

March 31, 2006
Astellas Pharma Inc.

**ASTELLAS SELLS ALL OUTSTANDING SHARES OF ITS OTC BUSINESS SUBSIDIARY,
Zepharma Inc., To Daiichi Sankyo Co., Ltd.**

Tokyo, Japan March 31, 2006 - Astellas Pharma Inc. (President and CEO: Toichi Takenaka, "Astellas") today announced that it has agreed to sell all outstanding shares of its fully owned OTC subsidiary, Zepharma Inc. ("Zepharma"), to Daiichi Sankyo Co., Ltd. (President and CEO: Takashi Shoda, "Daiichi Sankyo").

Zepharma was established on October 1, 2004, as a joint venture of then Yamanouchi Pharmaceutical Co., Ltd. and then Fujisawa Pharmaceutical Co., Ltd. Although Zepharma achieved its target of operational profitability from the beginning, its business has not yet reached a size enough to be competitive in the Japanese OTC market. Astellas concentrates its managerial resources on its ethical drug business to maximize its corporate value. Reviewing the strategic position of Zepharma within the Astellas group, Astellas has come to the conclusion that it is the best for Astellas to divest Zepharma of the group and has agreed a sale of Zepharma with Daiichi Sankyo. After Daiichi Sankyo's acquisition of Zepharma, the employment of all Zepharma management and employees will be maintained.

In consideration of the sale, Astellas will receive about 23.5 billion yen in cash at the closing and later on additional cash payments as adjustments of cash etc. owned by Zepharma. The transaction is scheduled to close on April 13, 2006.

Astellas will record extraordinary profit of about 20 billion yen due to the sale of the Zephama shares for the fiscal year ending March 2007.

[About Zepharma Inc.]

Company: Zepharma Inc.
President: Masaji Oe
Location: Nihonbashi-honcho, Cyuo-ku, Tokyo, Japan
Foundation: October 1, 2004
Operations: development and marketing of drugs, quasi-drugs, cosmetics, foods products
Fiscal year end: March 31
Employees: 197(as of March 31, 2006)
Capital: 300 million yen
Ownership: 100% owned by Astellas Pharma Inc.
Estimated Sales: 22.4 billion yen(results for the fiscal year ended March 2005)
Major Products: gastrointestinal medicine (Gaster-10), comprehensive cold medicine(Precol, Cakonal), skin treatment medication (Makiron, Eurax, Pyroace), antiallergenic (AG Eyes/AG Nose)

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