

Overview of Results for 1Q/FY2006

August 1, 2006

Astellas Pharma Inc.



Overview of 1Q/FY2006

1. Net sales increase
 - Steady growth of global sales of Prograf and Vesicare, Lipitor and Micardis in Japan, and export sales of Cefzon
 - Sales increase of key products offset negative impact of; NHI drug price reduction, patent expiry of Harnal in Europe, and divestiture of non-ethical pharmaceutical businesses
2. Lowered gross margin
 - Impact of NHI drug price reduction in Japan etc.
3. SG&A expenses increase
 - Increase of promotional expenses for new products in Japan and overseas
 - Lower expenses in 1Q/FY2005
4. Significant R&D expenses increase
 - Mainly due to upfront fees for in-licensing agreement with FibroGen Inc.
5. Extraordinary income from sale of Zepharma's shares

Summary of Results for 1Q/FY2006



(billion yen)

	05.1Q	06.1Q	Changes	06 1H forecasts	06 full year forecasts
Net sales	213.1	230.4	+17.2	438.0	902.0
COG	62.0	72.9	+10.8		
Gross profit	151.0	157.4	+6.4		
SG&A (excl. R&D)	62.3	68.3	+6.0		
R&D	23.5	65.5	+42.0	102.0	175.0
Operating income	65.2	23.5	- 41.7	68.0	180.0
Ordinary income	68.6	24.8	- 43.7	70.0	184.0
Extraordinary incomes and losses (net)	-3.2	23.9	+27.2		
(Income from sale of Zepharmaceutical's shares)		21.2	+21.2		
Net income	39.4	28.2	- 11.1	54.0	123.0

Fx rate (yen)	05.1Q	06.1Q	06 forecasts
USD	108	115	110
Euro	136	144	140

Net Sales



- Focus on ethical pharmaceutical business -

(billion yen)

	05.1Q	06.1Q	Changes	06 1H forecasts	06 full year forecasts
Net sales	213.1	230.4	+17.2	438.0	902.0
Ethical	204.7	229.7	+24.9	437.0	900.4
Zepharm (OTC)	4.8	-	- 4.8	-	-
Others*	3.4	0.6	- 2.8	1.0	1.6

*Factors of decrease in “Others” as a result of business transfers

■ Home care business etc. - 2.5

COG, SG&A and R&D Expenses

	05.1Q	06.1Q	Changes	06 1H forecasts	06 full year forecasts
Net sales	213.1	230.4	+17.2	438.0	902.0
COG	62.0	72.9	+10.8		
COG ratio	29.1%	31.7%	+2.6 ppt		
SG&A (excl. R&D)	62.3	68.3	+6.0		
R&D	23.5	65.5	+42.0	102.0	175.0
Operating income	65.2	23.5	- 41.7	68.0	180.0

■ COG ratio

- Increase due to change of product mix (including impact of NHI drug price reduction)
- Increase due to impact of foreign exchange rate
- Increase due to cost variance
- Improvement due to cost reduction

■ R&D expenses

- (1) Upfront fees for agreement with FibroGen: ¥35.2 billion
- (2) ILY101 in-license: ¥2.5 billion
- (3) Milestone payment for telavancin for overseas: ¥2.7 billion

Ordinary Income and Net Income



(billion yen)

	05.1Q	06.1Q	Changes	06 1H forecasts	06 Full year forecasts
Operating income	65.2	23.5	- 41.7	68.0	180.0
Ordinary income	68.6	24.8	- 43.7	70.0	184.0
Extraordinary incomes and losses (net)	-3.2	23.9	+27.2		
(Income from sale of Zepharma's shares)		21.2	+21.2		
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Sales of Global Products (1)

	05.1Q	06.1Q	Changes	06 1H forecasts	Remarks
Prograf	31.6	41.0	+9.4	77.3	
Japan	3.1	4.5	+1.4	8.2	- Sales increase in both transplants and RA
North America	15.5	21.1	+5.5	38.6	- Market share: about 55% - 1Q figures include the positive impact of extra shipment preparing for Independence Day in US
Europe	10.3	11.7	+1.3	24.1	- Sales increase in the market - EMEA concluded harmonization of SPC in April 2006
Harnal	36.0	31.8	- 4.2	57.4	
Japan	13.0	9.7	- 3.3	21.1	- Market share: 49.5% (NHI drug price basis) - NHI drug price cut: -13.4% - Market share of generics: around 9% (estimated)
Europe	12.8	9.3	- 3.4	16.6	- Substance patent expired in Feb. 2006. - Generics came into market
Bulk & royalty	8.7	10.6	+1.9	16.8	- Sales increase of Flomax in US by licensee
Protopic	3.2	3.5	+ 0.2	8.4	
Japan	0.7	0.7	0.0	1.3	
North America	1.2	1.2	0.0	4.0	- Total Rx decrease by about 40% - Focus on promotion to dermatologists
Europe	1.3	1.2	-0.1	2.7	- SPC was revised in March 2006

Sales of Global Products (2)



(billion yen)

	05.1Q	06.1Q	Changes	06 1H forecasts	Remarks
Funguard / Mycamine	4.1	4.1	0.0	9.0	
Japan	3.7	3.2	- 0.5	7.2	- Market share: 49.4% - Intensified competition since 2H/FY2005
North America	0.3	0.8	+0.4	1.8	- 1Q sales: in line with budget
Vesicare	1.9	8.6	+6.6	14.8	
Japan	-	2.9	+2.9	1.7	- Launched in June 2006 - Promoting market penetration, following favorable initial sales
North America	0.6	3.2	+2.6	6.9	- 1Q sales: in line with budget - NRx share: about 10%, TRx share: mid 8% - Steady growth of sales and market share
Europe	1.3	2.4	+1.0	6.2	- 1Q sales: in line with budget - Market share: around 16% (2 nd -largest)

Sales of other products



(billion yen)

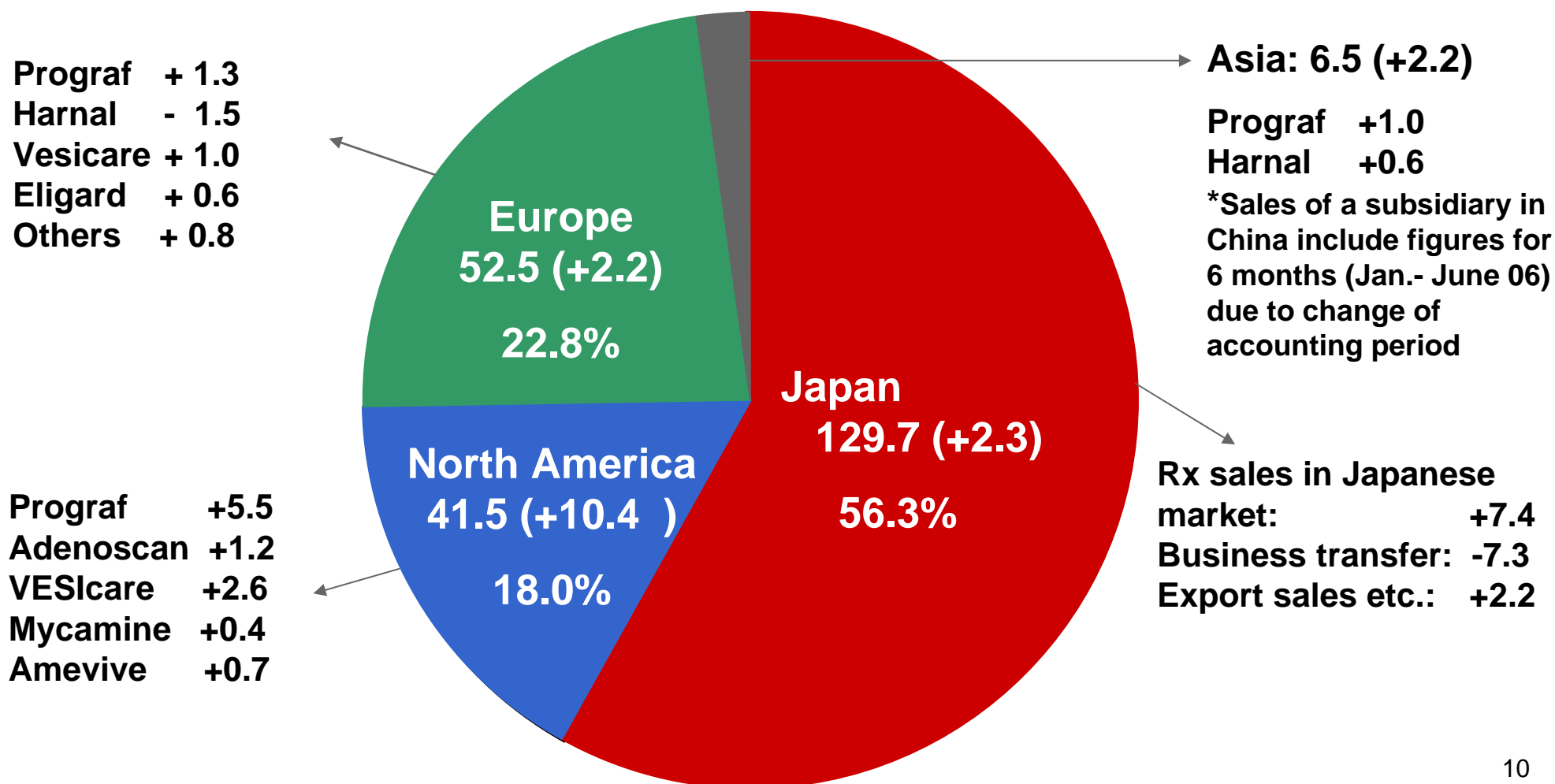
	Area	05.1Q	06.1Q	Changes	06 1H forecasts	Remarks
Lipitor	Japan	20.6	23.6	+3.0	47.2	Market share: 40.3%
Gaster	Japan	16.5	15.8	- 0.6	33.0	Market share: 27.2%
Micardis	Japan	7.8	11.9	+4.0	23.7	Market share: 12.7%
Myslee	Japan	4.0	4.6	+0.6	9.7	Market share: 29.2%
Cefzon	Japan	4.1	3.7	- 0.4	7.6	Market share: 17.0%
Cefzon export sales	Japan	2.7	4.7	+2.0	6.4	- Steady growth in US market - Intensive shipment in 1Q
Adenoscan	US	8.3	9.5	+1.2	17.3	1Q: sales in line with budget
Amevive	US	-	0.7	+0.7	2.0	- Acquired in April 2006 - Promotion started in June

Market shares: NHI drug price basis

Sales by Geographical Regions

(billion yen)

Consolidated net sales: 230.4 (+17.2)



Operating Income by Geographical Regions

(billion yen)

	05.1Q	06.1Q	Changes	Remarks
Consolidated	65.2	23.5	- 41.7	
Japan	50.7	7.6	- 43.0	- Increase of R&D expenses (Total license-related cost: 40.5) - Due to lower expenses in 1Q/FY2005
North America	5.6	12.4	+6.8	- Significant increase of gross profit > Growth of Prograf > Change of transfer price of Prograf
Europe	7.5	4.3	- 3.2	- Increase of gross profit - Increase of SG&A expenses
Asia	0.9	1.3	0.4	- Growth of Prograf and Harnal

Comprehensive return to shareholders and improvement of capital efficiency

1. Continuous increase of dividend per share
2. Share buybacks in a flexible manner

1. Share buyback plans announced on August 1, 2006

- Period: from August 2, 2006 to September 20, 2006
- Number of shares to be acquired: 15 million shares (maximum)
*2.66% of outstanding shares
- Aggregate amount of acquisition cost: ¥75 billion (maximum)

2. Dividend per share for FY2006: ¥80 (scheduled)

Phase III data of FK506 modified release in US



	MR / MMF n=214	TAC/MMF n=212	CsA/MMF n=212
Deceased Donors	51.9 %	50.0 %	47.6 %
Black Recipients	19.2 %	24.1 %	17.0 %
Efficacy Failure [95.2% CI] (vs CsA/MMF group)	14.0 % [-9.9, 4.0] %	15.1 % [-8.9, 5.2] %	17.0 % -
Patient Survival (Kaplan-Meier estimates)	98.6 %	95.7 %	97.6 %
Graft Survival (Kaplan-Meier estimates)	96.7 %	92.9 %	95.7 %
BCAR	10.3 %	*7.5 %	13.7 %
Clinically Treated Acute Rejection	18.2 %	*11.8 %	21.2 %
Antilymphocyte antibody therapy for any treatment rejections	*3.7 %	*2.8 %	8.5 %
Serum Creatinine (mg/dL)	*1.39	1.42	1.48
Creatinine Clearance (mL/ min)	*58.7	*57.7	54.6
Glucose Intolerance†	69.3 %	*74.7 %	61.2 %
Crossover due to Treatment Failure	*4.7 %	*2.8 %	18.4 %
Discontinuation due to Treatment Failure	*14.5 %	*15.6 %	28.8 %
due to Rejection	*0.5 %	*0.0 %	7.5 %
due to Any Adverse Event	*8.9 %	10.8 %	17.5 %
Total Cholesterol (mg/dL)	*188.7	*182.2	202.3
LDL (mg/dL)	*102.4	*97.09	113.4

*:p<0.05 (vs CsA/MMF)

†:composite endpoint with treatment emerging incidence of fasting glucose ≥ 126 mg/dL, HbA_{1c} $\geq 6\%$, insulin use ≥ 30 days, or oral hyperglycemic use at any time during the study

Cautionary statement regarding forward-looking information

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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