

- Speed and Synergy -

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and Medical Device Conference 2006**

**Toichi Takenaka, Ph. D
President and CEO
Astellas Pharma, Inc.**



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This material includes forward-looking statements based on assumptions and beliefs in light of the information currently available to management and subject to significant risks and uncertainties. Actual financial results may differ materially depending on a number of factors including adverse economic conditions, currency exchange rate fluctuations, adverse legislative and regulatory developments, delays in new product launch, pricing and product initiatives of competitors, the inability of the company to market existing and new products effectively, interruptions in production, infringements of the company's intellectual property rights and the adverse outcome of material litigation.

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1Q-3Q Financial Results and Forecasts for FY2005



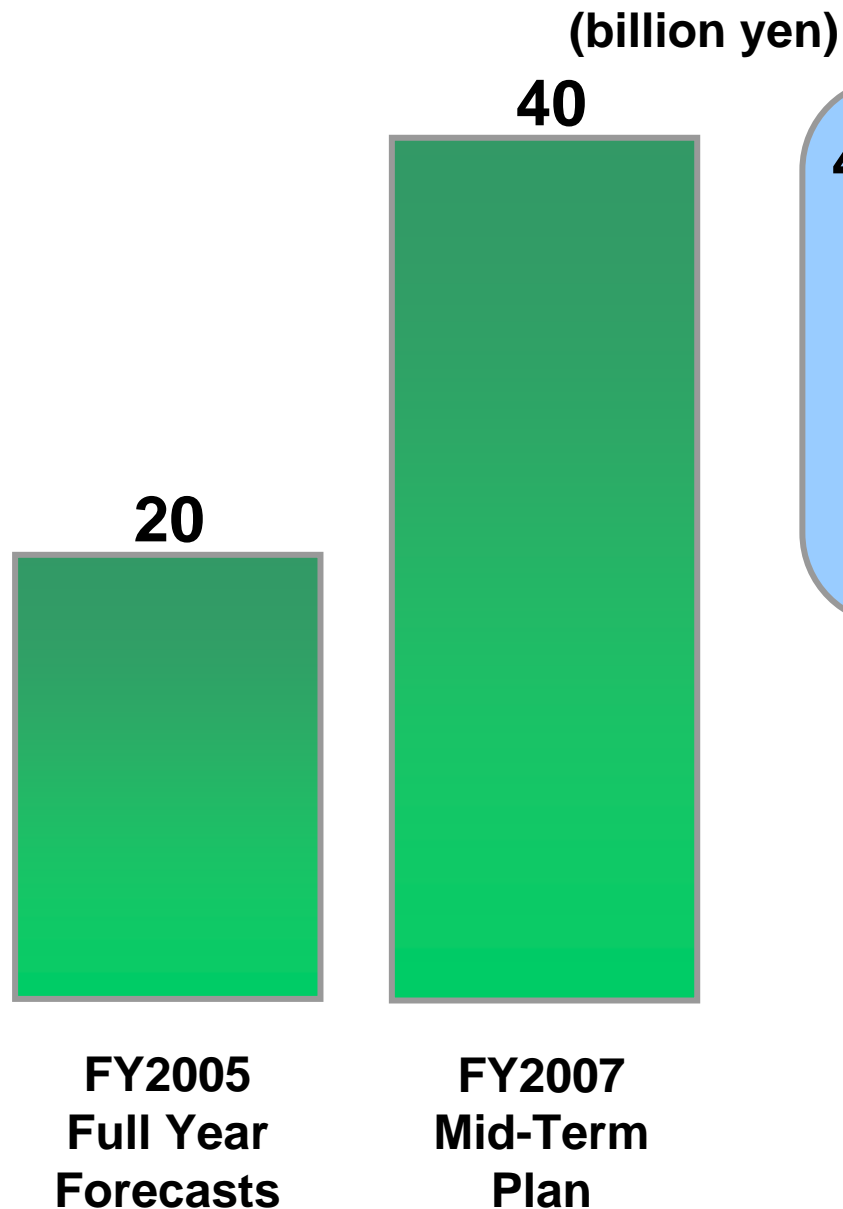
(billion yen)

	FY2004 1Q-3Q	FY2005 1Q-3Q	Changes	FY2004	FY 2005 forecasts	Changes
Net sales	666.7	678.8	+12.1	862.0	885.0	+23.0
Operating income	168.5	182.7	+14.1	192.2	205.0	+12.8
Ordinary income	170.0	192.5	+22.4	194.2	211.0	+16.8
Net income	86.9	107.6	+20.7	59.5	117.0	+57.5

Summary of 1Q-3Q Financial Results

- Increase in sales and profits at all levels
- Steady growth of Rx business in Japan
- Growth of main products and contribution of new products in overseas
- Decrease in manufacturing costs / Efficient use of expenses
- Merger synergies
- Proactive in-licensing activities

Maximize Merger Synergies (Cost)



40 billion yen cost synergies created by

- COG reduction
- Personnel cost reduction
- SG&A (others) reduction
- R&D efficiency

and More

Pursue further cost reduction
ex. throughout R&D to marketing
optimize production site

Sales of Global Products For 1Q-3Q FY05



(billion yen)

	1Q-3Q/FY04	1Q-3Q/FY05	Changes	Forecasts FY05
Prograf	96.1	109.8	+13.7	141.9
Japan	8.0	10.9	+2.8	13.7
North America	51.6	56.3	+4.6	73.0
Europe	29.0	32.8	+3.7	42.9
Harnal	103.2	105.2	+1.9	134.9
Japan	37.7	36.1	-1.6	47.0
Europe	33.5	38.3	+4.8	47.6
Bulk & Royalty	28.7	26.4	-2.2	34.8
Protopic	16.4	10.5	-5.8	16.7
Japan	1.9	1.9	-0.0	3.0
North America	10.0	4.6	-5.3	8.2
Europe	4.0	3.7	-0.3	5.3
Funguard/Mycamine	10.6	12.0	+1.4	18.6
Japan	10.6	11.4	+0.7	16.0
North America	-	0.6	+0.6	2.6
Vesicare	0.8	9.3	+8.5	17.2
North America	-	4.5	+4.5	10.0
Europe	0.8	4.8	+4.0	7.2

Launched in May 05

Launched in Jan. 05

Main Products in Japan For 1Q-3Q FY05

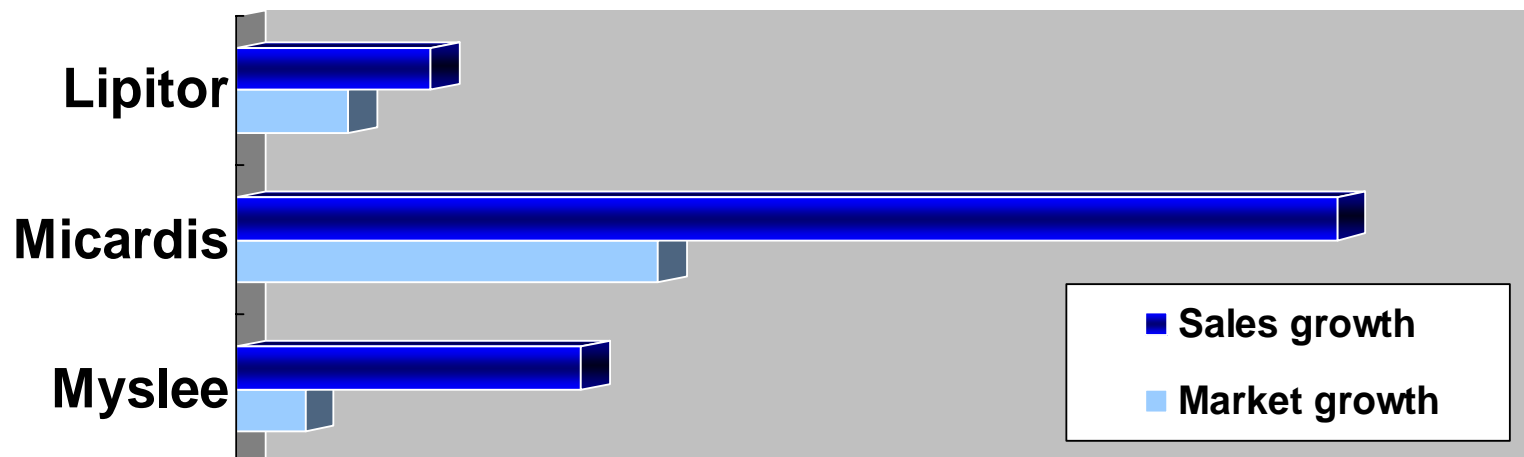
(billion yen)

	1Q-3Q/FY04	1Q-3Q/FY05	Changes	Forecasts FY05
Lipitor	66.6	71.3	+4.7	92.5
Micardis	18.0	28.4	+10.4	37.0
Myslee*	10.1	13.2	+3.1	16.8
Luvox*	6.8	8.1	+1.2	11.0
Gaster (Rx)	56.4	54.1	- 2.3	68.7
Cefzon*	13.8	15.0	+1.2	20.0
Seroquel*	10.0	12.0	+1.9	16.2

* : Sales figures in 1Q-3Q/FY04 are on a net sales basis. Other figures are on a gross sales basis.

Pursue Sales Synergies in Japan

◆ Gaining market share in competitive market



Product	Lipitor	Micardis	Myslee
Classification	Statin	ARB	Hypnotic
Sales Growth	+12.1%	+68.6%	+21.5%
Market Growth	+4.3%	+26.3%	+7.0%
Market Share (increase vs FY04)	38.3% (+2.6 point)	10.7% (+2.2 point)	27.2% (+2.9 point)
Ranking	1	4	1

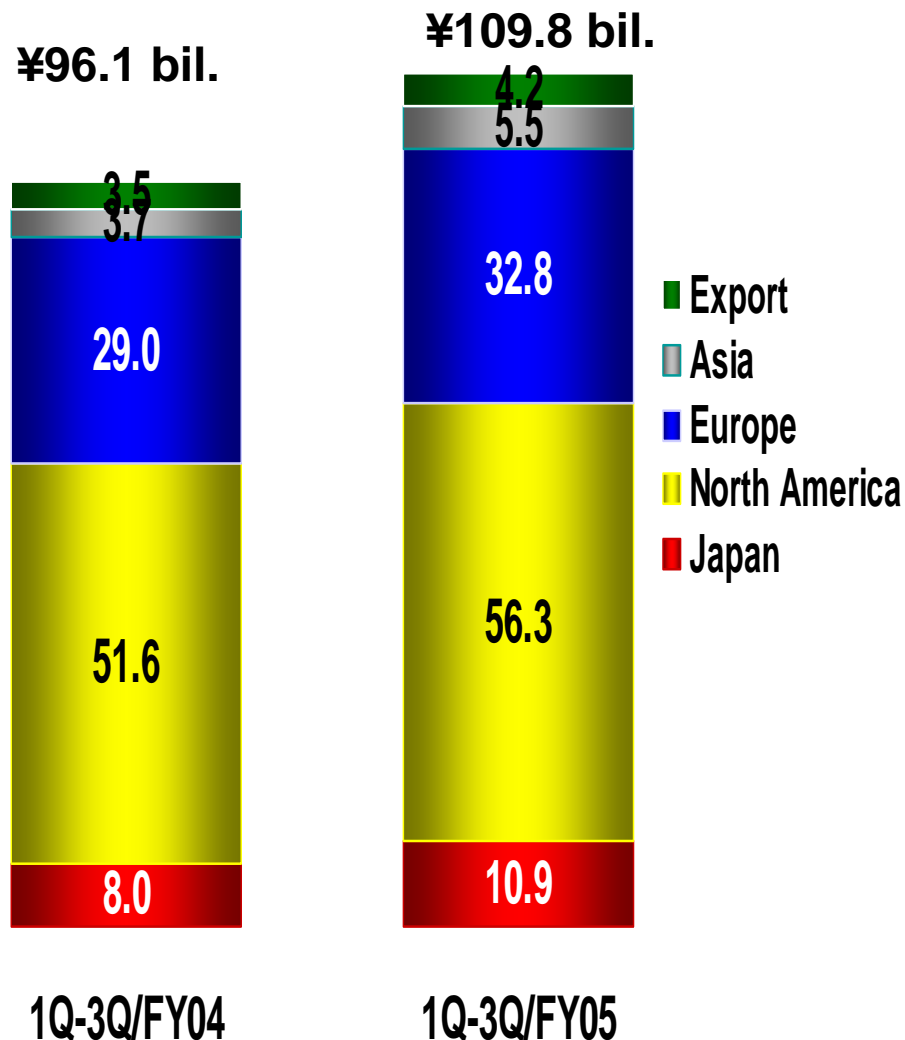
* Sales growth and market growth: April – December, 2005 year-on-year

Key Driver for Future Growth

- Strengthening of Global Franchise Therapeutic Areas -

Prograf: Growth Worldwide

Sales trend



1Q-3Q/FY05

■ Japan

- Volume: +29.3% (Comparison with 1Q-3Q/FY04, NHI drug price basis)
- New indication for RA (approved in April 2005)

■ North America

- Increase in both sales and number of Rx
- TRx: Over 50% market share (No.1 product in CNI market)

■ Europe

- Both sales by Astellas and export sales do well.

FK506 Modified Release (FK506MR, tacrolimus)



■ Indication:

Prevention of organ rejection in patients receiving organ transplantation

■ Product Characteristics:

Modified-release formulation with once a day dosing

■ Development Stage: **US : NDA filed in Dec. 2005**

Europe: MAA filed in Jan. 2006

P-II (Japan)

■ Target Profile:

- Improving patients' compliance compared to twice a day with the current formulation
- The difference between peak/trough blood concentration is smaller than that of current formulation (AUC is as same as the current formulation)
- Long-term graft-protective effect is expected
- Improving safety with long-term administration

Excellent Product Portfolio for U.S. Urology Franchise



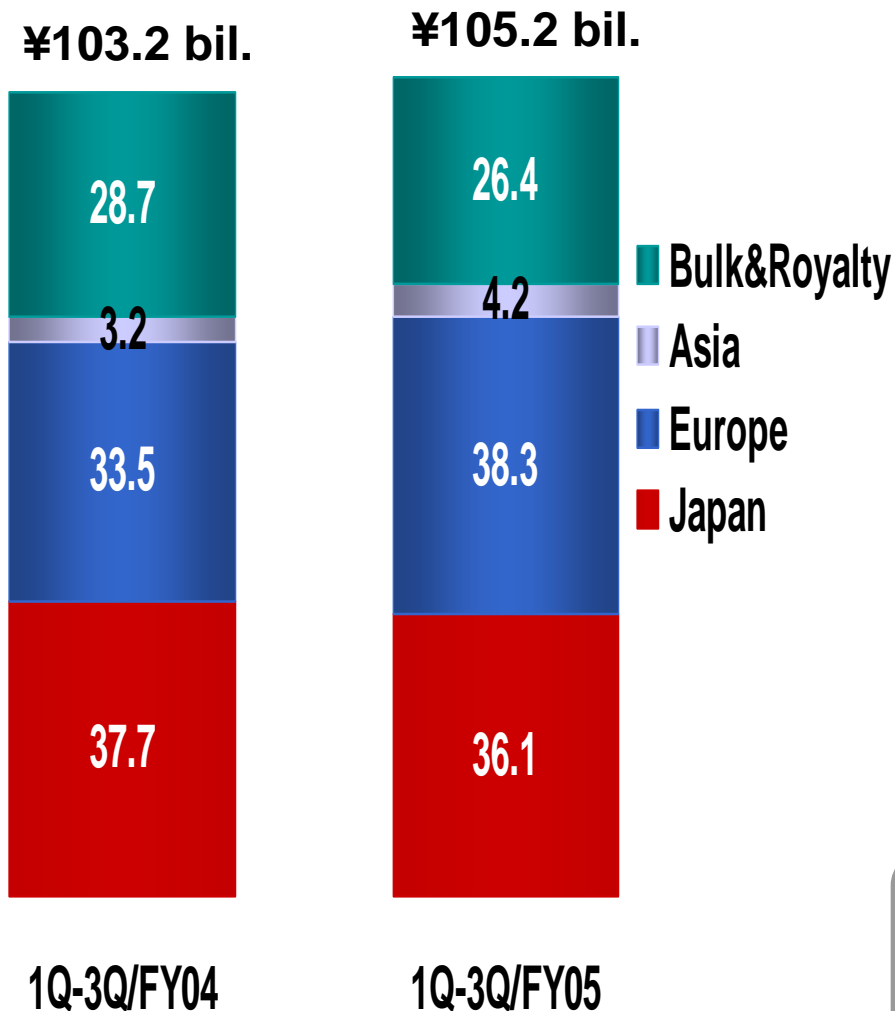
	Specialists/ PCP			Specialists	
	Flomax	VESicare	YM178	YM155	YM672
Indication	BPH	OAB	OAB	Prostate Cancer	Interstitial cystitis
Stage	Launch	Launch	P-II	P-II	P-II
Sales Network	YES	YES	YES	YES	YES
Market Position	Best in Class	Best in Class*	First in Class*	First in Class*	First in Class*
Potential Patients	Large	Large	Large	Medium	Medium
Unmet Needs			Medium	High	High

1) Flomax (Harnal) is co-promotion with BI, VESicare is co-promotion with GSK, respectively

2) Astellas has 300 MRs for PCP market in the U.S.

3) * target positioning

Sales trend



1Q-3Q/FY05

1. Japan: Sales: ¥36.1 bil.
 - Harnal D, launched in June 2005
 - Generics entry in July 2005

2. Europe: Sales: ¥38.3 bil.
 - TOCAS, launched in 9 countries
 - Favorable market penetration in Germany and the Netherlands
 - Delay in UK due to parallel import of capsule formulation

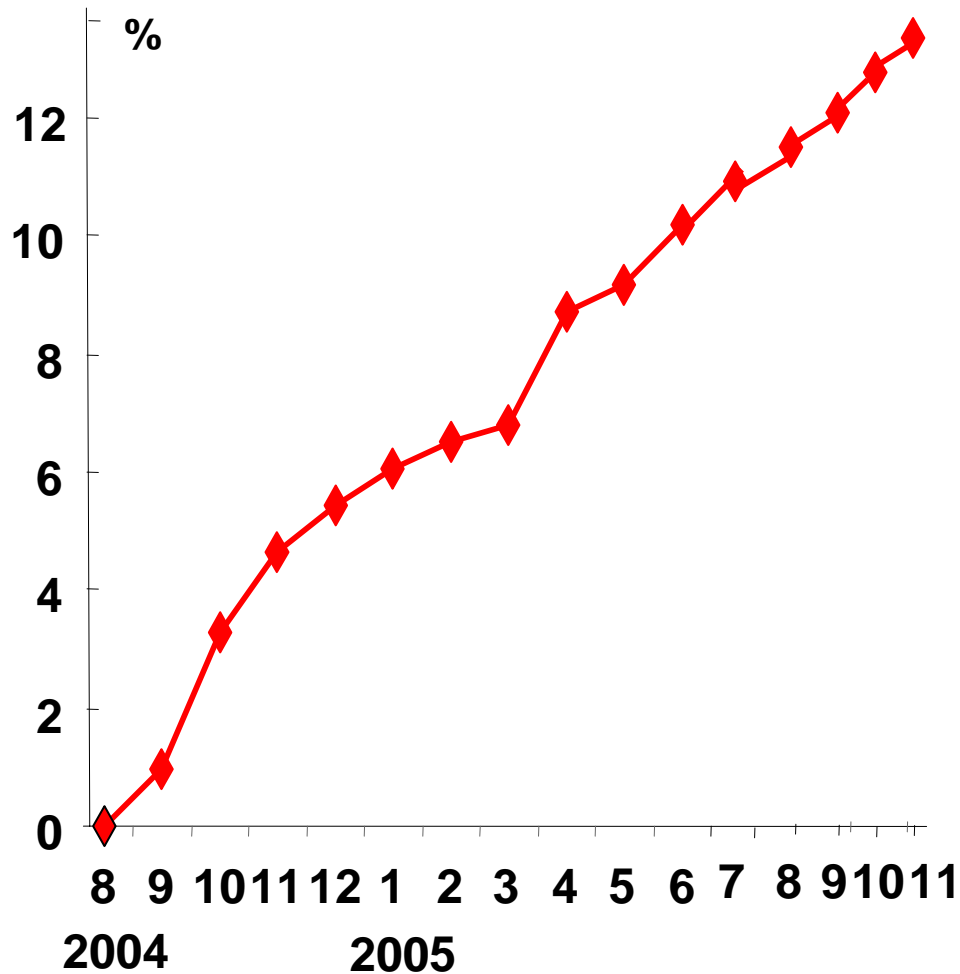
3. Bulk & Royalty: ¥26.4 bil.
 - Decrease due to inventory adjustment by Abbott
 - Steady growth in TRx and NRx in US

US: In preparation for P-II/III for additional indication of pediatric neurogenic bladder (Boehringer Ingelheim will conduct the study)

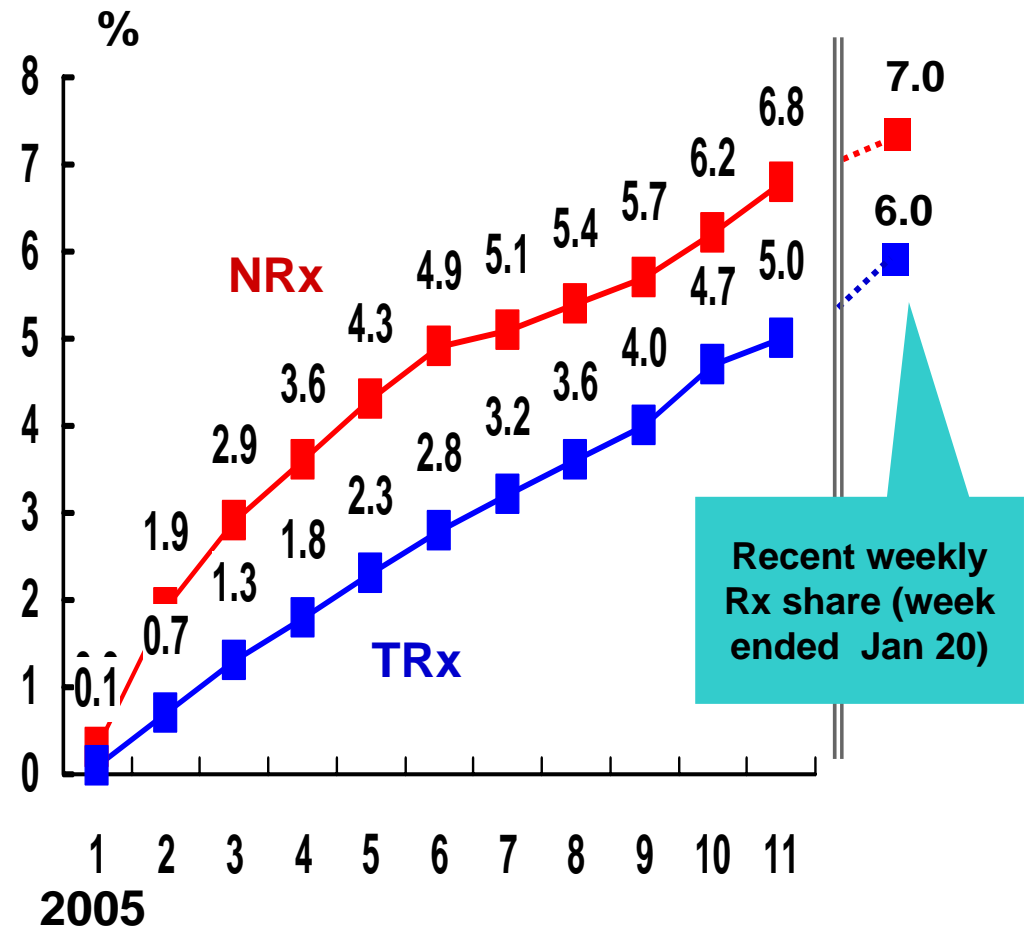
Vesicare: Enhancing Market Share in Europe and U.S.A.



Monthly market share in Europe



Monthly market share in U.S.A.



Source: IMS (all rights reserved) 12

Quest for New Franchise Therapeutic Area



Cardiology: Enhancement of pipeline for cardiology

Development code	Area / Stage	Indication	Market
Vaprisol	USA approved	Euvolemic hyponatremia	Specialists
RSD1235	USA pre-NDA	Af / AF	Specialists
CVT-3146	USA P-III	Pharmacologic stress agent	Specialists
hANP	USA P-II	AHF	Specialists
YM150	Europe P-II	VTE, Af	Specialists/PCP

Gastrointestinal: Bowel related diseases – No.1 growth potential in GI area

Development code	Area / Stage	Indication	Market
YM060	Japan NDA filed Europe P-II	Irritable bowel syndrome	Specialists/PCP
YM443	USA P-II	Functional dyspepsia	Specialists/PCP ¹³

Key Driver for Future Growth
- Reinforcement of R&D Pipeline -

Vesicare Won “Speed to Market” of Scrip Award 2005

Vesicare achieved a launch in the shortest time from the initiation of P-I among products launched during a year from July 2004.

Vesicare: 75 months (industry average :99.3 months)

➔ **This successful experience will accelerate clinical development.**



(Copyright: Scrip)

Steady Progress in Clinical Development



Major Progress in Clinical Development after Merger

Prograf (RA)	Apr. 05	Approved in Japan
YM178	Jul. 05	POC study has completed
YM150	Jul. 05	POC study has completed
YM155	Jul. 05	Entered P-II clinical trials in Europe and USA
FK506 (Asthma)	Jul. 05	Entered P-II clinical trials in USA
FK506 (Lupus)	Oct. 05	Filed in Japan
FK506MR	Dec. 05	Filed in USA
	Jan. 06	Filed in EU
Vaprisol(YM087)	Dec. 05	Approved in USA
YM060	Jan. 06	Filed in Japan
YM672(IPD-1151T)	Jan. 06	Entered P-II clinical trials in Europe and USA

■ **Target Indications** Atrial Fibrillation/Flutter

■ **Mechanism of Action**

Atrial selective Na-ion and K-ion channels blocker

■ **Formulation** Injection

■ **Status** Pre-NDA in the US

■ **Target Profile**

- To convert arrhythmia to normal heart rhythm rapidly, without increasing the risk of QTc prolongation and ventricular tachycardia, by atrial selective action.
- Superiority can be expected to current drugs like amiodarone etc. in terms of efficacy and safety.

■ Target Indications

**Prevention of venous thromboembolism (VTE) after major orthopedic surgery,
Prophylaxis of thromboembolic complications associated with atrial fibrillation (AF)**

■ Mechanism of Action **Activated Factor X (FXa) inhibitor**

■ Formulation **Oral (once daily)**

■ Status **PII POC study in Europe has been completed.**

PII dose-finding study will be started in 2H/FY2005

■ Target Profile

More convenient and safer than competitor compounds

YM150 P-IIa Results, Hip Replacement Surgery



Once daily	YM150				enoxaparin
	3mg	10mg	30mg	60mg	40mg
Incidence of VTE	52%	39%	23%	19%	39%
95% CI	31-72%	22-57%	9-40%	7-37%	22-57%

■YM150 showed dose-dependent reduction in the incidence of VTE. This trend was statistically significant (p=0.006).

■YM150 was safe and tolerable in the target patient population without any major bleeding.

<Study design>

Duration: 7-10 Days

Number of patients: 174

Efficacy endpoint: Reduction of incidence of venous thromboembolism (VTE)

Safety endpoint: Incidence of bleeding

Open-label with blinded evaluation of all outcomes by an independent Adjudication Committee

YM060 (ramosetron)

- **Target Indications** Diarrhea-predominant irritable bowel syndrome
- **Mechanism** 5-HT₃ receptor antagonist
- **Formulation** Tablet (Once daily)
- **Status** Japan: **NDA filed**
 EU: P-II (Enrollment was completed)

■ P-III study results in Japan

Efficacy : The responder rate in YM060 group was statistically significant higher than that in placebo group in the primary and secondary endpoints.

Safety : No patient on YM060 had serious adverse drug event nor ischemic colitis, which similar agents tend to cause as an adverse event.

- **Target Indications** Symptomatic treatment of urge incontinence and/or increased urinary frequency as may occur in patients with overactive bladder syndrome
- **Mechanism of Action** β_3 -adrenoceptor agonist
- **Formulation** Tablet
- **Status**

P-II POC study showed that YM178 improved overactive bladder symptoms such as urge incontinence, increased urinary frequency, and urgency.

P-II dose-finding study in Europe and US, and P-I in Japan are scheduled for 2H/FY2005
- **Target Profile**

Equivalent efficacy to anticholinergic agents

Better safety profile than anticholinergic agents
(No dry mouth, constipation, blurred vision)

YM672 (IPD1151T)

■ Generic name	suplatast tosilate
■ Target indication	Interstitial cystitis
■ Class of Action	Inhibition of Th2 cytokine production
■ Area	US/Europe
■ Status	P-II
■ Originator	Taiho Pharmaceuticals

■ **Target profile**

- Improving symptoms associated with interstitial cystitis such as urinary urgency, frequency or lower abdominal pain (from results of non-clinical study)
- Safety for both male and female (P-I study showed no gender difference in PK profile.)

As conventional treatments of interstitial cystitis are symptomatic therapy, patient satisfaction is low. YM672 is expected to satisfy unmet medical needs.

Proactive In-licensing Activities

- Reinforcement of R&D pipeline for future growth
- Strengthening of business in Japan, US and Europe

**Reinforcement of pipeline in focused therapeutic areas
(infectious diseases, urology, CNS (diabetes))**

Generic name/ Code No.	Area/ Status	Target indications	Dosage form	Originator
Telavancin	US/EU P-III	cSSSI/HAP	Injection	Theravance
XP13512	Japan/Asia P-I	Diabetic neuropathy/ RLS	Oral	XenoPort
T-3811 Garenoxacin	Japan pre-NDA	Respiratory infections etc.	Oral	Toyama
Degarelix	Japan P-I	Prostate cancer	Injection	Ferring

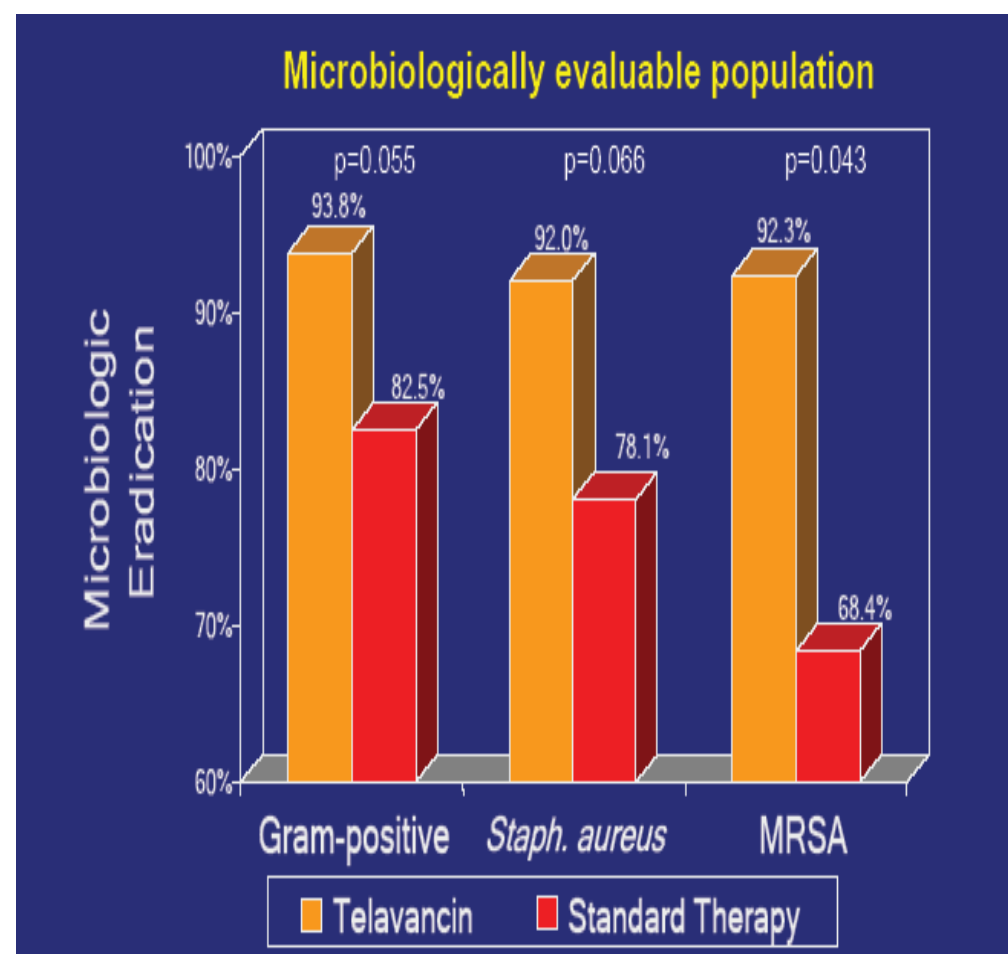
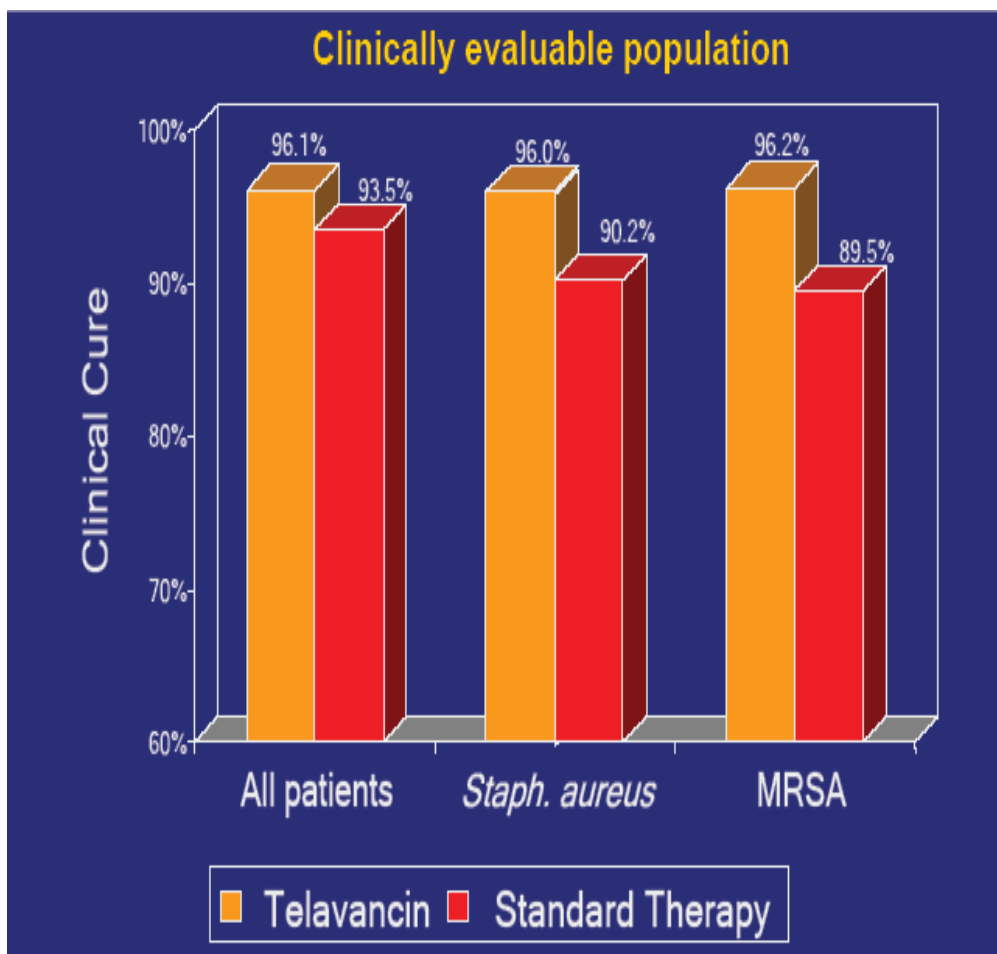
cSSSI: Complicated skin and skin structure infections

HAP: Hospital acquired-pneumonia

RLS: Restless legs syndrome

Telavancin - Infectious Disease Area -

- **Status** P-III NDA for cSSSI to be submitted during 2H/2006 (scheduled)
- **P-II results** PII study for cSSSI showed superiority over standard therapy in MRSA



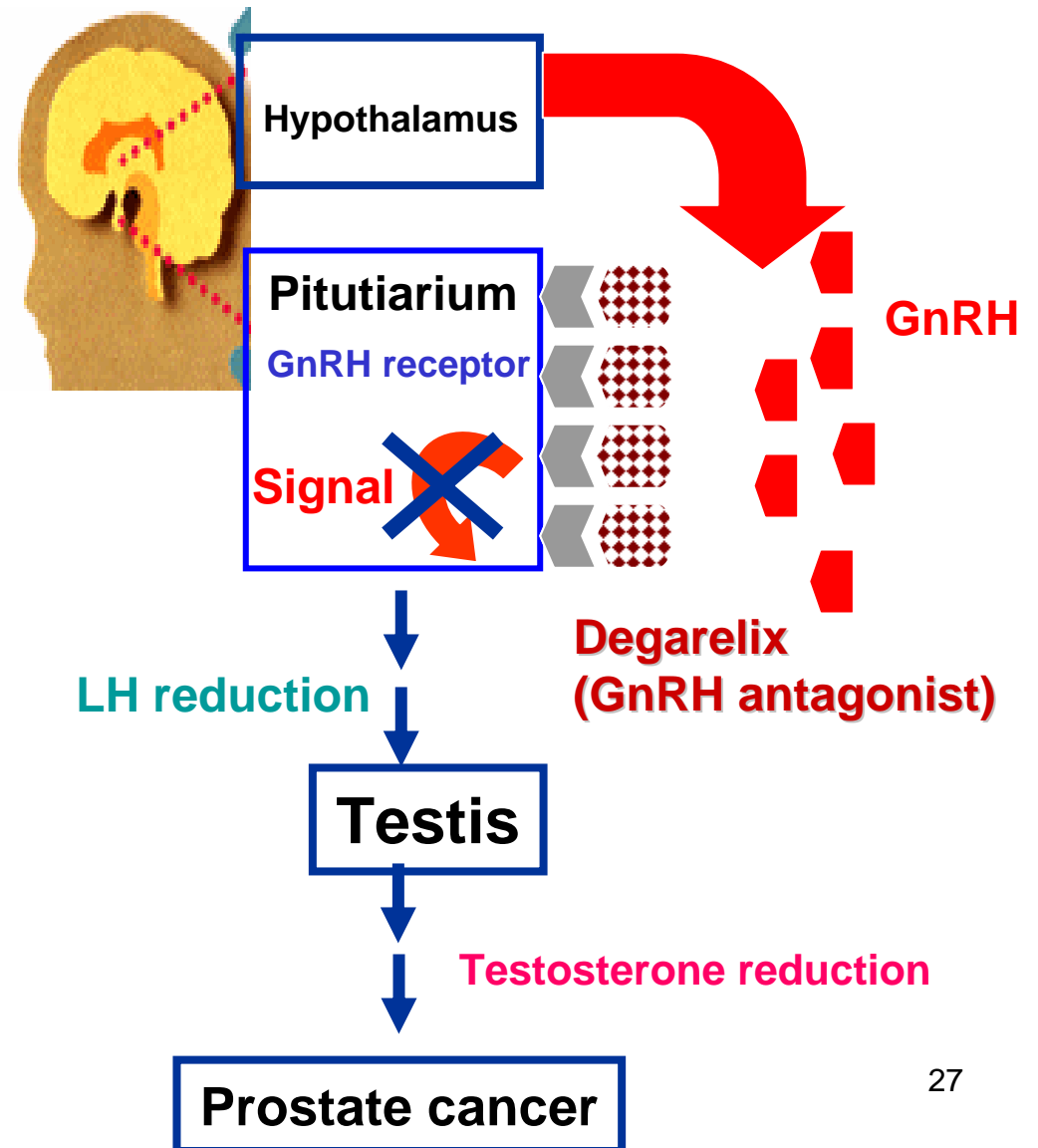
T-3811(garenoxacin) - Infectious Disease Area -



- **Contract date:** January 26, 2006 (signing of LOI)
A definitive license agreement to be concluded by Mar. 31, 2006
- **Indication:** Respiratory infections and otolaryngologic infection etc.
- **Class of Action:** Quinolone antibiotic
- **Dosage form:** Oral
- **Characteristic:**
 - Different structure from conventional quinolone antibiotics
 - Strong antibiotic activity especially against infecting organism of respiratory infections including bacteria resistant to conventional drugs
- **Status:** pre-NDA, To be filed during 1H/FY2006 (scheduled)
- **Area:** Japan
- **Originator:** Toyama Chemical

Degarelix - Urology Areas -

Contract date: Jan. 30, 2006
Generic name: Degarelix
Target indication: Prostate cancer
Class of Action: GnRH receptor **antagonist**
Dosage form: S.C. (depot formulation)
Status: P-I
Area: Japan
Originator: Ferring Pharmaceuticals
Terms: Exclusive right for development and marketing



XP13512 - CNS and Diabetic Areas -

- **Contract date:** December 1, 2005
- **Classification:** Transported prodrug of gabapentin (generic name)
- **Indication:** Diabetic neuropathy,
Restless legs syndrome (RLS)
- **Formulation:** Oral (modified release)
- **Area:** Japan and 5 Asian countries
- **Status:** Phase I will be started in mid 2006
- **Originator:** XenoPort, Inc. (U.S.A.)
- **Terms:** Exclusive rights to develop and market XP13512
in Japan and Asia

Return to Shareholders

Astellas basic policy

Return to shareholders balancing future growth and capital efficiency

- Top priority on business investment for future growth
- Steady increase of dividend level
- Flexible implementation of share buy back

Return to stockholders plan(FY2005)

Expected DOE for FY2005: 3.5%

Total return to shareholders in FY2005: ¥85.0 billion

- Annual dividends ¥60 → ¥70 (Total: ¥40.0 billion)
- Share buy back: about 11 million shares. ¥45.0 billion

→ Aiming at further improvement of DOE

For Sustainable Growth

- Reinforcement of R&D capability
- Optimization of cost structure
- Enhancement of global competitiveness

Achieve mid term target

Net sales: ¥885.0 bil.
O.P.: ¥205.0 bil.

- Increase in sales and profits
- Accelerate market penetration of new products
- Synergy effects

FY2005

Forecasts

Net sales: ¥1 tri.

O.P.: ¥250.0 bil.

- Growth driver
 - Prograf (and FK506MR)
 - Mycamine
 - Vesicare
 - Vaprisol
 - Lipitor
 - Micardis
 - Garenoxacin
- Maximization of synergy effects

FY2007

Mid-term Plan

Sustainable growth

- Contribution of new products
 - RSD1235
 - YM060
 - hANP
 - YM178
 - YM150
 - FK962
 - FK506 line extension
 - Telavancin
- Proactive in-licensing
(Offset Prograf/Harnal patent expiration)

after

FY2008