

August 9, 2007

Astellas Filed a Lawsuit against Taiyo Yakuhin Co., Ltd. Claiming Damages on the Oral Cephalosporin Antibiotic Cefzon®

Astellas Pharma Inc. (“Astellas”; headquarters: Tokyo; President and CEO: Masafumi Nogimori) filed a lawsuit on August 9 with the Tokyo District Court against Taiyo Yakuhin Co., Ltd. (“Taiyo”; headquarters: Nagoya) claiming damages to recover its loss suffered due to application of the exceptional NHI price reduction to its oral cephalosporin antibiotic cefdinir (brand name: Cefzon®) as a result of Taiyo’s acquisition of the NHI price for a generic drug of cefdinir while Astellas’ patent right on cefdinir is valid.

The oral cephalosporin antibiotic cefdinir was discovered by Astellas (formerly Fujisawa Pharmaceutical Co., Ltd. (“Fujisawa”)). It was launched by Fujisawa in 1991 in the form of capsules under the brand name of Cefzon® Capsule and in 1993 in the form of granules under the brand name of Cefzon® Fine Granules for Pediatric. It has been clinically used to treat a wide range of infectious diseases including respiratory infections.

The substance patent right on cefdinir expired in September 2003; however, Astellas has a patent on the crystalline form of cefdinir valid until August 2008. Taiyo obtained an NHI price for an oral cefdinir capsule under the trade name of CEFLOSIL Capsule 100mg in July 2005 where other generic companies suspended to obtain an NHI price with respect for the patent on its crystalline form. As a result of this acquisition of the NHI price, Cefzon capsule and granule were subjected to an exceptional NHI price reduction (additional 8% reduction), which is executed when the first generic product obtains the NHI price. Astellas believes that Taiyo’s action for the acquisition of the NHI price is tortious while its patent right is valid; therefore Astellas claimed damages against Taiyo to recover its loss suffered due to the exceptional NHI price reduction.

Astellas has already filed a patent infringement lawsuit with the Tokyo District Court on September 15, 2005 claiming injunction to enjoin Taiyo from manufacturing and marketing CEFLOSIL Capsule 100mg and to have discarded by Taiyo the products it holds in stock. The case was decided in our favor on March 13, 2007. Taiyo appealed against said decision, and this case is pending before the Intellectual Property High Court.

Astellas will try to build the sound relationship among pharmaceutical industry where each company respects intellectual property rights of others and observe all applicable regulations and rules. Astellas will continue coping firmly with any infringements on its intellectual property rights and the loss suffered due to such infringements.

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