparency in corporate activities, disclose management information as and when appropriate and promote interaction with society and the market**
 - We actively disclose management information and information on environmental and social activities to our stakeholders (financial reports, business reports, CSR reports, annual reports, etc.).
 - In each facility, we inculcate practices in information disclosure and dialogue with the community (disclosure of information in major facilities and at the group-company level).

Measures for realizing a corporate culture of integrity

In Pursuit of Integrity

Astellas puts the highest priority on upholding high ethical standards. Individual integrity creates integrity at the organizational level.

Astellas has a corporate character, and we believe it is naturally our duty as a member of society to aspire to the highest level of integrity. As individual employees, we endeavor to uphold the highest level of integrity in our interactions with our stakeholders. Given our high standard of ethics, we must naturally choose to act conscientiously, and with integrity. Accordingly, individual employees are required to maintain high ethical standards when acting on their own initiative. This is what enables the Company to fulfill its social responsibilities. Moreover, it is crucial to create an effective corporate governance system by which to cultivate a corporate culture of integrity, which serves as the basis for our business activities.

Corporate management rooted in high ethical standards

For a company to carry out its business activities on an ongoing basis, it is necessary that the company and individual employees act in accordance with the expected social norms. The basis for this is naturally strict compliance with all laws and regulations. To ensure that corporate activities and the actions of individuals conform with generally accepted social rules and customs, a knowledge of corporate ethics is required.

It is with this understanding that Astellas has not only designated compliance as a separate field in its CSR-based management model, but has positioned it as the foundation for all its business activities. Here, the term compliance incorporates both a strict observance of laws and regulations, and the maintenance of high ethical standards.

Astellas requires employees to observe rules and procedures, in regard to both individual affairs and social issues. As a company, we are strongly committed to the strict observation of Our Code of Conduct, determined by the efforts of each individual. In the future, we will encourage our employees to make their own efforts in cultivating high ethical standards, while fostering a corporate culture that puts the highest priority on acting with integrity and in accordance with our compliance policy.

Our Definition of Compliance

To sustain its activities, Astellas believes it to be crucial that the Company and each of its employees meet the standards for appropriate behavior that they are expected to live up to as members of society. Therefore, compliance does not simply refer to adherence to laws. We interpret it in the broader sense of corporate ethics, asking

whether our corporate behavior and individual behavior are in line with the norms and standards generally adopted by society. This means that individual employees must take responsibility for their actions and exercise self-discipline. This is fundamental to compliance.

Our Code of Conduct

Our Code of Conduct

Corporate activities are the aggregation of activities undertaken by individual executives and employees, and Astellas consists of the community formed by these individuals. Accordingly, we have drafted Our Code of Conduct, based on the Charter of Corporate Conduct. In Our Code of Conduct, we specify the type of behavior expected of our executives and employees so that our business philosophy may be realized.

Our Code of Conduct serves as a guideline to ensure that business activities will be carried out with integrity, and that each individual's actions will be based on high ethical standards and will take corporate compliance issues fully into consideration.

Our Code of Conduct is composed of the “Basic Code of Conduct” common to all stakeholders, and the stakeholder-specific “Code of Conduct towards Principal Stakeholders.”

I Basic Code of Conduct

- 1 We will strive to observe laws and regulations, company rules, industry rules, norms of social behavior, etc., and to enhance our sense of ethics constantly.
- 2 We will not simply content ourselves with “corporate logic” and “industry logic,” but will maintain sound social judgment.
- 3 We recognize that sales and profits can be won based on a high sense of ethics, and will act accordingly. In the event of a conflict between generating sales or profits and behaving in an ethical manner, we will always opt for ethical behavior.
- 4 We will maintain sound and normal relations with all stakeholders.
- 5 We will respect other people's human rights, personality and individuality, and not engage in any improper discrimination or harassment.
- 6 We will protect company property, including information assets, in accordance with company rules and similar regulations, and handle it correctly.
- 7 We will appropriately manage and use all personal information, confidential information and information on intellectual property, etc., obtained from stakeholders in accordance with laws and regulations, company rules and similar regulations.

II Code of Conduct towards Principal Stakeholders

1 Conduct towards Customers

- We will endeavor, in all business activities, from research and development to production, sales, and post-marketing surveillance, to identify the customer needs of patients, healthcare practitioners, and others.
- We will conduct research for, and develop, the most advanced pharmaceuticals, provide high-quality and safe products together with useful information, and endeavor constantly to increase customer satisfaction.

2 Conduct towards Shareholders

- We will disclose timely and appropriate information to shareholders, to enable them to gain a correct understanding of Astellas.
- We will make effective use of the capital that shareholders entrust to the company to help increase enterprise value.

3 Conduct towards Employees

- We will respect not only other employees' human rights and safety, but also the personality and individuality of each as a colleague, so as to create pleasant workplace environments.
- We will create workplaces in which people respect and support each other, by creating an open-minded working environment.

4 Conduct towards Suppliers

- We will respect suppliers as important partners, maintaining relationships as equals based on contracts.
- We will conduct fair and transparent business with suppliers based on objective criteria governing each transaction.

5 Conduct towards Our Industry

- We will engage in free and fair market competition in accordance with the rules.
- We will respect other companies' rights and property, and will take the greatest possible care with respect to the methods of obtaining and handling external information.

6 Conduct towards the World of Politics and Public Administration

- We will understand the mission and responsibilities (to serve the public good) of public servants, politicians, etc., and maintain impartial, transparent and sound relations with them.
- We will perform faithfully our legal and other obligations with respect to accounting records, reporting, notifications, and tax payments to public agencies, etc.

7 Conduct towards Society

- We will attach importance to communication with local communities and society, and will contribute actively to society from each of their perspectives.
- We will observe local laws and respect local cultures and customs, both within Japan and overseas, to build mutual trust with people.
- We will maintain a resolute stance towards antisocial forces and organizations that pose a threat to social order and stability.

8 Conduct towards the Environment

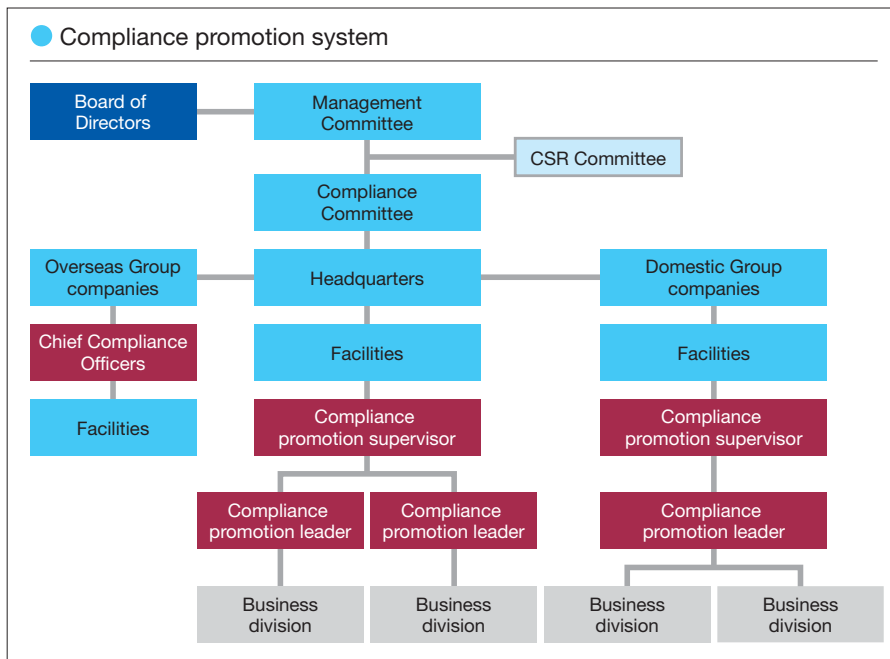
- We will remain fully conscious of the impact of the company's day-to-day business activities on the local community and the Earth's environment, and undertake environmental-conservation activities.
- We will make active efforts to ensure efficient use of resources and energy, and to reduce and recycle waste, so as to reduce the burden on the environment.

Compliance initiatives

Compliance promotion system

Compliance Committee

The CSR Committee was previously responsible for discussing and deciding on compliance planning and other matters, but we have now established a Compliance Committee in order to better respond to individual issues and business systems across the Astellas Group, including our overseas operations.



Chief Compliance Executive

The Chief Compliance Executive, a high-ranking officer serving as the Compliance Committee Chair, plays a central role in the functioning of the Committee. The Chief Compliance Executive also works to ensure that compliance matters are understood at all Group companies in Japan and overseas and that potential compliance issues are managed appropriately.



Compliance Promotion Leaders

We have appointed Compliance Promotion Leaders in each division to play a managing role in efforts to foster activities consistent with our corporate culture at all facilities and workplaces. Sub-leaders have also been

appointed where necessary. The Leaders and Sub-leaders, numbering some 350 employees in total, act as points of contact in each division for consultations and advice on compliance matters and for liaison with

the CSR Department. To facilitate collaboration between the Compliance Promotion Leaders, we hold an annual meeting of the Leaders to share information and ideas.

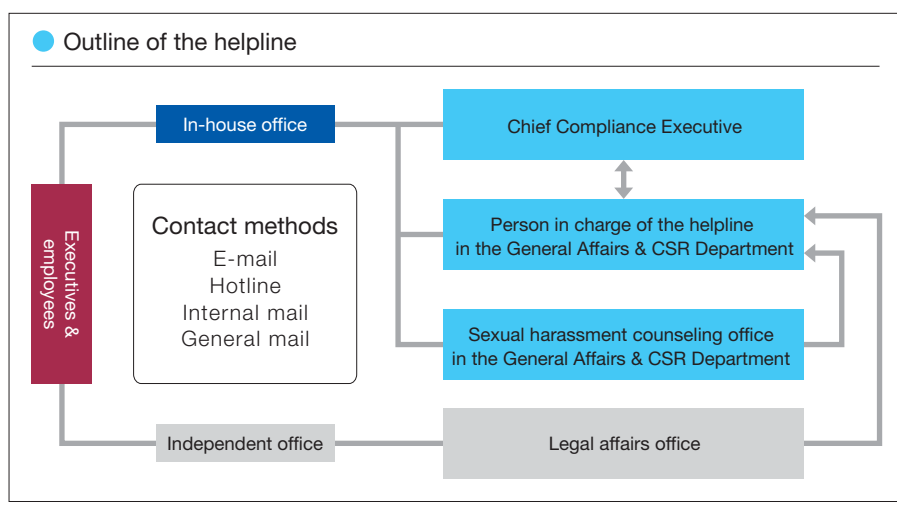


● Helpline

We have established a helpline that individual Astellas employees can contact at any time for advice, rather than attempting to tackle problems themselves. The helpline can be contacted if an employee witnesses acts that are in violation of either Our Code of Conduct or the Charter of Corporate Conduct, or is ordered to act in possible violation of these rules of conduct, or suspects that his/her own actions may have been a violation of these rules.

Complete confidentiality is maintained for any staff member contacting the helpline, and retaliatory actions, workplace threats, and harassment of employees are strictly forbidden.

The system functions such that all employees can make direct contact with the Chief Compliance Executive or other compliance staff, for example by email, general mail, or phone (see the diagram below).



■ Sexual harassment

Astellas takes an uncompromising stance against sexual harassment, which can inflict significant damage on the victim. Our work regulations expressly forbid such behavior. Superiors and Compliance Promotion

Leaders at each facility deal with all cases of sexual harassment immediately upon confirmation of a case through consultation with the employee in question or statements from colleagues. We have also set up a sexual

harassment counseling office in anticipation that such cases may prove difficult to discuss with colleagues in the same workplace or facility.

■ Helpline enquiries

Employees contacting our helpline or Sexual Harassment Counseling Office generally use their real name but can choose to remain anonymous. We accept all manner of enquiries,

not only reports, and deal with each contact appropriately, taking into consideration the aims of the Whistleblower Protection Act, which came into effect in Japan in April 2006.

In fiscal 2008, the helpline was contacted 50 times and the Sexual Harassment Counseling Office was contacted once.

Promoting a corporate culture with integrity

Training and education

Compliance training

We consider ongoing training to be indispensable in establishing a culture of compliance. We utilize various opportunities to run compliance training programs, targeting top management as well as Compliance Promotion Leaders, new recruits, and new middle management appointees. The training does not involve one-way lectures, but utilizes a case study format whereby employees are divided into small groups and everyone can participate in discussions. Questionnaire-based surveys conducted after the training programs confirm that employees recognize compliance as a directly relevant issue and have a better understanding of the steps Astellas is taking to foster its corporate culture. We recognize that, while the case study method provides examples that can

be easily dissected and decided upon on a theoretical basis, in practice employees may need more support to take appropriate measures to deal with the various issues they may encounter in the execution of their duties. We now plan to move away from

general textbook materials for case study discussions, instead focusing on issues that are likely to occur in our daily operations to make our compliance training more directly relevant to our employees.



Other efforts

October is Compliance Promotion Month at Astellas. In fiscal 2008, we produced mini compliance posters for display in each division to raise awareness of compliance issues. We also worked to prevent compliance awareness from fading with time, for example by asking all executives and employees to renew their commitment to upholding the Charter of Corporate Conduct and Our Code of Conduct.

We also run various other activities to improve compliance awareness, including regular distribution to all employees of information on social problems related to compliance.

We intended to improve communication between the compliance promotion department at headquarters and staff working in the Company's other operations, for example through compliance interview programs,

in order to gain a better understanding of staff needs and challenges in the workplace and to demonstrate how our compliance programs are helping to establish a compliance culture.

Challenges in achieving compliance and future programs

A company-wide opinion poll run in fiscal 2008 indicated that employees are becoming more aware of compliance, as highlighted by the particularly high score returned for moral values. However, as discussed on page 61, we also recognize that we have encountered some problems related to compliance, and there is room for improvement in our compliance efforts.

We think that our helpline functions effectively to support better compliance. One important aspect of the helpline is to prevent incidents from occurring, as seen in cases where an employee has used the helpline and this resulted in a problem being resolved before an incident had occurred. The helpline also plays a key role as a point of contact for employee questions, concerns, or ideas relating to compliance. We will continue responding to helpline enquiries conscientiously and in good faith.

Moving forward, we aim to improve our compliance activities and hope that our employees will, without exception, carry out their duties upholding high ethical standards.

● Overseas activities

The Charter of Corporate Conduct is applicable across the Astellas Group. Our overseas operations also produce their own codes of conduct, based on the Charter, to reflect the various laws and ordinances, cultures and business practices in each country. We are currently developing the Astellas Business Ethics Policy as we need to set consistent standards at the operating level to define our basic policy on compliance. Going forward, we will run compliance training and other programs at overseas Group companies and improve links between the Compliance Department and the Group compliance divisions.

Activities in Asia

Compliance managers in each of the eight sales companies across East Asia play a central role, maintaining close contact with

the Compliance Department at the Astellas headquarters and implementing measures to foster a culture of compliance. In fiscal 2008,

the presidents or compliance managers from these Group companies met in Tokyo to exchange information.

Activities in North America

Astellas US LLC, which functions as the headquarters of our North American operations, has established a Compliance Committee and appointed a Chief Compliance Officer. The company is working to ensure

employees are familiar with their own compliance guide and code of conduct. Creative approaches are being used, such as online training systems, to cover the extensive territories in North America. The

North American operations have also set up a dedicated hotline, which handled some 900 enquiries in fiscal 2008 including questions and consultations on compliance.

Activities in Europe

Astellas Pharma Europe Ltd. has appointed a Chief Compliance Officer and has distributed its own code of conduct — translated into

the various European languages — to all European group employees. This has led to a greater understanding of compliance issues

in the sales companies and plants across Europe.

● Ethical considerations in R&D

Ethical considerations in gene research

We have established an Ethics Review Board on Human Tissue Research, based primarily on the Ethics Guidelines for Human Genome/Gene Analysis Research

issued by the Japanese government. This committee, which is made up of members of the general public and experts in various fields such as ethics, law, and the natural

sciences, deliberates on the ethical acceptability of research on human genome and tissue samples.

The ethics of human rights in clinical research

As well as ensuring drug safety and improving precision in clinical research and data reliability, it is also necessary to protect the personal information and human rights

of patients when conducting clinical trials or post-marketing surveillance studies for drug development. We have established an in-house Institutional Board, which

includes outside doctors and lawyers. The board checks and monitors the ethical and scientific appropriateness of clinical trial plans.

Ethical considerations in animal testing

Along with setting policies on animal testing that balance scientific and animal welfare perspectives, the Animal Research Committee considers the “four Rs”^{*1} before deciding whether to permit animal testing. We believe that objective assessment is important in animal testing, so our Kashima R&D Center obtained accreditation by AAALAC International^{*2} in fiscal 2008.

*1. The four Rs:

- ① Replacement (the possibility of substituting with a non-animal test)
- ② Reduction (reducing the number of animals used to a minimum)
- ③ Refinement (refining measures to eliminate unnecessary animal suffering)
- ④ Responsibility (being responsible for sufficiently explaining the need for and the predictability of the experiment and understanding the significance of the experiment)

*2. Association of Assessment and Accreditation of Laboratory Animal Care (AAALAC) International

A private non-governmental organization that promotes the humane management of laboratory animals through a voluntary assessment and accreditation program

Management vision

In order to realize our business philosophy of contributing toward improving the health of people around the world through the provision of innovative and reliable pharmaceutical products, Vision 2015 includes the concrete initiatives through which Astellas aims to achieve this goal. In this plan, we have outlined specific guidelines and strategies, indicating the path we must take, and have stated clearly the sort of company we aim to be.

The future profile of Astellas

The following five requirements must be met if we are to realize our desired profile by 2015.

High level of value-added

In response to unmet medical needs*, we will generate valuable ethical pharmaceuticals and will continue to provide high levels of value-added to our products.

* "Unmet medical needs" refers to cases in which there is no effective medical treatment, despite strong demand from patients and physicians.

Global category leader

We will establish a solid business infrastructure on a global scale by maintaining a strong ability to generate products in specific categories and continuing to deliver high value-added products to the market.

The people of Astellas

Astellas will gather together people who share an intense awareness of purpose, and are quick to make decisions and implement actions. They will have the expertise to triumph over the competition, the ability to accommodate changes in their environment, and networking abilities that allow them to incorporate external strengths. These people will provide Astellas with a competitive advantage and allow us to continue to achieve a high level of success.

Corporate culture based on integrity

We will build a corporate culture with integrity to assertively deliver on our social responsibilities.

The Astellas brand

In this way, the Astellas "brand" will provide customers, society in general, and shareholders with an established presence and a reputation for trustworthiness, and employees will work with a feeling of pride in the Company.

Astellas' business model for success by 2015

Astellas' business philosophy is to contribute toward improving the health of people around the world through the provision of innovative and reliable pharmaceutical products. A primary means for accomplishing this goal is through the establishment of our "global category leader" business model.

There are a large number of diseases for which either no therapeutic drug has been discovered or for which those that are available are inadequate. Moreover, the treatment of many diseases requires a high degree of expertise, and Astellas aims to achieve competitive superiority by providing high-value added products on a global basis in several categories requiring such expertise, not merely to expand sales. By establishing the global category leader business model, we aim to maximize the added value provided to our customers and all people desiring health, and thereby achieve a sustainable enhancement of our enterprise value.

● Three systems for realizing “Vision 2015”

To realize Vision 2015, we are operating these three systems.

● Human resources management system

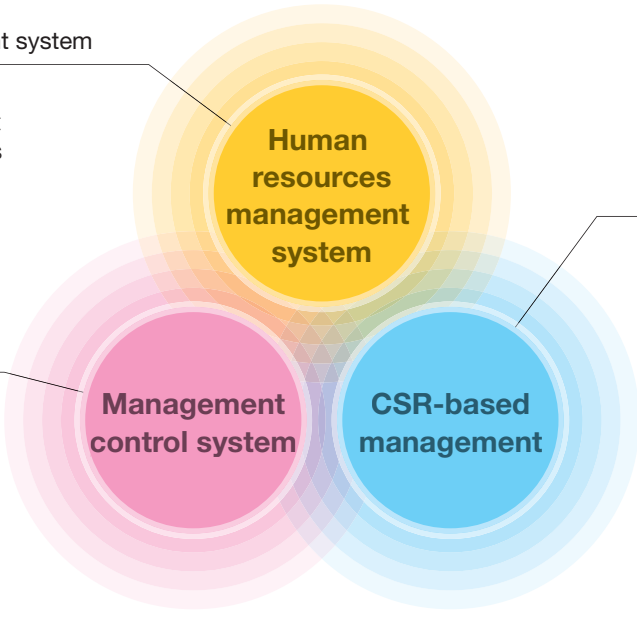
Astellas has identified human resources development as its most important issue, and is tackling this with competitive investment.

● Management control system

Astellas will create a very flexible and agile organization by optimizing the balance of power and authority in the group.

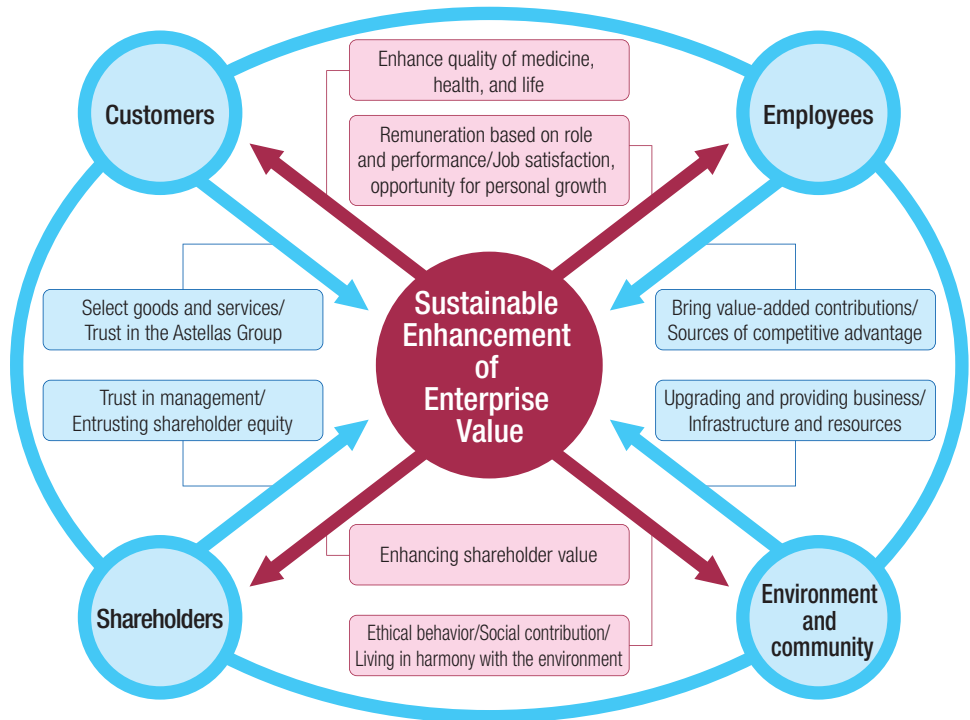
● CSR-based management

Astellas will clarify corporate social responsibilities and build a system to fulfill them.



● Interaction between Astellas and its stakeholders

Our mission is to achieve the sustainable enhancement of our enterprise value. To realize this goal, in addition to paying due attention to preservation of the environment, we must maintain the trust of all our stakeholders, including our customers, shareholders, employees, and society at large, so as to remain the pharmaceutical company of choice.



Astellas promises to perform its obligations toward all stakeholders by upholding high ethical standards and actively disclosing corporate information.

Corporate governance

Corporate governance

Our corporate mission is to provide added value for people seeking to improve their health. We have put into place corporate governance systems as part of our management focus on ensuring business transparency and improving social accountability.

Astellas employs a corporate officer system to achieve a clear separation between the strategic decision-making and operational supervision function of management, performed by the Company's directors, and the execution of day-to-day operational decisions, carried out by the corporate officers. The Board of Directors consists of seven members, of whom four are outside directors, bringing a broader perspective to their decision-making and ensuring independence in their operational oversight.

We also have a Board of Auditors, consisting of four statutory auditors of whom two are outside auditors. The Board of Auditors is charged with auditing the performance of duties by the directors. The Board of Directors has the Nomination Committee and the Compensation Committee as advisory councils in order to further improve transparency and objectivity in deciding on compensation- and personnel-related issues for members of the Board, corporate auditors and executive officers.

The corporate officer system comprises the Global Management Committee; Finance, Accounting, and Administration Committee; and the Personnel Committee. Each committee discusses and decides on issues relevant to that committee's expertise, i.e. Astellas management from a global perspective, finance, accounting and business administration, or personnel matters. Corporate accountability to our stakeholders is a key item in our Charter of Corporate Conduct. We have therefore established committees chaired by top management representatives to decide on basic Astellas policies regarding corporate social responsibility (CSR), compliance, risk management, and IR.

Executive committees

Committee	Role	Chair
Global Management Committee	Decides on key business and product strategy issues involving R&D, technology, sales, etc.	President
Finance, Accounting, and Administration Committee	Decides on accounting issues, such as budgeting, asset elimination/disposal, and on business management issues, such as basic strategy on domestic Group governance, items for decision at the General Shareholders meeting	Executive Vice-President
Personnel Committee	Discusses executive officer appointments/dismissals, promotions/demotions; divisional head appointments, successor training plans; performance evaluations and work assessments. Also decides on accreditation of highly specialist roles and appointments of Group company presidents.	President
CSR Committee	Decides on CSR activities across entire Astellas Group	President
Compliance Committee	Decides on key compliance issues as well as compliance policy and planning across the entire Astellas Group	Chief Compliance Executive
Risk Management Committee	Decides on key policies and measures to better manage risk	Chief Risk Management Executive
IR Committee	Decides on IR policy and planning, sets and updates disclosure policy	IR Executive

Internal controls on financial reporting

Under the Financial Instruments and Exchange Act, from the business year starting on and after April 1, 2008, companies filing securities reports are obliged to assess internal controls on financial reporting and be audited by a certified public accountant. We started a company-wide project in September 2006 to prepare for these regulations, conducting actual preliminary assessments and building systems to evaluate the development and implementation of internal controls on financial reporting, including at overseas Group companies that are also subject to internal control assessment. We implemented assessment procedures in accordance with internal control standards generally recognized as fair and appropriate. We submitted an internal controls report confirming the validity of our internal controls on financial reporting as of the balance-sheet date simultaneously with our fiscal 2009 securities report. Moving forward, we will run ongoing training and education programs for employees involved in this process and maintain valid internal controls to ensure reliable financial reporting.

Assessment systems

The Board of Directors decides our basic policy on systems to ensure reliable financial reporting. The Board has defined procedures for the assessment of internal controls on

financial reporting and the general manager of the Internal Auditing Department assesses internal controls on financial reporting under the guidance of the President, who

is ultimately responsible for internal control assessment.

Assessment methods

When performing an assessment, we look at overall internal controls that could have a major impact on overall financial reporting. On the basis of these results, we then select

operational processes for assessment. Having analyzed these operational processes, we evaluate the development of check items and identification of control points. Poor

performance in these procedures could have a major impact on the reliability of financial reporting.

Risk management

Business operations involve various risks. Risk can be defined as the potential for monetary loss resulting from personal injury or physical damage. Risk management involves a series of management methods to deal with risk in a precise fashion. Improving risk management is a key element for ensuring the sustainable growth of the company.

Our basic policy is to encourage each employee and division to engage proactively in the risk management process and to support effective links and collaboration in this regard. We have a Risk Management Committee that deals with operational risks appropriately and is responsible for educating executives and employees, deciding on key policies and measures, and handling apparent risks. The Risk Management Committee also discusses how to manage major disasters, as well as issues on information security, personal information protection, business continuity plans (BCP), and pandemics.

Responding to emergencies

We have created a manual for dealing with emergency situations to illustrate by example how headquarters would respond to possible emergencies in the event of risks from natural disasters (earthquakes, typhoons or flood damage), social circumstances, or individual acts. Each facility is preparing a manual

on detailed emergency procedures, with reference to the headquarters manual.

For a major earthquake, we have defined specific standards for how employees should respond assuming certain principles of action (ensure personal safety → confirm safety of family → contact company) and have

distributed a “disaster card” describing these procedures. We have opened the Astellas Disaster Message Board, which can be accessed from home by cell phone or other devices to facilitate communication with the Company during a major disaster.

Business continuity plans (BCP)

Over the past few years, much attention has been paid to how a company can continue business operations if its facilities sustain damage from a disaster or other emergency and what plans are in place to ensure business continuity. We have defined BCP guidelines to determine when operations can be maintained, and how to resume suspended operations in as short a timeframe as possible if Astellas businesses were affected by an accident or disaster. The guidelines define a predetermined priority order for operations that need to be maintained and provide standards illustrating specific procedures for operational substitution or restoration. The

objective is to ensure our business can be continued or restarted without disrupting employees and operations at affiliates. We are also working on emergency measures if the supply of pharmaceuticals were interrupted

due to suspended business operations, as this would have an enormous impact on society.

Basic view on priorities in the event of a major natural disaster

- Highest priority** Ensuring the safety of all employees and their families
- Next priorities**
 - Supplying pharmaceuticals and providing reliable information
 - Supporting the reconstruction of areas affected by the disaster and the rehabilitation of business partners requiring assistance.
 - Securing accumulated management resources

Information security

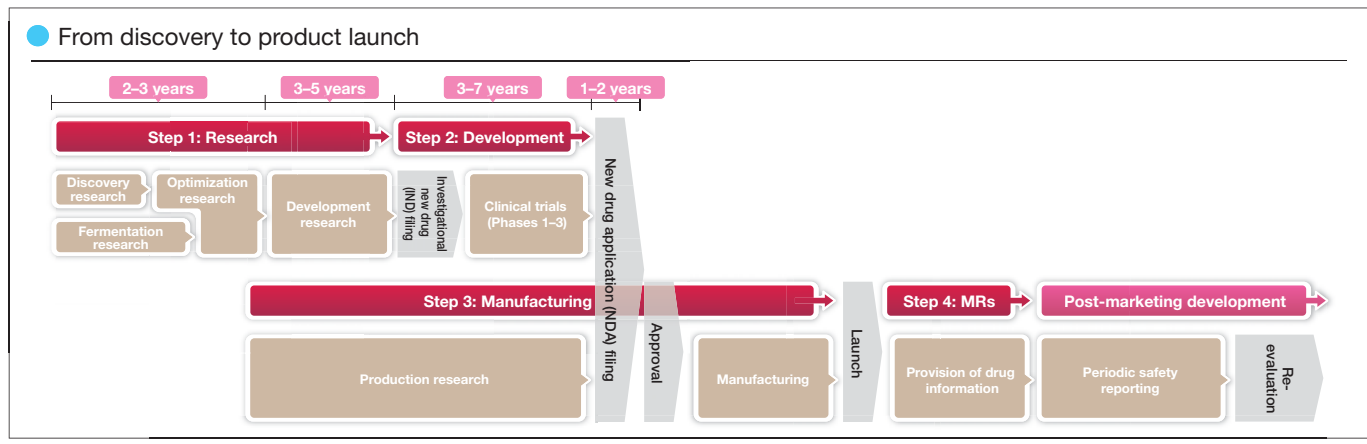
We have established an Information Security Policy to ensure Astellas employees understand the importance of protecting the Company’s information assets and take responsibility for maintaining systems to allow the confidential and appropriate use of information. There has been an enormous increase in the amount of personal information

used in the advanced telecom society we live in today, so it is vital that this personal information is used appropriately. We have therefore set up systems, such as the appointment of personal information protection managers and the establishment of points of contact to handle enquiries, in line with the stipulations in the Personal Information Protection Act and

related guidelines. We have also created a personal information protection manual in a readily portable summary format and distributed this to all our employees.

Product initiatives

The product development process



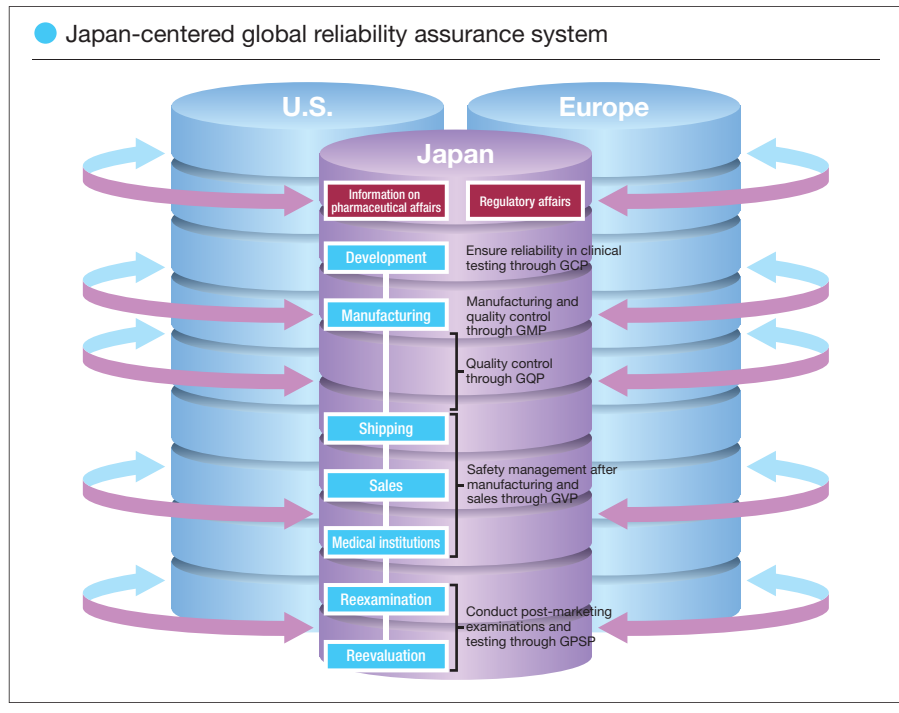
Drug development can be broadly divided into four processes. The first step is research, and involves the discovery of a compound with the potential to become a drug and further investigation until the compound is considered appropriate for human administration. The next step is development, whereby clinical trials are run to test the compound in humans. This is followed by the manufacturing of the drug at a factory. Finally, there is post-marketing development, which involves the collation and provision of information on appropriate drug usage and further development of this product.

Comprehensive reliability assurance

Pharmaceutical companies must deliver not only pharmaceutical products, but also the proper accompanying information. Only in this way can the products be effective medical treatments. The reliability of pharmaceutical products depends on the assurance of their quality, efficacy and safety. To this end, a variety of data must be collected and analyzed, and risks must be mitigated swiftly and correctly.

To ensure the reliability of pharmaceutical products, each country has established various rules and regulations and set standards. We must fully comply with these regulations and standards, and it is also crucial to ensure close collaboration with regulatory authorities and other related parties in the sharing of information and the accurate identification of risks.

We have taken steps to develop a system that ensures the reliability of our pharmaceutical products by centralizing reliability assurance functions for our entire product development process, beginning at the R&D stage and continuing through product launch.



GCP (Good Clinical Practice)

Assurance that international quality standards are met in clinical testing
Regarding clinical trials that involve the participation of human subjects, this standard has been established to ensure not only that the clinical trial data is reliable (credible), but also that all laws and regulations pertaining to clinical trials are being observed and the rights, safety and well-being of trial subjects are protected.

GMP (Good Manufacturing Practice)

Control and management of manufacturing and quality control testing of pharmaceutical products
In pharmaceuticals manufacturing, this control standard governs the entire production process to ensure the provision of high-quality products complying with approved specifications, and covers the entire process from raw material procurement to final product shipment. In addition, this standard aims to minimize mistakes resulting from human error in terms of the installation of equipment at plants or the construction of new facilities.

GQP (Good Quality Practice)

Assurance of quality control for pharmaceutical products
A standard to assure the appropriate quality control of pharmaceutical products, which constitutes a precondition for the undertaking of the manufacture and sale of pharmaceutical products.

GVP (Good Vigilance Practice)

Assurance of post-marketing safety management for pharmaceuticals
In the post-marketing safety management of pharmaceuticals, this standard applies to the collection and study of information on the quality, efficacy, safety and proper use of drugs, and to the implementation of measures for safety assurance principally stipulated in a handling manual.

GPSP (Good Post-Marketing Study Practice)

Implementation of post-marketing study control of pharmaceutical products
This standard applies to the gathering of data and the preparation of documents used for the reexamination and reevaluation of pharmaceutical products.

● Providing information to medical professionals

Pharmaceuticals are valuable only to the extent that medical professionals are provided with information on their use, efficacy, and safety, and that patients properly use them. Our medical representatives (MRs) provide medical professionals with technical information, not only about the beneficial aspects of our products, but about the risks as well, so that they may be used properly. MRs also play a role in collecting information on drug efficacy and safety of actual prescriptions, information that cannot be obtained during the R&D phase. They also provide medical institutions with evaluations based on the results of this effort.

To back up this MR activity, Astellas has also introduced systems that enable healthcare professionals to obtain basic information on products 24 hours a day. These include our website for medical professionals (Astellas Medical Net) and an external fax-based service (Pharmaceutical Information BOX). In addition, an e-mail magazine with information on treatments is available to medical professionals on request.

Our Drug Information (DI) Center handles inquiries from medical professionals, patients and their families, about taking medicines and their safety, effectiveness, and efficacy. Additionally, the DI Center provides our sales departments with feedback received when handling inquiries. This helps the Company provide more comprehensive products and services.

In fiscal 2008, the cumulative number of inquiries about pharmaceuticals received by the DI Center reached 72,926.

● Efforts to improve product convenience

■ Developing drugs that are easy to take

Drugs come in various formulations*, including tablets, capsules, or powders that are taken orally; ointments, patches or eye drops; and injections.

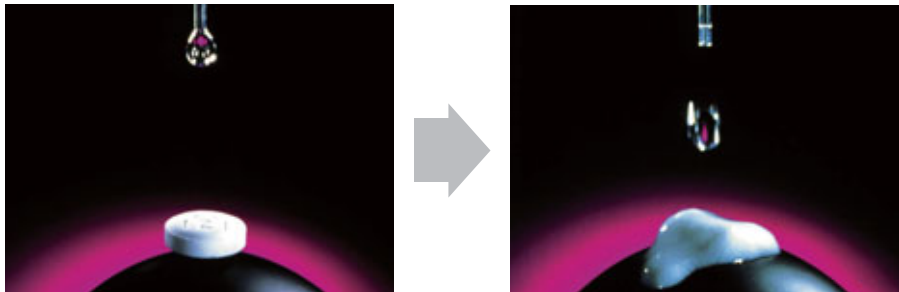
With oral drugs, individual preferences for the formulation differ widely. Astellas was

the first company in Japan to successfully develop, using proprietary technology, a tablet in an orally disintegrating formulation that can be easily ingested without water.

This formulation is now used for some drugs. Drugs must obviously be effective and have

a good safety profile, but many patients also want drugs that are easy to take and easy to handle. We have therefore built these themes into our ongoing R&D efforts.

● Orally disintegrating tablets quickly dissolve in water



The tablet (left photograph) disintegrates after 10–20 seconds (right photograph)

*** Formulation**
The form in which the drug is supplied to ensure drug quality, efficacy, and safety and to provide a product that is easy for the patient to take.

■ Efforts to improve drug markings

Constant checks are made when drugs are used in the clinical setting. For example, when a nurse is preparing an injection or intravenous drip or when a pharmacist is compounding a drug, various checks are made to ensure the combination of the

patient name, drug name, dosage, administration route, and drug are all correct. We are working to make the markings on drug packaging easier to understand, in a bid to ensure accurate drug handling and to reduce the burden on healthcare professionals

(including doctors, nurses, and pharmacists) when performing these checks. Readily understandable drug packaging is also extremely important for patients taking the drug.

■ Marking the product name on tablets

We are working to directly mark the product name onto tablets as well as capsules.



■ Marking the product name and indication on blister packs

Product names are now widely marked on blister packs since the Ministry of Health, Labor and Welfare made this obligatory as part of measures to prevent medical errors. We also include the drug indication on the blister pack where possible, following questionnaire-based research with patients who expressed strong demand for such markings.

