



**Outline of Business Results for 3Q of FY 3/2005
(Nine months ended December 31, 2004)**

February 1, 2005

Yamanouchi Pharmaceutical Co., Ltd.

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 launches, 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.

Results of Third Quarter of FY 3/2005 -Comparison on Consolidated Basis-

(billion yen)

	3Q of FY3/2005	3Q of FY3/2004	Change (%)	Forecasts for Full Year
Net Sales	343.6	401.9	-14.5%	440.0
Operating Income	90.8	91.4	-0.6%	98.0
Ordinary Income	90.9	89.6	1.4%	99.5
Net Income	38.2	55.1	-30.6%	35.5

Focal Points of Results:

1. Due to the divestiture of consumer businesses, net sales and operating income decreased compared to those of previous 3rd quarter.

Results of consumer businesses for the previous 3Q.

Net sales 70.9 billion yen

Operating income 4.8 billion yen

2. Pharmaceutical business: Increased in net sales and operating income.

Results of Third Quarter of FY 3/2005

- Comparison on Pharmaceuticals - (billion yen)

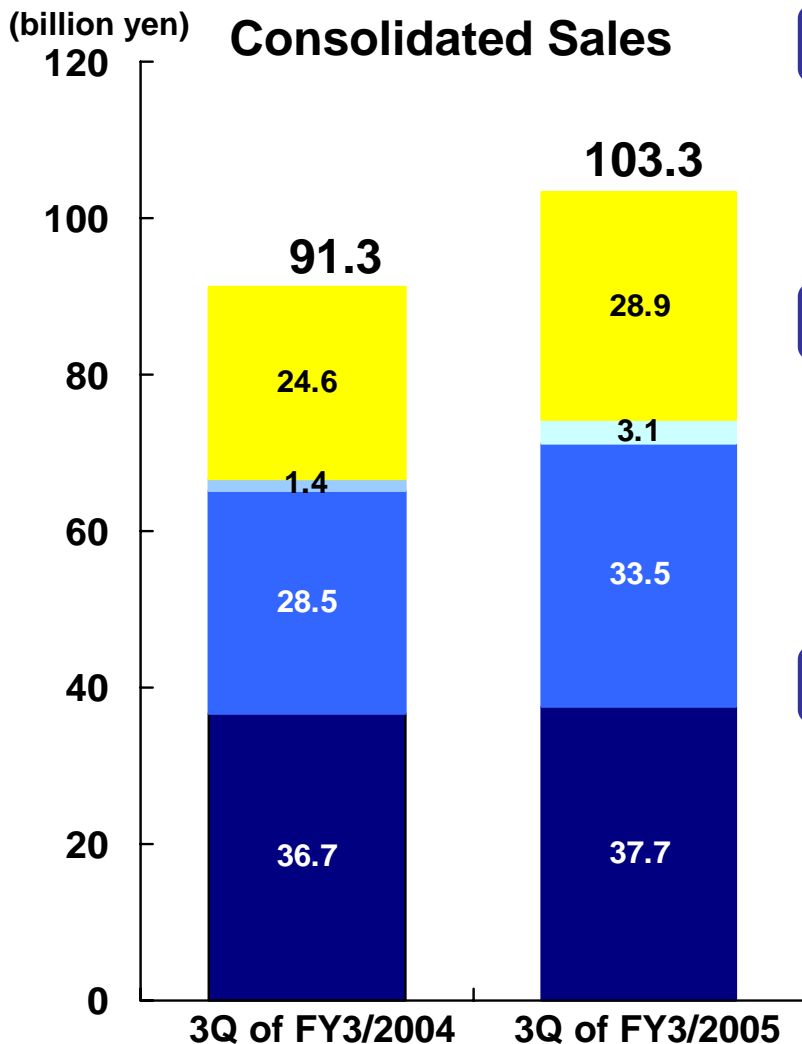
	3Q of FY3/2005	3Q of FY3/2004	Change (%)	Forecasts for Full Year
Net Sales	343.6	331.0	3.8%	440.0
Operating Income	90.8	86.6	5.0%	98.0
Ordinary Income	90.9	84.6	7.4%	99.5
Net Income	38.2	52.7	-27.4%	35.5

Focal point of the results:

1. Exchange rates: 1USD=109 yen (previous 3Q;115 yen), 1EUR=135 yen (previous 3Q;132 yen)
Effects of fluctuations of exchange rates: net sales=-0.6 billion yen, operating income=-0.3 billion yen
2. Reason for increase in net sales and operating income
Sales of overseas Harnal as well as Lipitor and Micardis in Japan increased
Vesicare Sales in Europe contributed, R&D expenses decreased
3. Spinning off of OTC business
Established Zepharmia in October 2004 (consolidated under equity method)
4. Special gain and losses

Special gain	Sales of investment securities; 5.1 billion yen
Special losses	Extraordinary amortization of patents; 10.5 billion yen Business restructuring loss related to domestic formulation plants; 8.0 billion yen Business integration costs related to merger with Fujisawa; 3.8 billion yen

Harnal Sales Jumped Worldwide



Japan: Sales Growth Rate +2.8%*

Topic

■ September 2004: Harnal D Approved

Europe: Sales Growth Rate +17.4%*

Topics

■ December 2004: Omnic OCAS approved in Europe under MRP(8 countries)

■ January 2005: Omnic OCAS Launched in the Netherlands

Bulk and royalties: Sales Growth Rate +17.1%*

Reference

■ Sales of Flomax in the U.S. : USD 817 million (+18.6%, CY2004 VS CY 2003)

Boehringer Ingelheim is marketing together with Yamanouchi and Abbott**

*3Q of FY3/2004 vs 3Q of FY3/2005

**Yamanouchi: Copromotion, Abbott: Distribution

Detail of Sales

(Billion yen)

		3Q of FY3/2005	3Q of FY3/2004	Change
Consolidated sales		343.6	331.0	+12.6
	Harnal	103.3	91.3	+11.9
	Lipitor	66.6	62.1	+4.5
	Gaster	60.6	67.0	-6.4
	Micardis	18.0	5.8	+12.1
	Calcium Antagonists	13.5	14.2	-0.7
	Frاندol	10.4	10.9	-0.5
	Dorner	7.2	8.1	-0.9
	Starsis	3.5	3.2	+0.2
	Nasea	3.1	3.3	-0.1
	Farom	2.2	2.7	-0.5
	Advferon	1.4	4.0	-2.5
Major products total		289.8	272.6	+17.2
Optiray	(Transferred out in March 2004)	-0.1	7.6	-7.7
Euglucon	(Transferred out in September 2003)	-	2.9	-2.9
OTC	(Spinned off in October 2004)	4.9	8.7	-3.8

Vesicare sales in Europe: 0.8 billion yen (Launched in August 2004, accumulated to 3Q)

COGS, SG&A, and R&D

(billion yen)

	3Q of FY3/2005	3Q of FY3/2004	Change
COGS	112.7	101.2	11.4
Ratio to net sales	(32.8%)	(30.6%)	
SG&A	140.0	143.1	-3.0
Ratio to net sales	(40.8%)	(43.2%)	
R&D	41.3	50.6	-9.2
Ratio to net sales	(12.0%)	(15.3%)	

1.Increase of COGS ratio	Reduction of NHI drug price in Japan and change of products mix	1.4%	
	Entrusted consumer business	0.5%	
	Effect by exchange rate	0.3%	
2.Increase of SG&A, (other than R&D)	US marketing	+3.4 (Total 9.0)	
	EU marketing	+3.2	
	New consolidation of S.Korean subsidiary	+1.0	
	*Decrease in domestic SG&A		-2.3
3.Decrease of R&D	Submission of applications of domestic YM905, YM087 in US and TOCAS in EU		
	Payment time lag		

Segment information by area (Pharmaceuticals Comparison)

(billion yen)

Sales		3Q of FY3/2005	3Q of FY3/2004	Change	Details
	Consolidated	343.6	331.0	12.6	
	Japan	242.9	251.1	-8.2	Increase of major product(+7.6) , Transferred marketing rights of Optiray, etc., to third parties (-10.7), OTC business by equity method from October(-3.8), Taiwan business transferred to Asia
	North America	5.7	0.9	4.8	Toll manufacturing in consumer business(+1.5), GPDC(+27), YPT(+5)
	Europe	89.4	77.3	12.1	Harnal(+9.1), Eligard(+1.0), Vesicare(+0.8)
	Asia	5.5	1.5	3.9	New consolidation of S. Korean & Taiwan subsidiaries (+3.9)
Operating Income		3Q of FY3/2005	3Q of FY3/2004	Change	Details
	Consolidated	90.8	86.6	4.2	
	Japan	89.9	81.0	8.9	Increasing COGS ratio to net sales, R&D(-8.0), SGA of parent company (-2.3)
	North America	1.0	-5.2	6.3	Decrease of costs burden of US marketing in this segment
	Europe	3.8	8.8	-4.9	Increase of sales, increase of selling expenses(+3.2) Cost burden of US marketing in Europe(+7.4, previous 3Q; 1.6)
	Asia	1.1	0.1	1.0	New consolidation of Korean & Taiwan subsidiaries
	Eliminations	-5.1	1.9	-7.0	Increase of unrealized gain

**VESIcare Launched in the U.S.
in January 2005**



Successful Launch of VESicare in the U.S.

- Launched on January 14 (Friday), 2005
- Sales (initial pipeline fill) : about 10 million dollars



At the VESicare launch meeting (January 13-15,2005) in Dallas, Texas, Dr. Takenaka gave a motivational presentation to the entire U.S. sales team.

VESicare

Product Profile of VESIcare

- VESIcare showed significant improvement of key symptoms of OAB -urinary frequency, urgency, and urinary incontinence at 12 weeks
More than one half of patients achieved continence with the 5mg (P<0.01 versus placebo) ¹.
- 91% of patients chose to enter open label long-term study and 81% completed 40 weeks of treatment with VESIcare².
- A long half-life of about 50 hrs. OAB symptom relief for 24 hrs with once-daily dosing.
- Well-tolerated. for the 5mg, the reported incidence of dry mouth was 10.9% compared to 4.2% for placebo³.
- For the 5mg, discontinuation rate due to adverse events was 2.3-3.2% compared to 3.3-3.7% for placebo³.



Key Messages on VESIcare in the U.S.

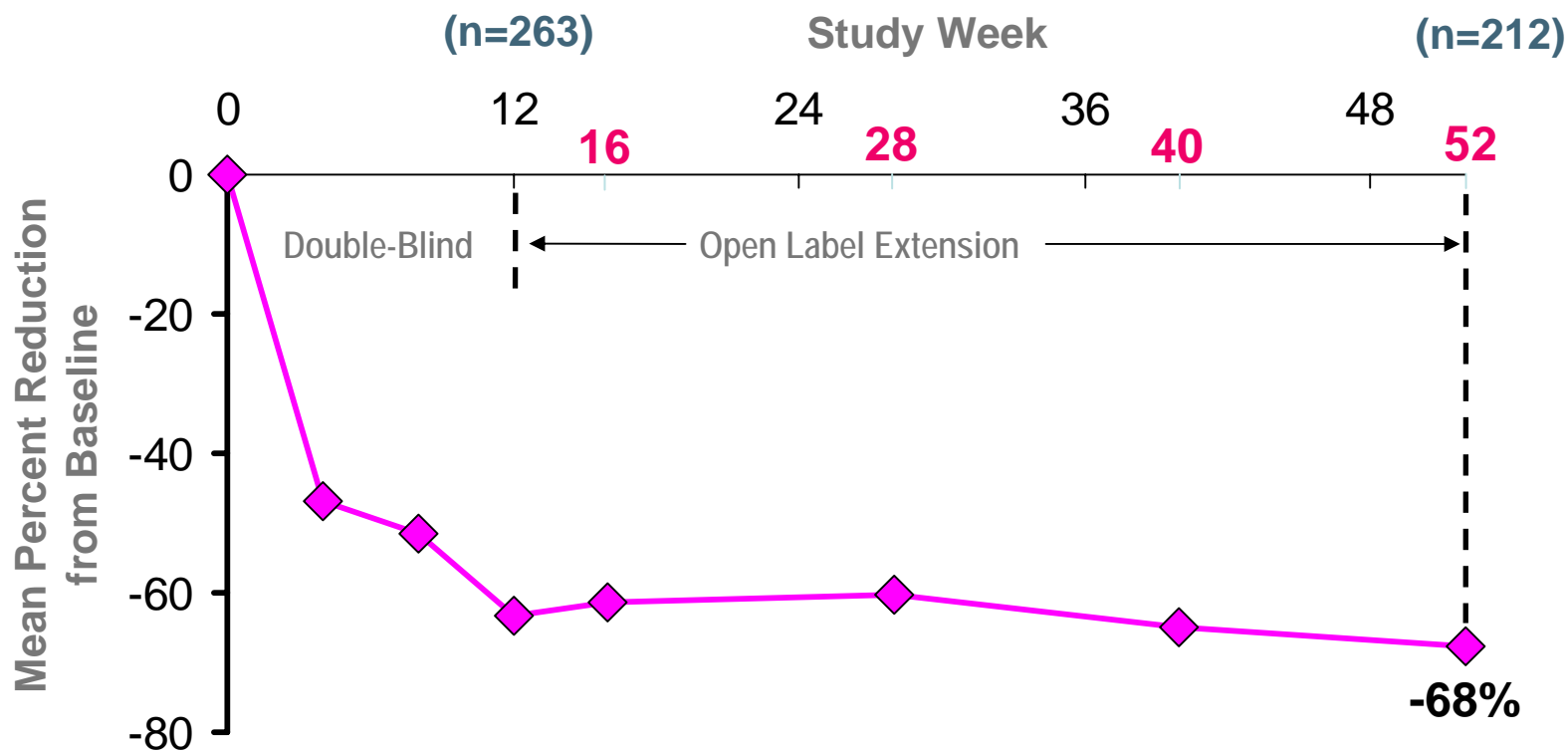
- Goal of therapy for OAB is restoration of continence
- VESIcare shows significant reduction in incontinence episodes

1. Neurourol Urodyn 2004; 23(5/6): 30

2. Progres en Urologie 2004; 14(3): 597

3. Joint Meeting of the ICS and the IUGA Annual Congress August 23-27, 2004 Paris, France

VESIcare (solifenacin succinate) Reductions in Incontinence Episodes Over One Year*



*Data shown are for those patients who received VESIcare 5 mg in the double blind study and who continued to receive VESIcare in the open-label extension using the flexible dosing option.

VESIcare Marketing Strategy in the U.S.

**Short term: Quick penetration into the market of VESIcare
focus on urinary incontinence**

Market needs

- More than 50% of OAB patients in the US suffer from incontinence
- Even those without incontinence are concerned about leakage



Emphasize relief from incontinence

Long term: maximization of product value
(by development of additional indications, dosage forms)

Mid term: expansion into other symptoms of OAB
and enhancement of label through clinical studies to
demonstrate best in class status

Short term: Focus on incontinence

Objectives for the 4Q of FY3/2005

- Toward Astellas -

■ Domestic Business

Growth in the market shares of Lipitor and Micardis

Continued growth of Harnal

Keeping Gaster sales in the current volume level

■ Overseas Business

Successful launch of Harnal (Omic) OCAS in Europe

Rapid penetration of Vesicare in the US and European markets

■ R&D

Effective response for obtaining approval of YM087

Accelerated clinical development of YM060

Reinforcement of licensing-in activities

■ Toward Astellas

Smooth progress in preparation for merger and integration

* Applicants for early retirement program: 366

Employees to be transferred to group companies: 141

(Special loss to be reported for the FY3/05: 10.3 billion yen)

Further focusing on Rx business