

October 4, 2006

Merger of Production Subsidiaries

Japan, October 4, 2006 - Astellas Pharma Inc. (“Astellas”; headquarters: Tokyo; President and CEO: Masafumi Nogimori) today announced that it will merge its production subsidiaries Astellas Tokai Co., Ltd. (“Astellas Tokai”; headquarters: Yaizu; president: Susumu Tagashira) and Astellas Shizuoka Co., Ltd. (“Astellas Shizuoka”; headquarters: Fuji; president: Toshiyuki Yoshimura) and the investigational drug production subsidiary Astellas Clinical Supply Co., Ltd. (“Astellas Clinical Supply”; headquarters: Osaka; president: Satoshi Hirabayashi) on April 1, 2007.

With this merger, the number of subsidiaries of the Astellas Group engaged in the production of ethical pharmaceuticals in Japan will be reduced to three: Astellas Toyama Co., Ltd. (production bases: Toyama and Takaoka Plants), Astellas Tokai Co., Ltd. (production bases: Yaizu, Fuji and Nishine Plants) and Astellas Pharma Chemicals Co., Ltd. (production base: Takahagi Site).

The outline of the merger is described below.

1. Objective

This merger will enable Astellas to use facilities and human resources of Yaizu and Fuji Plants more efficiently by consolidating Astellas Tokai and Astellas Shizuoka, both of which are located in the Tokai area. Further, the formulation and packaging functions for investigational drugs, currently located in Yaizu and Kashima areas, will be consolidated in the Yaizu area adjacent to Pharmaceutical Research and Technology Labs (scheduled at the beginning of FY2009). With these measures, Astellas aims to establish the system to supply investigational drugs in a reliable and timely manner, respond appropriately to commercial production of new products, ensure stable supplies of products in the Astellas Group, and improve its formulation and packaging technology.

The investigational drug substance production function in Takahagi and Kashima will be managed by the drug substance manufacturing subsidiary Astellas Pharma Chemicals Co., Ltd. in order to strengthen the Group’s investigational drug substance production function.

2. Outline of the merger

2.1 Time schedule

Merger on April 1, 2007

2.2 Method of merger and outline of the new company

The three companies will merge with Astellas Tokai as the surviving company. The following is an outline of the new company that will be created as a result of the merger.

Name: Astellas Tokai Co., Ltd.
Date of establishment: January 25, 1986
Headquarters: 180, Ohzumi, Yaizu, Shizuoka Prefecture
Representative: to be decided
Capital: ¥100 million
Total assets: ¥51,892 million (as of March 2006)
Number of employees: about 1,100 (as of March 2006)
Main businesses: contract manufacturing of ethical pharmaceuticals, investigational drugs, etc.

3. Outline of merging companies (as of March 2006)

Name	Capital	Date of establishment	Main businesses
Astellas Tokai Co., Ltd.	100 million	January, 1986	Manufacturing, marketing, import and export of drugs, etc.
Astellas Shizuoka Co. Ltd.	350 million	October, 2003	Manufacturing, marketing, import and export of drugs, etc.
Astellas Clinical Supply Co., Ltd.	10 million	April, 2003	Manufacturing of investigational drug substances and investigational drug products

4. Effects on business

The merger will have insignificant effects on the business of Astellas Pharma Inc.

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