The Notice of Convocation

(Securities Code 4503)

May 27, 2019

To: Shareholders

Notice of Convocation of the 14th Term Annual Shareholders Meeting

Dear Madam/Sir:

You are hereby notified that the 14th Term Annual Shareholders Meeting of Astellas Pharma Inc. (the "Company") will be held as stated below. You are cordially invited to attend the meeting.

In the event that you are unable to attend the aforesaid meeting, you may exercise your voting rights either by mail or by electronic or magnetic means (via Internet, etc.). In that case, the Company cordially requests that you consider the Reference Documents for Shareholders Meeting attached below and exercise the voting rights before 5:00 p.m. on Monday, June 17, 2019.

Yours faithfully,

By: Kenji Yasukawa
Representative Director,
President and CEO
Astellas Pharma Inc.
2-5-1, Nihonbashi-Honcho, Chuo-ku
Tokyo, Japan

Particulars

1.	**Date and Time:**	10:00 a.m. on Tuesday, June 18, 2019 (Admission commences at 9:00 a.m.)
2.	**Place:**	"The Prominence Ballroom" ANA InterContinental Tokyo (B1FL.) 1-12-33, Akasaka, Minato-ku, Tokyo

* The place of meeting has been changed from the last year.
* Please be aware that since last year we have stopped distributing gifts to shareholders who attend Annual Shareholders Meeting.

3. Purpose:

Matters to be reported:

1. Report on the Business Report, Consolidated Financial Statements and Financial Statements for the 14th Term Business Year (from April 1, 2018 to March 31, 2019);
2. Report on the Results of Audit by Financial Auditor and the Audit & Supervisory Committee for Consolidated Financial Statements for the 14th Term Business Year (from April 1, 2018 to March 31, 2019)

Matters to be resolved:

First Proposal:	Appropriation of Retained Earnings
Second Proposal:	Partial Amendment to the Articles of Incorporation
Third Proposal:	Election of Seven (7) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)
Fourth Proposal:	Election of One (1) Director Who Is an Audit & Supervisory Committee Member
Fifth Proposal:	Election of One (1) Substitute Director Who Is an Audit & Supervisory Committee Member
Sixth Proposal:	Determination of Amounts of Remuneration for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)
Seventh Proposal:	Provision of Remuneration to Directors (Excluding Directors Who Are Audit & Supervisory Committee Members) Through Stock Compensation Scheme
Eighth Proposal:	Provision of Bonus to Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

-End-

Guidance for Means of Exercising Voting Rights:

In case that the shareholder attends the Annual Shareholders Meeting:
Date and Time: 10:00 a.m. on Tuesday, June 18, 2019
Please submit the Voting Card to the reception. (Seal is not required.)
Please note that, except for an accompanied person assisting a challenged/disabled shareholder, no one other than shareholders having the voting rights will be admitted to the place of meeting, even if such a person is a proxy who is not the shareholder or the accompanying person of a shareholder.

In case that voting rights are exercised by returning the Voting Card:
Deadline for Exercise: 5:00 p.m. on Monday, June 17, 2019 (arrival of the Voting Card to the Company is required)
Please describe your vote for approval or disapproval of each proposal on the Voting Card and post the Voting Card without putting stamps.

In case that voting rights are exercised by the Internet:
Deadline for Exercise: 5:00 p.m. on Monday, June 17, 2019 (completion of entry is required)
Please access to the Website for Exercise of Voting Rights at https://www.web54.net and enter your vote for approval or disapproval of each proposal following the on-screen guidance.
(Please refer to [Exercise of Voting Rights via Internet] of page 5.)

When exercising voting rights, the Company cordially requests that shareholders understand the following points:

1. In case that voting rights are exercised both by return of the Voting Card and by electronic or magnetic means (via Internet, etc.), only the vote registered by electronic or magnetic means (via Internet, etc.) will be recognized as valid.
2. In case that voting rights are redundantly exercised by the same means, only the last vote will be recognized as valid.
3. In case that no representation of either approval or disapproval is made when exercising voting rights, it shall be counted as a vote of approval.

Disclosure on the Internet

1. In accordance with the relevant laws and regulations as well as Article 17 of the Articles of Incorporation of the Company, the following items are posted on the Company's website on the Internet, and therefore, are not included in this Notice of Convocation.
   - Matters concerning Subscription Rights to Shares
   - Systems to Ensure the Appropriate Execution of Business
   - Consolidated Statements of Changes in Equity
   - Notes to Consolidated Financial Statements
   - Statements of Changes in Net Assets
   - Notes to Financial Statements

   Business Report, Consolidated Financial Statements, and Financial Statements audited by the Audit & Supervisory Committee and Consolidated Financial Statements and Financial Statements audited by Financial Auditor comprise the statements included in the Notice of Convocation and the abovementioned items posted on the Company's website.

2. In the case of revisions to the Reference Documents for Shareholders Meeting, Business Report, Consolidated Financial Statements, or Financial Statements, the Company will provide the revised details on its website.
   The Company's website:
   https://www.astellas.com/jp/ja/investors/shareholders-meeting

   *If any part of the originals of Reference Documents for Shareholders Meeting, Business Report, Consolidated Financial Statements, or Financial Statements in Japanese is revised, English translation of the Notice of Convocation will be updated and provided on the Company's website: https://www.astellas.com/jp/en/investors/shareholders-meeting

[Exercise of Voting Rights via Internet]

In case that a shareholder intends to exercise his or her voting rights via Internet, please access the following designated website for exercising voting rights. Please enter the "vote exercising code" and "password" written on the enclosed Voting Card. Then, please enter your vote for approval or disapproval of each proposal following the on-screen guidance.
Exercise of voting rights is also possible by using the full browser function of mobile phones including smart phones, but please be advised that the website may not be accessible by certain models of mobile phone.

Website for Exercise of Voting Rights
https://www.web54.net

Deadline for Exercise: 5:00 p.m. on Monday, June 17, 2019 (completion of entry is required)

Notes:

- Any connection charges to be incurred with the exercise of voting rights via Internet payable to Internet providers and communication charges must be borne by the shareholder exercising such rights.
- In some cases, you may not be able to use the website for exercise of voting rights due to your Internet environment, network service, or device model.
- Handling of password:
  (1) The password is a means to identify the person exercising voting rights as a shareholder of the Company. Please pay careful attention to keep the password safe.
  (2) In order to prevent illegal use by persons other than shareholders and falsification of the contents of the votes, the Company cordially requests that shareholders change the password written on the enclosed Voting Card to a new password chosen and registered by the shareholder by accessing the designated website for exercising voting rights.
  (3) The vote exercising code and password written on the enclosed Voting Card (including the password which has been changed and registered by the shareholders) shall be effective only for this Annual Shareholders Meeting. (For the next Annual Shareholders Meeting, a new vote exercising code and password shall be issued.)

For questions about how to exercise voting rights on the website, please call:

Website Support: 0120-652-031
Sumitomo Mitsui Trust Bank, Limited
Business Hours: from 9:00 a.m. to 9:00 p.m.

To institutional investors:

In addition to the exercise of voting rights via Internet stated above, only when the advance application is made, institutional investors may use the Electronic Voting Platform operated by ICJ, Inc. which is a company owned by Tokyo Stock Exchange, Inc., and other companies.

Reference Documents for Shareholders Meeting

Proposals and Matters for Reference

First Proposal: Appropriation of Retained Earnings

The Company works aggressively towards increasing enterprise value on a continual basis and, as a consequence, improves its return to shareholders. While putting priority on business investment to assure future growth, the Company strives to increase dividend payments stably and continuously based on its medium- to long-term profit growth on a consolidated basis. Further, the Company flexibly acquires its own shares whenever necessary to increase capital efficiency and shareholder return.

Based on the policy of returns to shareholders mentioned above, the Company proposes the year-end dividend for the business year under review as follows. As a result, the Company's annual dividend is ¥38 per share, including the interim dividend of ¥19 per share.

Year-end dividend

(1) Type of dividend assets:
Cash

(2) Matters concerning the allotment of dividend assets and the total amount thereof:
¥19 per share of common stock of the Company
Total amount: ¥35,856,453,497

(3) Date when the dividend of retained earnings takes effect:
Wednesday, June 19, 2019

Second Proposal: Partial Amendment to the Articles of Incorporation

The Company proposes to amend the Articles of Incorporation of the Company as follows:

1. Reasons for Proposal

The Company proposes to amend the Articles of Incorporation to enable distribution of dividends on retained earnings, etc. to be made upon resolution of the Board of Directors, pursuant to Article 459, Paragraph 1 of the Companies Act, in order to make distribution of dividends on retained earnings, etc. in a flexible manner. The Company will newly establish Article 34 and Article 35 of the Proposed Amendments, in lieu of Article 35 of the current Articles of Incorporation, while accordingly deleting Article 7 of the current Articles of Incorporation, the content of which overlaps with portions of Article 34 of the Proposed Amendments, and making necessary amendments otherwise.

2. Details of Amendments

The details of amendments are as follows.

(Underlined portions are amended)

Current Articles of Incorporation	Proposed Amendments
<u>Article 7. (Share buyback)</u> <u>The Company may, by resolution of the Board of Directors, acquire its own shares through transactions in the market, etc., pursuant to Article 165, Paragraph 2 of the Companies Act.</u>	(Deleted)
Articles <u>8</u>. – <u>34</u>. (Text omitted)	Articles <u>7</u>. – <u>33</u>. (Unchanged)
(Newly established)	<u>Article 34. (Organizations that decide dividends on retained earnings, etc.)</u> <u>The Company may, by resolution of the Board of Directors, determine the matters provided for in each item of Article 459, Paragraph 1 of the Companies Act, including dividends on retained earnings, except as otherwise provided for in laws and regulations.</u>
(Newly established)	<u>Article 35. (Record date of dividends on retained earnings)</u> <u>The record date of the year-end dividends of the Company shall be March 31 of each year.</u> <u>The record date of the interim dividends of the Company shall be September 30 of each year.</u> <u>In addition to the preceding two paragraphs, the Company may pay dividends on retained earnings by fixing a record date.</u>
<u>Article 35. (Dividends on retained earnings)</u> <u>The Company may pay year-end dividends to the shareholders or to the pledgees for the registered shares who have been entered or recorded in the last register of shareholders as of March 31 of each year.</u>	(Deleted)

Current Articles of Incorporation	Proposed Amendments
The Company may, by the resolution of the Board of Directors, pay interim dividends to the shareholders or to the pledgees for the registered shares who have been entered or recorded in the last register of shareholders as of September 30 of each year. In addition to the preceding two paragraphs, the Company may pay dividends on retained earnings by fixing a record date.	

Third Proposal: Election of Seven (7) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

The terms of office of Mr. Yoshihiko Hatanaka, Dr. Kenji Yasukawa, Dr. Yoshiharu Aizawa, Mr. Mamoru Sekiyama, and Ms. Keiko Yamagami as Directors will expire at the close of this Annual Shareholders Meeting.

Therefore, it is proposed that seven (7) Directors (excluding Directors who are Audit & Supervisory Committee Members) be elected.

The candidates for Directors (excluding Directors who are Audit & Supervisory Committee Members) are as follows:

Please see page 18 for the opinions of the Audit & Supervisory Committee regarding this proposal.

	Candidate No.			Name	Current position and responsibilities at the Company and status of significant concurrent positions at other organizations
Executive	1	Reelection		Yoshihiko Hatanaka	Representative Director, Chairman of the Board
	2	Reelection		Kenji Yasukawa	Representative Director, President and CEO
	3	New Candidate		Naoki Okamura	Corporate Executive Vice President, Chief Strategy Officer (CStO)
Non-executive	4	Reelection	Outside Director and Independent Director	Mamoru Sekiyama	Director
	5	Reelection	Outside Director and Independent Director	Keiko Yamagami	Director Lawyer honorary member, Tokyo Seiwa Law Office
	6	New Candidate	Outside Director and Independent Director	Hiroshi Kawabe	Professor Emeritus, Keio University President, Foundation for Promotion of Medical Training
	7	New Candidate	Outside Director and Independent Director	Tatsuro Ishizuka	Director, Hitachi Construction Machinery Co., Ltd. Advisor, Hitachi, Ltd.

Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
1	Yoshihiko Hatanaka (April 20, 1957) Reelection	April 1980: Joined Fujisawa Pharmaceutical Co., Ltd. April 2003: Director, Corporate Planning, Fujisawa Pharmaceutical Co., Ltd. April 2005: Vice President, Corporate Planning, Corporate Strategy Division, the Company June 2005: Corporate Executive, Vice President, Corporate Planning, Corporate Strategy Division, the Company April 2006: Corporate Executive of the Company and President & CEO, Astellas US LLC and President & CEO, Astellas Pharma US, Inc. June 2008: Senior Corporate Executive of the Company and President & CEO, Astellas US LLC and President & CEO, Astellas Pharma US, Inc. April 2009: Senior Corporate Executive, Chief Strategy Officer and Chief Financial Officer (CSTO & CFO), the Company June 2011: Representative Director, President and CEO, the Company April 2018: Representative Director, Chairman of the Board, the Company (present post) (Rate of attendance in meetings of the Board of Directors) 14/14 meetings (100%) (Reasons for selection as a candidate for Director) Since his appointment as Representative Director, President and CEO of the Company in June 2011, he has been fulfilling his duties as Director and demonstrating strong leadership through leading the overall management and global business, etc. He has also supervised the overall management in an aim to achieve sustainable enhancement of the enterprise value as Representative Director, Chairman of the Board since April 2018. The Company considers that his extensive experience and knowledge will be required for the management of the Company in the future as well, and therefore requests his election as Director.	30,900 shares

Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
2	Kenji Yasukawa (June 7, 1960) Reelection	April 1986: Joined the Company April 2005: Vice President, Project Management, Urology, the Company June 2010: Corporate Executive of the Company and Therapeutic Area Head, Urology, Astellas Pharma Europe B.V. October 2010: Corporate Executive of the Company and Therapeutic Area Head, Urology, Astellas Pharma Global Development, Inc. April 2011: Corporate Executive, Vice President, Product & Portfolio Strategy, the Company April 2012: Corporate Executive, Chief Strategy Officer (CSTO), the Company June 2012: Senior Corporate Executive, Chief Strategy Officer (CSTO), the Company April 2017: Senior Corporate Executive, Chief Strategy Officer and Chief Commercial Officer (CSTO & CCO), the Company June 2017: Representative Director, Executive Vice President, the Company April 2018: Representative Director, President and CEO, the Company (present post) (Rate of attendance in meetings of the Board of Directors) 14/14 meetings (100%) (Reasons for selection as a candidate for Director) Since his appointment as Representative Director, Executive Vice President of the Company in June 2017, he has been fulfilling his duties as Director, and demonstrating strong leadership through leading the overall management and global business, etc. as Representative Director, President and CEO of the Company since April 2018 in an aim to achieve sustainable enhancement of the enterprise value and objectives of the strategic plan. The Company considers that his extensive experience and leadership will be required for the management of the Company in the future as well, and therefore requests his election as Director.	31,215 shares

Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
3	Naoki Okamura (September 18, 1962) New Candidate	April 1986: Joined the Company October 2010: President & CEO, OSI Pharmaceuticals, Inc. April 2012: Senior Vice President, Chief Strategy Officer, Astellas Pharma Europe Ltd. July 2014: Vice President, Licensing & Alliances, the Company April 2016: Vice President, Corporate Planning, the Company June 2016: Corporate Executive, Vice President, Corporate Planning, the Company April 2018: Corporate Executive, Chief Strategy Officer (CSTO), the Company April 2019: Corporate Executive Vice President, Chief Strategy Officer (CStO), the Company (present post) (Reasons for selection as a candidate for Director) He has abundant experience in global business operation primarily in the business development and corporate planning division. Since his appointment as Corporate Executive, Chief Strategy Officer (CSTO) of the Company in April 2018, he has overseen corporate strategy, business development, etc. He assumed the positon of Corporate Executive Vice President of the Company in April 2019, and has been demonstrating strong leadership in an aim to achieve sustainable enhancement of the enterprise value. The Company considers that his extensive experience and leadership will be required for the management of the Company, and therefore requests his election as new Director.	0 shares

Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
4	Mamoru Sekiyama (August 14, 1949) Candidate for Outside Director and Independent Director Reelection	April 1974: Joined Marubeni Corporation April 1997: General Manager, Power Project Dept.-I, Marubeni Corporation April 1998: General Manager, Power Project Dept.-III, Marubeni Corporation April 1999: Deputy General Manager, Power Project Div.; General Manager, Power Project Dept. I, Marubeni Corporation April 2001: Senior Operating Officer, Utility Infrastructure Div.; General Manager, Overseas Power Project Dept., Marubeni Corporation April 2002: Corporate Vice President, Chief Operating Officer, Plant, Power & Infrastructure Div., Marubeni Corporation April 2005: Corporate Senior Vice President, Chief Operating Officer, Plant, Power & Infrastructure Projects Div., Marubeni Corporation June 2006: Corporate Senior Vice President, Member of the Board, Marubeni Corporation April 2007: Corporate Executive Vice President, Member of the Board, Marubeni Corporation April 2009: Senior Executive Vice President, Member of the Board, Marubeni Corporation April 2013: Vice Chairman, Marubeni Corporation April 2015: Corporate Adviser, Marubeni Corporation Chairman, Marubeni Power Systems Corporation June 2017: Director, the Company (present post) (Status of significant concurrent positions at other organizations) None (Number of years as outside Director) Two (2) years at the close of this Annual Shareholders Meeting (Rate of attendance in meetings of the Board of Directors) 14/14 meetings (100%)	0 shares

		(Reasons for selection as a candidate for outside Director and grounds for the judgment that he can appropriately carry out duties as outside Director) He has been engaged in corporate management as a business manager of a general trading company for many years, and has abundant global experience and extensive insight. Since June 2017, he has been playing a key role as outside Director in the management of the Company from an independent standpoint. The Company considers that he is able to leverage his abundant specialized knowledge and experience to the management of the Company in the future as well, and therefore requests his election as outside Director.	

Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
5	Keiko Yamagami (March 22, 1961) Candidate for Outside Director and Independent Director Reelection	April 1987: Public Prosecutor, Yokohama District Public Prosecutors Office April 2002: Coordinator, the Legislative Division, Criminal Affairs Bureau, Ministry of Justice January 2005: Counselor, the Legislative Division, Criminal Affairs Bureau, Ministry of Justice August 2005: Public Prosecutor, Supreme Public Prosecutors Office August 2007: Deputy Director of Public Peace Department, Tokyo District Public Prosecutors Office July 2008: Deputy Director of Trial Department, Tokyo District Public Prosecutors Office April 2009: Trial Director, Yokohama District Public Prosecutors Office April 2010: Registered as an attorney-at-law (Dai-ichi Tokyo Bar Association) Lawyer honorary member, Tokyo Seiwa Law Office (present post) June 2017: Director, the Company (present post) (Status of significant concurrent positions at other organizations) Lawyer honorary member, Tokyo Seiwa Law Office (Number of years as outside Director) Two (2) years at the close of this Annual Shareholders Meeting (Rate of attendance in meetings of the Board of Directors) 14/14 meetings (100%) (Reasons for selection as a candidate for outside Director and grounds for the judgment that she can appropriately carry out duties as outside Director) After successively holding important posts such as Public Prosecutor at the Supreme Public Prosecutors Office, she has been engaged in corporate legal affairs as an attorney-at-law, and has abundant expertise and experience. Since June 2017, she has been playing a key role as outside Director in the management of the Company from an independent standpoint. The Company considers that she is able to leverage her abundant specialized knowledge and experience to the management of the Company in the future as well, and therefore requests her election as outside Director.	0 shares

Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
6	Hiroshi Kawabe (May 2, 1952) Candidate for Outside Director and Independent Director New Candidate	May 1979: Assistant, Department of Internal Medicine, Keio University School of Medicine April 1990: Assistant Professor, Health Center, Keio University April 1991: Assistant Professor, Department of Internal Medicine, Keio University School of Medicine April 1996: Associate Professor, Health Center, Keio University Associate Professor, Department of Internal Medicine, Keio University School of Medicine April 2002: Professor, Health Center, Keio University Professor, Department of Internal Medicine, Keio University School of Medicine October 2003: Vice President, Health Center, Keio University October 2011: President, Health Center, Keio University June 2013: Trustee, Japan University Health Association March 2017: Trustee, Daiwa Securities Health Foundation (present post) March 2018: President, Foundation for Promotion of Medical Training (present post) April 2018: Professor Emeritus, Keio University (present post) (Status of significant concurrent positions at other organizations) Professor Emeritus, Keio University President, Foundation for Promotion of Medical Training (Reasons for selection as a candidate for outside Director and grounds for the judgment that he can appropriately carry out duties as outside Director) He has been engaged in medical treatment for many years while successively holding important posts at Keio University as a medical scientist, and has abundant specialized knowledge and experience. The Company considers that he is able to leverage his abundant specialized knowledge and experience to the management of the Company from an independent standpoint, and therefore requests his election as new outside Director.	0 shares

Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
7	Tatsuro Ishizuka (December 23, 1955) Candidate for Outside Director and Independent Director New Candidate	April 1978: Joined Hitachi, Ltd. April 2009: Corporate Officer and General Manager, Hitachi Works, Hitachi, Ltd. April 2011: Vice President and Executive Officer, and President & CEO, Power Systems Company, Hitachi, Ltd. April 2013: Senior Vice President and Executive Officer, Hitachi, Ltd. April 2014: Representative Executive Officer, Executive Vice President and Executive Officer, Hitachi, Ltd. April 2015: Deputy Chairman, Hitachi Europe Ltd. July 2016: Chairman of the Board, Hitachi Research Institute April 2017: Representative Executive Officer, Chairman, Hitachi Construction Machinery Co., Ltd. June 2017: Representative Executive Officer, Chairman, Executive Officer and Director, Hitachi Construction Machinery Co., Ltd. April 2019: Director, Hitachi Construction Machinery Co., Ltd. (present post) Advisor, Hitachi, Ltd. (present post) (Status of significant concurrent positions at other organizations) Director, Hitachi Construction Machinery Co., Ltd. Advisor, Hitachi, Ltd. (Reasons for selection as a candidate for outside Director and grounds for the judgment that he can appropriately carry out duties as outside Director) He has been engaged in corporate management as a business manager of a general electric manufacturer for many years, and has abundant global experience and extensive insight. The Company considers that he is able to leverage his abundant specialized knowledge and experience to the management of the Company from an independent standpoint, and therefore requests his election as new outside Director.	0 shares

(Notes) 1. Each candidate has no special interest in the Company.

2. Mr. Mamoru Sekiyama, Ms. Keiko Yamagami, Dr. Hiroshi Kawabe and Mr. Tatsuro Ishizuka are candidates for outside Directors and satisfy the required conditions for independent directors stipulated by Tokyo Stock Exchange, Inc., and the Company’s independence standards for outside Directors. Thus, they are registered as independent directors with the stock exchange. The Company’s independence standards for outside Directors are described on pages 23-24.

3. The Company has stipulated in the Articles of Incorporation that it may enter into an agreement with each Director (excluding executive Director, etc.) to limit his or her liability for damages under Article 423 (1) of the Companies Act, to the minimum liability amount provided by laws and regulations, if the requirements to limit liability provided by the laws and regulations are satisfied (Agreement to limit outside Director’s liability), enabling Directors (excluding executive Directors, etc.) to sufficiently fulfill expected roles. The Company has entered into the agreement with all of the Directors (excluding executive Directors, etc.). If the re-election of Mr. Mamoru Sekiyama and Ms. Keiko Yamagami is approved, the Company will maintain the agreements to limit their respective liabilities and, if the election of Dr. Hiroshi Kawabe and Mr. Tatsuro

Ishizuka is approved, the Company will enter into the agreements to limit their liabilities with the same terms and conditions of the other outside Directors' agreements.

- Opinions of the Audit & Supervisory Committee

  Based on the Code of Audit & Supervisory Committee Auditing Standards, the Audit & Supervisory Committee has conducted review with respect to election of the Directors (excluding Directors who are Audit & Supervisory Committee Members) by looking into whether the Board of Directors appropriately establishes systems and standards regarding such elections, whether such practices accord with the Corporate Governance Code, and whether appropriate procedures are followed, including discussions carried out by the Nomination Committee. The Audit & Supervisory Committee consequently determined that there is no cause for objection to content of this proposal.

Fourth Proposal: Election of One (1) Director Who Is an Audit & Supervisory Committee Member

Director who is an Audit & Supervisory Committee Member Mr. Hitoshi Kanamori will resign at the close of this Annual Shareholders Meeting.

Therefore, it is proposed that one (1) Director who is an Audit & Supervisory Committee Member be elected.

This proposal has been approved by the Audit & Supervisory Committee.

The candidate for a Director who is an Audit & Supervisory Committee Member is as follows:

Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
Haruko Shibumura (December 6, 1964) Candidate for Outside Director and Independent Director New Candidate	April 1987: Joined Chiyoda Mutual Life Insurance Company August 1987: Joined Kyushu University Press April 1994: Registered as an attorney-at-law (Dai-ni Tokyo Bar Association) Joined Law Offices of Honma & Komatsu (current Homma & Partners) April 1999: Partner Lawyer, Homma & Partners (present post) October 2006: Committee member, Compliance Committee, TAMURA Corporation June 2015: Outside Audit & Supervisory Board Member, NICHIREKI CO., LTD. (present post) April 2016: Committee member, Compliance Special Committee, TAMURA Corporation June 2018: Outside Director, TAMURA Corporation (present post) (Status of significant concurrent positions at other organizations) Partner Lawyer, Homma & Partners Outside Audit & Supervisory Board Member, NICHIREKI CO., LTD. Outside Director, TAMURA Corporation	0 shares

	(Reasons for selection as a candidate for outside Director who is an Audit & Supervisory Committee Member and grounds for the judgment that she can appropriately carry out duties as outside Director who is an Audit & Supervisory Committee Member) She has been engaged in corporate legal affairs as an attorney-at-law, and has abundant specialized knowledge and experience gained while serving in positions such as professor at the Legal Training and Research Institute. The Company considers that she is able to leverage her abundant specialized knowledge and experience to supervise and audit the Company's management from the standpoint of Director who is an Audit & Supervisory Committee Member in order to enhance the Company's enterprise value. Therefore, the Company requests her election as a new Director who is an Audit & Supervisory Committee Member.	

(Notes)

1. The candidate has no special interest in the Company.
2. The candidate has been elected as a substitute Director who is an Audit & Supervisory Committee Member at the 13th Term Annual Shareholders Meeting held on June 15, 2018. However, she will resign from the position of the substitute Director who is an Audit & Supervisory Committee Member at the start of this Annual Shareholders Meeting.
3. The candidate satisfies the required conditions for independent directors stipulated by Tokyo Stock Exchange, Inc., and the Company's independence standards for outside Directors. Thus, she is registered as an independent director with the stock exchange. The Company's independence standards for outside Directors are described on pages 23-24.
4. The Company has stipulated in the Articles of Incorporation that it may enter into an agreement with each Director (excluding executive Director, etc.) to limit his or her liability for damages under Article 423 (1) of the Companies Act, to the minimum liability amount provided by laws and regulations, if the requirements to limit liability provided by the laws and regulations are satisfied (Agreement to limit outside Director's liability), enabling Directors (excluding executive Directors, etc.) to sufficiently fulfill expected roles. The Company has entered into the agreement with all of the Directors (excluding executive Directors, etc.). If the election of Ms. Haruko Shibumura as Director who is an Audit & Supervisory Committee Member is approved, the Company will enter into the agreement to limit her liability in order to enable her to sufficiently fulfill expected roles as an Audit & Supervisory Committee Member.
5. Mr. Tomokazu Fujisawa, Ms. Hiroko Sakai, Mr. Noriyuki Uematsu and Dr. Hiroo Sasaki will continue to serve as Directors who are Audit & Supervisory Committee Members.

Fifth Proposal: Election of One (1) Substitute Director Who Is an Audit & Supervisory Committee Member

It is proposed that one (1) substitute Director who is an Audit & Supervisory Committee Member be elected to be ready to fill a vacant position should the number of Audit & Supervisory Committee Members fall below the number required by laws and regulations. The validity of this election can be nullified by resolution of the Board of Directors if the consent of the Audit & Supervisory Committee has been obtained; provided, however, that it is only in a time before assuming office. This proposal has been approved by the Audit & Supervisory Committee.

The candidate for a substitute Director who is an Audit & Supervisory Committee Member is as follows:

Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
Raita Takahashi (June 9, 1962) Candidate for Outside Director and Independent Director	October 1986: Joined Sanwa･Tohmatsu Aoki Audit Corporation (current Deloitte Touche Tohmatsu LLC) August 1995: Joined Chuo Audit Corporation May 1997: Established TAKAHASHI Accounting & Tax office (present post) April 1999: Representative Partner, ChuoAoyama PricewaterhouseCoopers December 2000: Outside Audit & Supervisory Board Member, Alpha Group Inc. (present post) March 2001: Representative Director, Yoshida Management Co. Ltd. (present post) June 2011: Trustee, Japan Association of Healthcare Management Consultants (present post) January 2018: Section President, Japanese Institute of Certified Public Accountants, Minami-Kyushu Chapter, Kagoshima Subcommittee (present post) (Status of significant concurrent positions at other organizations) Representative, TAKAHASHI Accounting & Tax office Outside Audit & Supervisory Board Member, Alpha Group Inc. Representative Director, Yoshida Management Co. Ltd.	0 shares

	(Reasons for selection as a candidate for substitute outside Director who is an Audit & Supervisory Committee Member and grounds for the judgment that he can appropriately carry out duties as outside Director who is an Audit & Supervisory Committee Member) With his many years of experience as a certified public accountant, he has thorough knowledge of corporate consulting and auditing, and is also engaged in corporate management as a business manager of a consulting company relating to business accounting and tax accounting services, and has abundant specialized knowledge and experience. If he assumes the office of Director who is an Audit & Supervisory Committee Member, the Company believes that he will be able to leverage the said abundant specialized knowledge and experience to supervise and audit the Company's management. Therefore, the Company requests his election as a substitute Director who is an Audit & Supervisory Committee Member.	

(Notes) 1. The candidate has no special interest in the Company.

2. The candidate satisfies the required conditions for independent directors stipulated by Tokyo Stock Exchange, Inc. and the Company's independence standards for outside Directors. The Company's independence standards for outside Directors are described on pages 23-24.

3. If Mr. Raita Takahashi assumes the office of Director who is an Audit & Supervisory Committee Member, to enable him to sufficiently fulfill expected roles as Director who is an Audit & Supervisory Committee Member, the Company plans to enter into an agreement with him to limit his liability for damages under Article 423 (1) of the Companies Act (Agreement to limit outside Director's liability), to the minimum liability amount provided by laws and regulations in the event that the requirements specified in laws and regulations are satisfied.

4. Mr. Raita Takahashi is scheduled to resign from the position of Section President, Japanese Institute of Certified Public Accountants, Minami-Kyushu Chapter, Kagoshima Subcommittee in June 2019.

Reference Material regarding the Third Proposal, Fourth Proposal, and Fifth Proposal

Independence Standards for Outside Directors

Below are the independence standards for outside Directors of Astellas Pharma Inc. ("the Company"). They are deemed to have independence from the Company and no potential conflict of interest with ordinary shareholders if none of the following apply.

(1) Person engaged in business execution [1] of the Company or the Company's subsidiaries (collectively, "the Group"), or person who has been engaged in business execution of the Group at any time in the past 10 years (or for a period of 10 years before appointment to that post if the person has, at any time within the past 10 years, served as a non-executive Director, Audit & Supervisory Board Member or Accounting Advisor of the Group);

(2) Party for whom the Group is a major business partner [2] or a person engaged in business execution of such party;

(3) Major business partner of the Group [3] or a person engaged in business execution of such business partner;

(4) Consultant, accounting professional, or legal professional obtaining large amounts of money or other financial benefits [4], other than as remuneration of Director from the Group (if such financial benefits are obtained by an incorporated entity, partnership or other organization, this item refers to a person belonging to such organization);

(5) Person belonging to an auditing firm performing statutory audits of the Group;

(6) Person receiving donations or grants above a certain threshold [5] from the Group (if the donations or grants are received by an incorporated entity, partnership or other organization, this item refers to a person engaged in business execution of such organization);

(7) Person engaged in business execution of a major financial institution [6] from which the Group has borrowings, or a person engaged in business execution of the parent company or subsidiary of such financial institution;

(8) Major shareholder [7] of the Group, or a person engaged in business execution of an incorporated entity that is a major shareholder of the Group;

(9) Person engaged in business execution of a company in which the Group is a major shareholder;

(10) Person engaged in business execution of a company accepting directors (whether full or part time) from the Group, or a person engaged in business execution of the parent company or subsidiary of such company;

(11) Person to whom any of Items (2) through (10) apply during the most recent 3 years; and

(12) Relative of a person to whom any of Items (1) through (11) apply (limited to a person in an important position [8]).[9]

1 “Person engaged in business execution” refers to a “person engaged in business execution” as defined in Section 2.3.6 of the Ordinance for Enforcement of the Companies Act, and includes both executive directors and employees. It does not include audit & supervisory board members.

2 “Party for whom the Group is a major business partner” refers to a business partner group (namely, a corporate group comprising a direct business partner, its parent company or subsidiary, or subsidiaries of the parent company; the same shall apply hereinafter.) that provides the Group with products or services for which the transaction value in the most recent business year exceeds 2% of such business partner group’s annual consolidated sales

3 “Major business partner of the Group” refers to a business partner group to which the Group provides products or services for which the transaction value in the most recent business year exceeds 2% of the Group’s annual consolidated sales

4 “Large amounts of money or other financial benefits” refers to money or other financial benefits in excess of 10 million yen, excluding remuneration of Director, for the most recent business year (if such financial benefits are obtained by an incorporated entity, partnership or other organization, it refers to money or other financial benefits in excess of 2% of such organization’s total income for the most recent business year).

5 “Donations or grants above a certain threshold” refers to donations or grants in excess of the higher of 10 million yen on average for the most recent 3 business years or 2% of total income of such person/organization for the most recent business year.

6 “Major financial institution” refers to a financial institution from which total borrowings at the end of the most recent business year exceeds 2% of the Company’s consolidated gross assets.

7 “Major shareholder” refers to a shareholder holding 10% or more of voting rights (including direct and indirect holdings).

8 “Person in an important position” refers to a director (excluding outside directors); executive officer; corporate executive; employee in a management position at the level of department head or higher; certified public accountant in an auditing firm or accounting office; attorney in a law firm; councillor, director, auditor or other officer in an incorporated foundation, incorporated association, educational institution or other incorporated entity; or other person objectively and reasonably deemed to be in a position of similar importance.

9 “Relative” refers to a spouse or person within the second degree of consanguinity.

- End -

Sixth Proposal: Determination of Amounts of Remuneration for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

The amount of remuneration for the Company's Directors (excluding Directors who are Audit & Supervisory Committee Members) was approved at the 13th Term Annual Shareholders Meeting held on June 15, 2018, to be within ¥560 million per year and the amount has remained unchanged to the present. Conventionally, the Company has had approval for an upper limit amount of Directors' basic remuneration with a fixed amount (fixed remuneration), and has requested approval for the total payment amount of Directors' bonuses (variable remuneration) at each Annual Shareholders Meeting.

With this proposal, the Company seeks approval for revising the amount of basic remuneration paid to Directors (excluding outside Directors and Directors who are Audit & Supervisory Committee Members) to within ¥590 million per year and the amount of basic remuneration paid to outside Directors (excluding Directors who are Audit & Supervisory Committee Members) to within ¥130 million per year, while also newly establishing an amount for bonuses to be paid to Directors (excluding outside Directors and Directors who are Audit & Supervisory Committee Members) within ¥1,370 million per year. For the 15th term business year (April 1, 2019 to March 31, 2020) and subsequent business years, the Company intends to pay bonuses within the maximum limit, as with the basic remuneration, giving consideration to consolidated business performance and so forth.

The Company also proposes that the amount of remuneration (including bonuses) for Directors (excluding Directors who are Audit & Supervisory Committee Members) not include the employee's salaries portion for Directors who are also employees.

The Company has set the above remuneration amounts in order to realize a competitive remuneration level for recruiting and retaining talents amid its rapidly changing business environment as well as fair and impartial treatment in consideration of responsibilities and results. To this end, the Company has made reference to remuneration levels at other Japanese companies and at pharmaceutical companies overseas, while considering the responsibilities of its Directors, the number of Directors allowed under the Articles of Incorporation, and general conditions including the economy.

Furthermore, the amount of remuneration including bonuses for each Director (excluding Directors who are Audit & Supervisory Committee Members) has been decided by a resolution of the Board of Directors based on the result of discussion in the Compensation Committee (in which the majority of members are outside Directors and the chair is an outside Director). Since objectivity and transparency are ensured in the remuneration determination process, the Company also seeks to pay bonuses within the upper limit amount, as with basic remuneration, without obtaining approval at a general meeting of shareholders.

The current total number of Directors (excluding Directors who are Audit & Supervisory Committee Members) is five (5) (including three (3) outside Directors). If the Third Proposal "Election of Seven (7) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)" is approved as originally proposed, the total number of Directors (excluding Directors who are Audit & Supervisory Committee Members) shall be seven (7) (including four (4) outside Directors).

In addition, the Company proposes that remunerations for Directors (excluding outside Directors and Directors who are Audit & Supervisory Committee Members) be composed of basic remuneration with a fixed amount (fixed remuneration) based on the details of this proposal, bonus (variable remuneration) and the stock compensation (variable remuneration) mentioned in the Seventh Proposal "Provision of Remuneration to Directors (Excluding Directors Who Are Audit & Supervisory Committee Members) Through Stock Compensation Scheme." The Company also proposes that remunerations for outside Directors (excluding Directors who are Audit & Supervisory Committee Members) be composed of only basic remuneration with a fixed amount (fixed remuneration) based on the details of this proposal.

Please see page 43 for the opinions of the Audit & Supervisory Committee regarding this proposal.

* If this Proposal and the Seventh Proposal are approved as originally proposed, the Company plans to reform the remuneration system with a greater focus on strengthening the links to the business results and increasing enterprise value and shareholder value over the medium to long term. Refer to page 32 and subsequent pages for specific details regarding the background pertaining to revision of remuneration system, and regarding policies and procedures on determining remunerations for Directors.

Seventh Proposal: Provision of Remuneration to Directors (Excluding Directors Who Are Audit & Supervisory Committee Members) Through Stock Compensation Scheme

At the 13th Term Annual Shareholders Meeting held on June 15, 2018, shareholders approved adoption of a performance-linked stock compensation scheme for the Company's Directors (excluding outside Directors and Directors who are Audit & Supervisory Committee Members) in the aim of raising their consciousness of contributing to sustainable growth in the Company's earnings and enterprise value. This stock compensation scheme currently remains in effect.

Accordingly, the Company wishes to reset the remuneration limit of its performance-linked stock compensation scheme (hereinafter the "Scheme") for the Company's Directors (excluding outside Directors and Directors who are Audit & Supervisory Committee Members), for the purpose of turning it into a remuneration system that more closely links remuneration to medium- to long-term growth, and to enterprise value and shareholder value, and places greater focus on increasing shareholder value, while ensuring a level of competitiveness that enable the Company to recruit and retain talents capable of responding to the increasing sophistication and complexity of management.

The Company wishes to annually pay Directors (excluding outside Directors and Directors who are Audit & Supervisory Committee Members) remuneration based on the Scheme within the Scheme's remuneration limit as reset pursuant to this proposal. The amount, contents and other particulars of the said remuneration are as described below under "Amount and Contents, etc., of Remuneration under the Scheme." The Company plans to increase the ratio of performance-linked remuneration in remuneration structure for Directors (excluding outside Directors and Directors who are Audit & Supervisory Committee Members) and other executives for the purpose of turning it into a remuneration system that more closely links remuneration to medium- to long-term growth, and to enterprise value and shareholder value, and places greater focus on increasing shareholder value. The level at which the Scheme's remuneration limit would be reset pursuant to this proposal takes into account this restructuring of directors and other executive remuneration mix.

With respect to this proposal, the Company requests the shareholders' approval for the basic remuneration limits (within ¥590 million per year) and bonus limits (within ¥1,370 million per year) to the Directors (excluding outside Directors and Directors who are Audit & Supervisory Committee Members), apart from the remuneration to the Directors (excluding Directors who are Audit & Supervisory Committee Members) in the Sixth Proposal.

When the Third Proposal is approved as originally proposed, the total number of Directors who are eligible to the Scheme at the conclusion of the Annual Shareholders Meeting shall be three (3).

Please see page 43 for the opinions of the Audit & Supervisory Committee regarding this proposal.

* The trusts established prior to the business year ended March 31, 2019 for the performance-linked stock compensation scheme will remain unchanged in terms of remuneration limits and other particulars approved before. If this proposal is approved, trusts newly established for the Scheme for the 15th term (April 1, 2019, through March 31, 2020) and subsequent business years will be based on this proposal's content.

Amount and Contents, etc., of Remuneration under the Scheme

(1) Overview of the Scheme

The Scheme is the stock compensation scheme, under which the Company's shares are acquired through a trust using the money (as described in (2) below) contributed by the Company, and delivery of the Company's shares (as described in (4) below) to the Directors of the Company (excluding outside Directors and Directors who are Audit & Supervisory Committee Members; the same shall apply hereinafter only in this proposal) will be conducted through such trust based on the level of growth of the enterprise value and shareholder value, and others.

(i) Individuals eligible to the Scheme	• Directors of the Company (excluding outside Directors and Directors who are Audit & Supervisory Committee Members)
(ii) Maximum amount of money contributed by the Company (as described in (2) below)	• The Company contributes the sum of money up to ¥1,640 million in the initial business year of each Applicable Period (the three consecutive business years) • The above maximum amount is to be set with consideration placed on the professional responsibilities of Directors, the number of Directors stipulated in the Company's Articles of Incorporation, and on general conditions including economy.
(iii) Maximum number of the Company's shares acquired by Directors (including the number of the Company's shares to be converted into cash) (as described in (3) below)	• The maximum number of shares to be acquired shall be the number obtained by dividing ¥1,640 million by the average closing price of the Company's shares on the Tokyo Stock Exchange in the month (March) before the initial month (April) of the first business year of every Applicable Period.
(iv) Impact of the Scheme on the total number of issued shares	• The Company's shares will not be diluted, as it shall be acquired from the stock market.
(v) Links between remuneration and the Company's performance (as described in (3) below)	• Performance-linked coefficient varies within a range of 0% to 200% based on factors such as results of comparing the Company's total shareholder return (TSR) during the Applicable Period with the growth rate of Tokyo Stock Price Index (TOPIX) and TSR of global pharmaceutical companies.
(vi) Timing for delivery of the Company's shares to Directors (as described in (4) below)	• First around June after the termination of the Applicable Period

(2) Maximum Amount of Money Contributed by the Company

Subject to the three consecutive business years (hereinafter the “Applicable Period”), for each Applicable Period, the Company contributes the sum of money up to ¥1,640 million as the remuneration to the Directors in the initial business year of the Applicable Period, and establishes (“establish” includes the continuous use of the trust by extending the trust period of the existing trust; the same shall apply hereinafter only in this proposal) a trust with a trust period of approximately three years (hereinafter the “Trust”) designating the Directors who satisfy the beneficiary conditions as beneficiaries. The Trust, in accordance with the instructions of the trust administrator, acquires the Company’s shares on the stock market using the money entrusted.

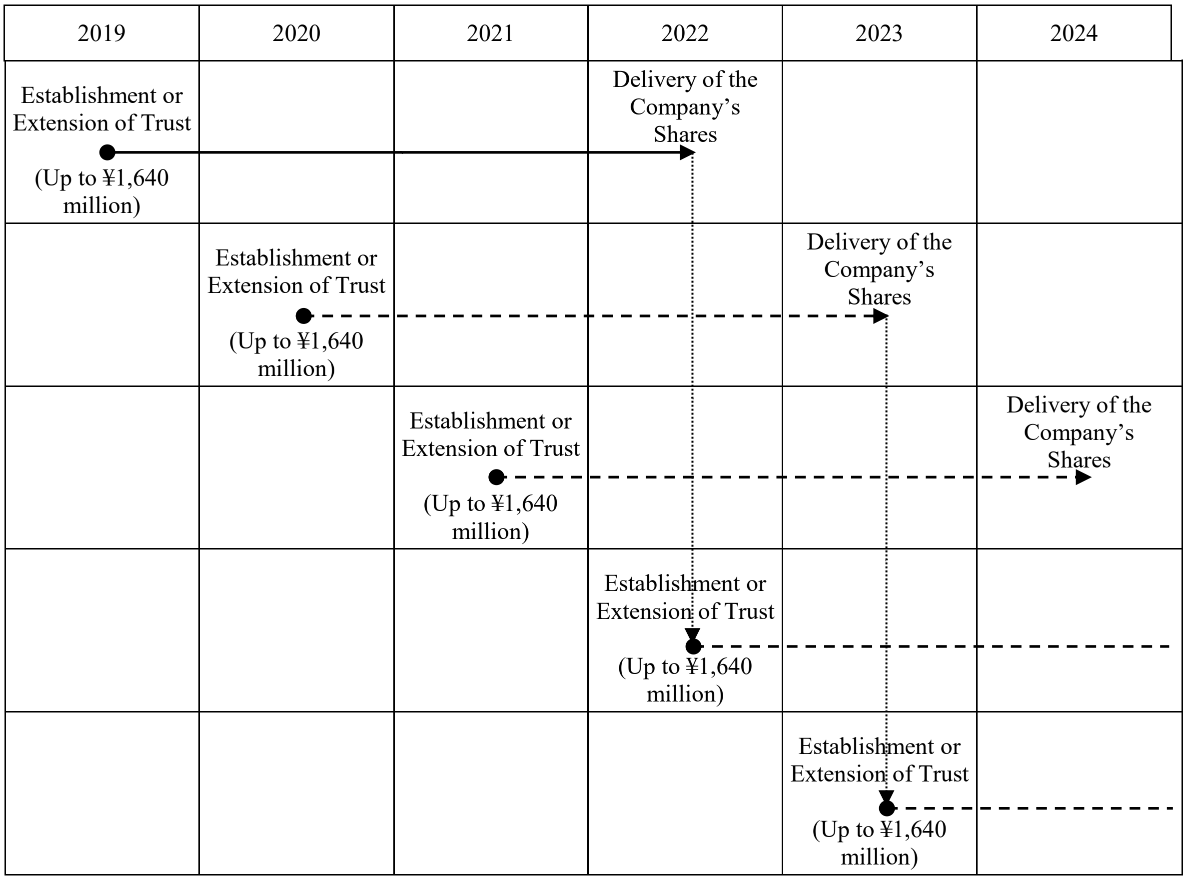
Specifically, with respect to the Trust which will be established in the business year ending March 31, 2020, the three business years from the said business year to the business year ending March 31, 2022 shall be the Applicable Period for the Trust, and the Company contributes the sum of money up to ¥1,640 million in the initial business year of the said Applicable Period and allocates points (as described in (3) below) to the Directors and conducts delivery of the Company’s shares to them during the trust period (scheduled from September 1, 2019 to the end of August, 2022).

Furthermore, the Company may pay the Directors the remuneration under the Scheme by establishing a new Trust with a trust period of approximately three years in each business year after the business year ending March 31, 2020. In such case, the Company designates the three business years from the establishment of each new Trust as the Applicable Period, and contributes the sum of money up to ¥1,640 million in the initial business year of the said Applicable Period, and allocates points to the Directors and conducts delivery of the Company’s shares to them during the trust period.

In addition, at the expiration of the trust period of each Trust, the Company may continuously use the existing Trust in order to pay the remuneration under the Scheme to the Directors by making changes to the trust agreement and additional entrustments to the Trust in lieu of establishing a new Trust. In such case, the Company extends the trust period of the Trust by the period equal to the initial trust period and designates the three business years following such extension as the Applicable Period. For each Applicable Period, the Company makes an additional contribution within the range of the total amount of ¥1,640 million in the initial business year of such Applicable Period, and it continues allocating points to the Directors and conducting delivery of the Company’s shares to them during the extended trust period.

The number of the Trust that can be established per year shall be one, and up to three Trusts may coexist if the Trust is established every year.

For your reference, the following chart shows the overview explained above.



(3) Calculation Method and Maximum Number of Company's Shares Acquired by Directors

The number of the Company's shares to be delivered to the Directors under the Scheme (including the number of the Company's shares to be converted into cash in accordance with (4) below) shall be determined, using a specific calculation formula, on the basis of the points allocated based on the level of growth of the enterprise value and shareholder value, and others, with one point corresponding to one share of the Company's share.

Basic points shall be allocated to the eligible individuals who are in office as of July 1 of the year in which the Trust is established in accordance with the following formula.

(Formula for the calculation of basic points)

Basic amount determined based on position	/	Average closing price of the Company's shares on the Tokyo Stock Exchange in March of the year in which the Trust is established (the month before the initial month of the first business year of the Applicable Period)

* Any fractions of less than one shall be discarded.
* The basic amount levels are to be appropriately established based on the professional responsibilities, in reference particularly to objective remuneration survey data of an external expert organization in order to ensure competitive remuneration levels that enable the Company to recruit and retain talents.

Those who remain in office as the eligible individuals for the Scheme on the first June 1 after the termination of the Applicable Period of the Trust shall receive the delivery of the Company's shares in numbers corresponding to the points calculated according to the formula below from the Trust.

Basic points × Performance-linked coefficient

* Any fractions of less than one shall be discarded.

* The performance-linked coefficient is set within a range of 0% to 200% based on factors such as results of comparing the Company's TSR during the Applicable Period of each Trust with the growth rate of Tokyo Stock Price Index (TOPIX) and TSR of global pharmaceutical companies (the "TSR Peer Group"). The TSR Peer Group shall be reported to the Board of Directors after deliberation by the Compensation Committee, and determined until the grant date of basic points.

The total number of the Company's shares to be delivered to the Directors (including the number of the Company's shares to be converted into cash in accordance with (4) below; the same shall apply hereinafter only in this proposal) from the relevant Trust during the trust period of each Trust shall be up to the number (any fractions of less than one shall be discarded) derived by dividing ¥1,640 million by the average closing price of the Company's shares on the Tokyo Stock Exchange in March of the year in which the relevant Trust is established (the month before the first month of the first business year of the Applicable Period).

In the event that the number of the Company's shares belonging to the Trust increases or decreases due to stock split, gratis allotment or stock consolidation, etc., the number of the Company's shares to be delivered per point and the upper limit of total number of the Company's shares to be delivered to the Directors from the relevant Trust shall be adjusted by means of a reasonable method.

(4) Method and Timing for Delivery of the Company's Shares to Directors

A Director who has met the beneficiary conditions under the Scheme shall receive delivery of the Company's shares corresponding to the allocated points around the first June after the termination of the Applicable Period of the Trust. Delivery of the Company's shares refers to the receipt by Directors of half of the number of the Company's shares corresponding to the allocated points from the Trust (provided that shares less than one unit shall be converted into cash within the Trust and the cash equivalent to the amount of conversion will be received), and the receipt by Directors of the cash equivalent to the remaining half after conversion into cash within the Trust.

In the event that a Director retires during the trust period (excluding voluntary retirement or dismissal), such Director may, as a general rule, receive the delivery of the Company's shares in numbers corresponding to the points that have been allocated up to the time of retirement. Furthermore, in the event that a Director becomes deceased during the trust period, as a general rule, the Company's shares shall be converted into cash in numbers corresponding to the points which have been allocated to the Director up to that time within the Trust, and the cash equivalent to the amount of conversion shall be received by the Director's heir from the Trust.

(5) Voting Rights in the Company's Shares within the Trust

In order to maintain a neutral position vis-a-vis management, no voting rights shall be exercised on the Company's shares within the Trust during the trust period.

(6) Other Contents, etc., of the Scheme

Other contents and details, etc. concerning the Scheme shall be resolved by the Board of Directors of the Company each time the Trust is established.

Reference Material regarding the Sixth Proposal and Seventh Proposal

- **Background pertaining to revision of remuneration system for Directors***

  * Excluding outside Directors and Directors who are Audit & Supervisory Committee Members. References to "Directors" in this reference material have the same meaning.

With the stated mission of sustainably enhancing enterprise value, the Company introduced a remuneration system for Directors and Corporate Executives at the launch of Astellas Pharma Inc. in April 2005 that comprises basic remuneration, performance-linked bonuses and stock compensation, while emphasizing enterprise and shareholder value, and promoting shared interest with shareholders. The remuneration levels are reviewed as necessary to maintain competitive levels that are fully commensurate with the responsibilities of the position to enable the Company to secure talents.

The Company has increased its enterprise value by providing medical solutions for unmet medical needs. However, it is now under strong pressure to expand globally across the value chain through research and development activities, such as exploring and acquiring new drug discovery technologies and modalities, and various commercialization activities. Furthermore, the Company also needs to address issues in the pharmaceutical industry that extend across nations and regions, such as increased difficulty in research and development for new drugs, increased requirements for new drug approvals, and drug price pressure. The Company has built a global management structure centered on functional axis and recruited talents from human resource markets both in Japan and in other countries and regions. This has enabled it to cope with changes in the business environment while continuously strengthening its management structure. Now, as a large number of organizations and employees come to collaborate beyond national and regional borders, and management grows increasingly sophisticated and complex, the Company recognizes the following issues with its current remuneration system for the Company's Directors, Corporate Executives, and others, which was designed based on remuneration systems in Japan.

- Need for competitive remuneration levels that enable the Company to recruit and retain talents capable of responding to the increasing sophistication and complexity of management

- Fair and impartial treatment based on responsibility and performance, regardless of country and region

Based on its awareness of these changes in the business environment and issues to be addressed, the Company has been engaging in a series of discussions over the last year primarily involving the Compensation Committee, regarding the types of remuneration systems that should be adopted by the Company, and has decided to revise the remuneration system for Directors of the Company. The submission to the Annual Shareholders Meeting of the proposals regarding the setting of upper limits for each type of remuneration, upon which this revision is premised, has been determined by a resolution of the Board of Directors based on the results of discussions by the Compensation Committee. If the sixth and seventh proposals are approved as originally proposed at the Annual Shareholders Meeting, the Company intends to adopt the revised remuneration system with respect to remuneration pertaining to the 15th term business year and thereafter.

The primary points of the revision of the remuneration system for the Directors are as follows.

1. The Company will set appropriate remuneration levels to recruit and retain talents from the global human resource markets and provide fair and impartial treatment based on responsibility and results by referring to remuneration levels of major Japanese manufacturing companies and considering remuneration levels of global pharmaceutical companies with revenue of a similar scale to the Company.
2. The Company will increase the ratio of performance-linked remuneration in the form of bonuses (short-term incentive remuneration) and stock compensation (medium- to long-term incentive remuneration), and more closely link remuneration to medium- to long-term growth and enterprise value. Moreover, the majority of the remuneration that will increase in conjunction with this revision of remuneration levels is performance-linked remuneration.
3. The index used for determining the number of shares to be delivered for the performance-linked stock compensation (medium- to long-term incentive remuneration) will be changed from the financial indicators used previously to a stock price indicator so remuneration is more closely linked to enterprise value and shareholder value while creating a remuneration system with a stronger emphasis on increasing shareholder value.

The Company will continue to revise the remuneration system as necessary going forward.

- **Policies and procedures on determining remunerations for Directors who are not Audit & Supervisory Committee Members (excluding outside Directors)**

<u>**Remuneration policies**</u>

Remuneration of the Company's Directors is determined based on the following factors.

Competitive remuneration system

- A remuneration structure and levels that enable the Company to recruit and retain talents

Remuneration system that emphasizes increasing enterprise value and shareholder value

- A remuneration system and composition that are closely linked to performance with an emphasis on increasing enterprise and shareholder value over the medium- to long-term

Fair and impartial remuneration system

- A fair and impartial remuneration system based on responsibility and results regardless of country and region

Remuneration structure

Remuneration structure for Directors of the Company consists of basic remuneration (fixed remuneration) and incentive-based remuneration (variable remuneration). The incentive-based remuneration (variable remuneration) consists of the two components bonus (short-term incentive remuneration) and stock compensation (medium- to long-term incentive remuneration). Chart 1 contains the types of remuneration and the objectives and overview of the respective remuneration types.

[Chart 1. Remuneration structure for Directors of the Company]

Type of remuneration		Objectives and overview
Fixed	Basic remuneration	Fixed remuneration for encouraging job performance consistently aligned with professional responsibilities • Remuneration levels determined based on trends with respect to remuneration benchmark company groupings
Variable	Bonus (short-term incentive remuneration)	Performance-linked remuneration geared to steadily improving results with the aim of achieving the business performance targets each business year • The base amount to be paid upon achieving targets is set as a proportion of basic remuneration, depending on factors such as professional responsibilities (consideration placed on trends with respect to remuneration benchmark company groupings) • Specific amount to be paid is to be determined within range of 0% to 200% for the base amount, depending on factors such as level of achieving business performance targets each business year • Lump-sum payment subsequent to conclusion of respective business years
	Stock compensation (medium- to long-term incentive remuneration)	Performance-linked remuneration to promote the management focused on improving the enterprise value and shareholder value over the medium- to long-term • The base amount is set as a proportion of basic remuneration, depending on factors such as professional responsibilities (consideration placed on trends with respect to remuneration benchmark company groupings) • The number of shares (basic points) to be delivered upon achieving targets is calculated as the base amount divided by the share price at the start of the three-year applicable period (the average closing price of the Company's shares on the Tokyo Stock Exchange for the month prior to start of the applicable period) • The specific number of shares delivered is to be determined within a range of 0% to 200% for the basic points, depending on factors such as the rate of growth attained by the Company share price over a three-year period • In principle, delivered in a single installment around June occurring immediately after conclusion of the three-year applicable period (provided, however that 50% of payment shall be cash payment)

Remuneration levels

To ensure competitive remuneration levels for the Company's Directors that enable the Company to recruit and retain talents, the Company will use the objective remuneration survey data of an external expert organization ("Willis Towers Watson Executive Compensation Database (Japan)") and other sources to select a group of companies for remuneration benchmarking, and set the remuneration levels in accordance with responsibility and other factors.

[Remuneration benchmark company groupings]

For remuneration benchmarking, the Company will mainly use 1) "major manufacturing companies listed on Japanese stock exchanges" as a comparison target, while also making reference to 2) "global pharmaceutical companies with revenue of a similar scale to the Company."

The remuneration benchmark company groupings, to which the Company referred, to determine the remuneration for Director (base amount) for the 15th term business year, are as follows.

(1) Major manufacturing companies listed on Japanese stock exchanges* (37 companies)

* Selected from manufacturing companies within the top 100 ranking companies by market capitalization at the time of reference (2018)

(2) Global pharmaceutical companies with revenue of a similar scale to the Company* (18 companies)

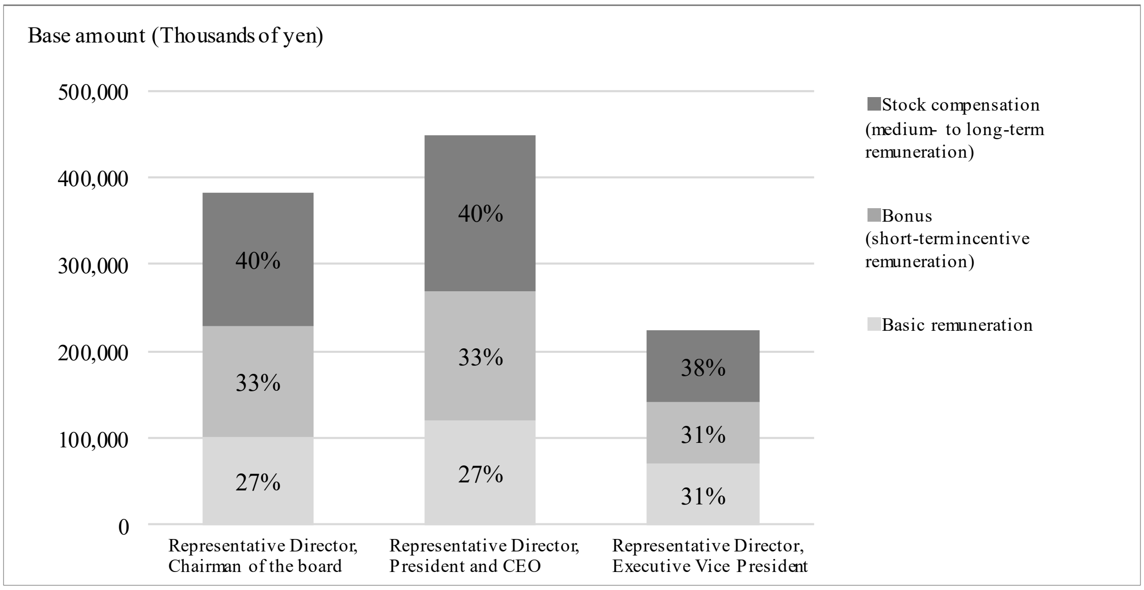
* Selected from global pharmaceutical companies whose revenue is within a range of 0.5 to 2.0 times that of the Company at the time of reference (2018)

Allocated ratios of remuneration

The allocated ratios of remuneration for Directors are set appropriately based on the Company's management strategy and business environment, responsibilities, and level of difficulty in achieving the target for incentive remuneration, while also taking into consideration the trends at remuneration benchmark company groupings. To ensure that the remuneration system and remuneration composition are strongly linked to business results and emphasize the increase of enterprise and shareholder value over the medium to long term, the ratio of incentive remuneration (particularly medium- to long-term incentive remuneration) is increased, and the allocated ratios of remuneration for the Representative Director, President and CEO are used as a guideline, specifically "basic remuneration : bonus (base amount) : stock compensation (base amount)" = "1 (27%) : 1.25 (33%) : 1.5 (40%)." The allocated ratios of remuneration for the other Directors are decided in consideration of their responsibilities and remuneration levels in accordance with the allocated ratios of remuneration for the Representative Director, President and CEO.

The following chart (Chart 2) lists the remuneration levels (base amount) for Directors of the Company on a per-position basis and allocated ratios of remuneration for the 15th term business year.

[Chart 2. Remuneration levels (base amount) for Directors of the Company on a per-position basis and allocated ratios of remuneration for the 15th term business year]



(Thousands of yen)

Position*	Basic remune-ration	Bonus		Stock compensation		Total
		Base amount	Proportion of basic remune-ration	Base amount	Proportion of basic remune-ration	
Representative Director, Chairman of the Board	102,000	127,500	1.25	153,000	1.5	382,500
Representative Director, President and CEO	120,000	150,000	1.25	180,000	1.5	450,000
Representative Director, Executive Vice President	70,308	70,316	1.00	84,376	1.2	225,000

* Position of Company management at the conclusion of the 14th Term Annual Shareholders Meeting

Incentive-based remuneration system (variable remuneration)

[Bonus (short-term incentive remuneration)]

Bonuses (short-term incentive remuneration) will act as performance-linked remuneration for steadily building results towards achieving targets for each business year. As such, the Company will set appropriate consolidated performance evaluation indicators and a system that is linked closely with performance. The performance evaluation indicators and system will be changed as necessary as the business environment changes and the management plans are reviewed.

The charts below list key performance indicators of bonus (short-term incentive remuneration), details, and formula for calculating payment amounts for the 15th term business year (Chart 3 and Chart 4).

[Chart 3. Key performance indicators of bonus (short-term incentive remuneration) and details for the 15th term business year]

Key performance indicators	Assessment weighting	Variance of assessment coefficient	Objectives and targets
Revenue	25%	0% to 200%	Objective: Increase size of business Target: Set target range as follows • Maximum: Target × 105% • Target: Initially released forecast value • Minimum: Target × 95%
Core operating profit ratio	25%	0% to 200%	Objective: Increase business profitability and operational efficiency Target: Set target range as follows • Maximum: Target × 110% • Target: Initially released forecast value • Minimum: Target × 90%
Core EPS*	25%	0% to 200%	Objective: Increase profit Target: Set target range as follows • Maximum: Target × 115% • Target: Initially released forecast value • Minimum: Target × 85%
R&D performance	25%	0% to 200%	Objective: Achieve sustainable growth Target: Set quantitative targets separately for research and development (1) Research: Number of new drug candidates (2) Development: Amount of increase in pipeline value
Total	100%	0% to 200%	

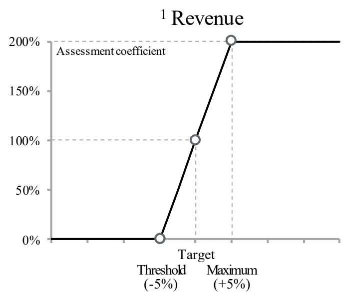
* EPS is an abbreviation for "Earnings Per Share."

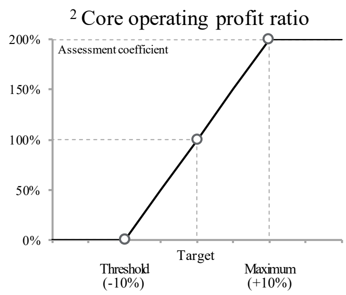
[Chart 4. Formula for calculating payment amount of bonus (short-term incentive remuneration) for the 15th term business year]

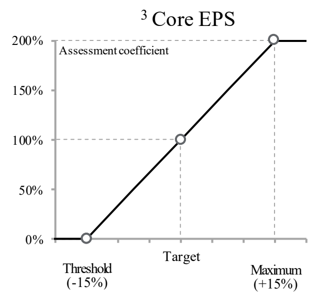
$\boxed{\text{Amount of bonus paid to Directors}} = \boxed{\text{(a) Base amount per position}} \times \boxed{\text{(b) Assessment coefficient}}$

(a) Refer to Chart 2 on page 36

(b) Assessment coefficient = Revenue assessment coefficient[1] × 25% + core operating profit ratio assessment coefficient[2] × 25% + Core EPS assessment coefficient[3] × 25% + R&D performance assessment coefficient × 25%







[Stock compensation (medium- to long-term incentive remuneration)]

Stock compensation (medium- to long-term incentive remuneration) is performance -linked remuneration for promoting management that emphasizes increase in enterprise value and shareholder value over the medium to long term. As such, the Company's shares will be delivered based on the level of growth of enterprise value and shareholder value over three consecutive business years ("Applicable Period"), and an appropriate stock price evaluation indicator will be set to form a system that is closely linked to performance.

The section below (Chart 5 and Chart 6) provides stock price assessment benchmarks and details, as well as formulas for calculating the number of shares delivered and the amount of cash paid with respect to stock compensation (medium- to long-term incentive remuneration) for the 15th term business year which constitutes the initial business year of the Applicable Period.

Total shareholder return (TSR*1) will be adopted for the stock price evaluation indicator. The Company's shares will be delivered and so forth based on the results of a comparison between the Company's TSR and the growth rate of the Tokyo stock price index (TOPIX) for the Applicable Period and a comparison between the Company's TSR and that of global pharmaceutical companies (the TSR Peer Group*2) for the Applicable Period. However, 50% of the delivered shares are to be paid out upon their conversion to cash in order for them to be allotted to a fund for payment of withholding income tax and other such taxes. The respective Directors are to receive shares and cash through the executive remuneration BIP (Board Incentive Plan) trust of Mitsubishi UFJ Trust and Banking Corporation.

*1 TSR is an acronym for "total shareholder return," and it refers to shareholder's total return on investment, encompassing both capital gains and dividends.

*2 TSR Peer Group refers to the global pharmaceutical company groupings whose revenue is at least 0.5 times that of the Company at the time of selection.

[Chart 5. Stock price assessment benchmarks of stock compensation (medium- to long-term incentive remuneration) and details for the 15th term business year which constitutes the initial business year of the Applicable Period]

Stock price assessment benchmarks	Assessment weighting	Variance of assessment coefficient	Objective	Targets
TSR (1) (Comparison with TOPIX growth rate)	50%	0% to 200%	Increase enterprise value and shareholder value over the medium to long term	Target: Set target range as follows • Maximum: 200% • Target: 100% (= TOPIX growth rate) • Minimum (threshold): 50%
TSR (2) (Comparison with TSR of global pharmaceutical companies)	50%	0% to 200%		Target: Set target range as follows • Maximum: 100 percentile (top ranking) • Target: 50 percentile (midrange) • Minimum (threshold): 25 percentile (lower quartile)
Total	100%	0% to 200%		

[Chart 6. Formulas for calculating the number of shares delivered and the amount of cash paid with respect to stock compensation (medium- to long-term incentive remuneration) for the 15th term business year which constitutes the initial business year of the Applicable Period]

Number of shares delivered to respective Directors*	=	(a) Basic points per position	×	(b) Assessment coefficient

* 50% of the delivered shares are to be paid out upon their conversion to cash to be allocated to a fund for payment of withholding income tax and other such taxes.

(a) Basic points per position = (i) Base amount per position / (ii) Share price at start of Applicable Period

(i) Refer to Chart 2 on page 36

(ii) Average closing price of the Company's share on the Tokyo Stock Exchange in March 2019

(b) Assessment coefficient = (i) TSR assessment coefficient (1) × 50% + (ii) TSR assessment coefficient (2) × 50%

(i) TSR assessment coefficient (1)

Whereas assessment coefficients are calculated using the formula shown below, the TSR assessment coefficient (1) is set to zero if the value calculated is less than 50%.

$$\frac{\text{Company TSR during the Applicable Period} + 100\%}{\text{TOPIX growth rate during the Applicable Period} + 100\%} = \frac{\{(B - A) + C\} / A + 100\%}{(E - D) / D + 100\%}$$

A: Simple average closing price of the Company's share on the Tokyo Stock Exchange in March 2019 (month prior to start of the Applicable Period)

B: Simple average closing price of the Company's share on the Tokyo Stock Exchange in March 2022 (final month of the Applicable Period)

C: Total dividend per share pertaining to dividend of retained earnings during the Applicable Period

D: Simple average TOPIX in March 2019 (month prior to start of the Applicable Period)

E: Simple average TOPIX in March 2022 (final month of the Applicable Period)

(ii) TSR assessment coefficient (2)

TSR of the Company and that of the TSR Peer Group are compared with respect to the Applicable Period. If the Company's percentile rank is midrange (50 percentile), the assessment coefficient (2) is set at 100%. If it has a top ranking, the assessment coefficient (2) is set to 200%. If it ranks in the lower quartile, the assessment coefficient (2) is 50%. If it is below the lower quartile, the assessment coefficient (2) is set to zero.

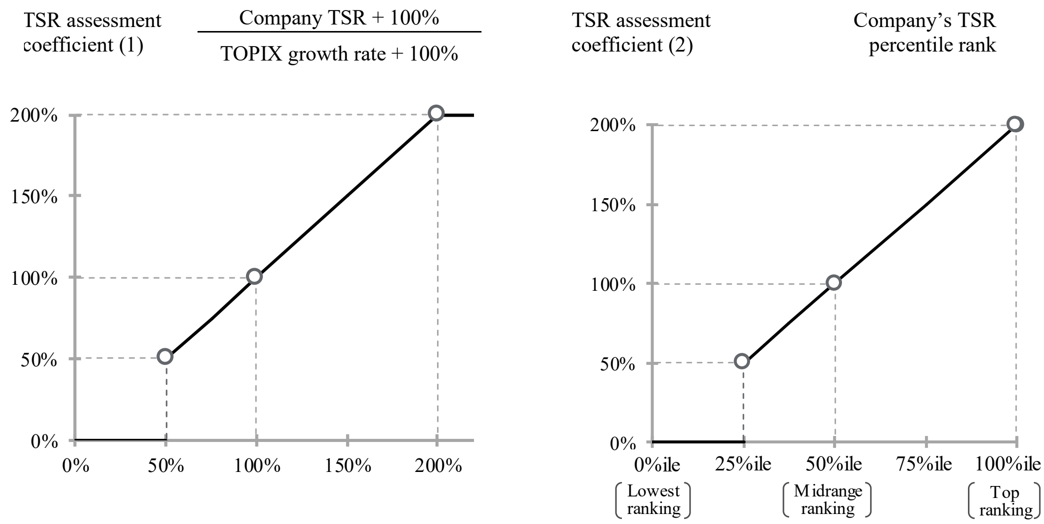
* TSR of the Company and the TSR Peer Group companies is to be calculated using the formula shown below.

TSR = {(B - A) + C} / A

A: Simple average closing price of respective companies' share on the stock exchanges of the respective companies' primary listings in March 2019 (month prior to start of the Applicable Period)

B: Simple average closing price of respective companies' share on the relevant stock exchanges as pertains to 'A' for March 2022 (final month of the Applicable Period)

C: Total dividend per share pertaining to dividend of retained earnings of the respective companies during the Applicable Period



Procedures for determining remuneration

To ensure greater objectivity and transparency of the deliberation process, remunerations for Directors of the Company are to be determined by resolution of the Board of Directors, to the extent that total amounts have been resolved in the Annual Shareholders Meeting, taking into consideration results of discussions in the Compensation Committee (of which the majority of members are outside Directors and the chair is an outside Director).

Shareholding guidelines

The Company encourages its Representative Director, President and CEO to maintain holdings of the Company's shares equivalent in value to 1.5 times his/her basic remuneration (yearly amount) in four years after assuming the position. The Company encourages its other Directors to maintain holdings of the Company's shares equivalent in a value set according to their positions, relative to holdings of the Representative Director, President and CEO.

(Reference) Policy for determining remunerations for Corporate Executives

The policy for determining remunerations for the Company's Corporate Executives conforms to the policy for determining remunerations for Directors of the Company. With respect to bonus (short-term incentive remuneration), however, individual payment amounts are determined upon results of the business performance assessment for the division handled, in addition to assessment of Company-wide business performance, as is the case with Directors.

- **Policies and procedures on determining remunerations for outside Directors who are not Audit & Supervisory Committee Members**

Remunerations for outside Directors who are not Audit & Supervisory Committee Members are to consist solely of basic remuneration (fixed remuneration), given that their roles involve supervising the Company's management from an objective and independent standpoint. Levels of basic remuneration are determined based on the factors such as professional responsibilities, in reference particularly to objective remuneration survey data of an external expert organization. The individual remuneration for outside Directors who are not Audit & Supervisory Committee Members is determined by a resolution of the Board of Directors, based on results of discussions carried out by the Compensation Committee, within the total amount resolved in the Annual Shareholders Meeting.

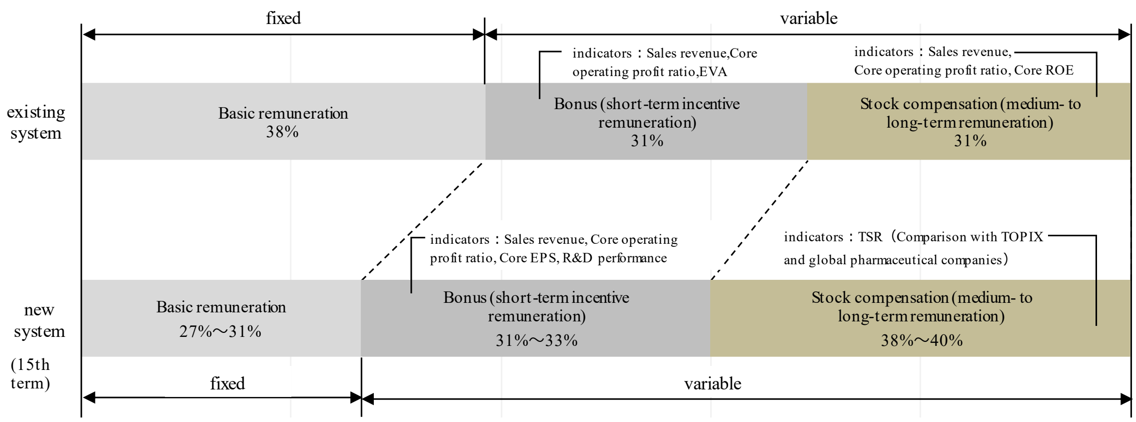
- **Policies and procedures on determining remunerations for Directors who are Audit & Supervisory Committee Members (excluding outside Directors)**

Remunerations for Directors who are Audit & Supervisory Committee Members (excluding outside Directors) are to consist solely of basic remuneration (fixed remuneration), given that their roles involve supervising and auditing the management. Levels of basic remuneration are determined based on the factors such as professional responsibilities, in reference particularly to objective remuneration survey data of an external expert organization. The individual remuneration for Directors who are Audit & Supervisory Committee Members (excluding outside Directors) is determined by deliberation of Directors who are Audit & Supervisory Committee Members, within the total amount resolved in the Annual Shareholders Meeting.

- **Policies and procedures on determining remunerations for outside Directors who are Audit & Supervisory Committee Members**

Remunerations for outside Directors who are Audit & Supervisory Committee Members are to consist solely of basic remuneration (fixed remuneration), given that their roles involve supervising and auditing the Company's management from an objective and independent standpoint. Levels of basic remuneration are determined based on the factors such as professional responsibilities, in reference particularly to objective remuneration survey data of an external expert organization. The individual remuneration for outside Directors who are Audit & Supervisory Committee Members is determined by deliberation of Directors who are Audit & Supervisory Committee Members, within the total amount resolved in the Annual Shareholders Meeting.

(Reference) The allocated ratios of remuneration for Directors (comparison of new and existing system, image)



(Reference) Total remuneration for Directors with respect to which approval is being requested at this Annual Shareholders Meeting (maximum amount)

	Prior to revision*				Subsequent to revision (15th term business year and thereafter)			
	Non-Audit & Supervisory Committee Members		Audit & Supervisory Committee Members		Non-Audit & Supervisory Committee Members		Audit & Supervisory Committee Members	
	Internal Directors	Outside Directors	Internal Directors	Outside Directors	Internal Directors	Outside Directors	Internal Directors	Outside Directors
Basic remuneration	¥560 million		¥260 million		❷ ¥590 million	¥130 million	¥260 million	
Bonus (short-term incentive remuneration)	By shareholders meeting resolution ①	-	-	-	¥1,370 million	-	-	-
Stock compensation (medium- to long-term incentive remuneration)	¥550 million	-	-	-	❸ ¥1,640 million	-	-	-

① The Company requests shareholders' approval for the Eighth Proposal at this Annual Shareholders Meeting (bonus pertaining to the 14th term business year).

❷ The Company requests shareholders' approval for the Sixth Proposal at this Annual Shareholders Meeting (remuneration pertaining to the 15th term business year and thereafter).

❸ The Company requests shareholders' approval for the Seventh Proposal at this Annual Shareholders Meeting (remuneration pertaining to the 15th term business year and thereafter).

* Total remuneration for Directors currently serving (maximum amount) has gained approval at the 13th Term Annual Shareholders Meeting.

Eighth Proposal: Provision of Bonus to Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

Taking the consolidated business results and other things into consideration, the Company proposes that the bonus at the total amount of ¥218,779,000 be paid to two (2) Directors as a group (excluding outside Directors and Directors who are Audit & Supervisory Committee Members) who were in office at the end of the business year under review.

Bonuses in the business year under review have been structured such that the amount to be paid varies within the range of 0% to 200%, depending on the level of achieving business performance targets during the business year under review against a bonus base amount set on a per position basis as determined according to professional responsibilities, using revenue, core operating profit ratio, and EVA* as benchmarks for assessing consolidated performance. Accordingly, the Company intends to pay respective Directors the bonus amounts indicated on page 76 of this document if this proposal is approved as originally proposed.

Please see the lower on this page for the opinions of the Audit & Supervisory Committee regarding this proposal.

*EVA: Economic Value Added

■ Opinions of the Audit & Supervisory Committee

Based on the Code of Audit & Supervisory Committee Auditing Standards, the Audit & Supervisory Committee has conducted review with respect to remunerations of the Directors (excluding Directors who are Audit & Supervisory Committee Members; the same shall apply hereinafter) by looking into whether the Board of Directors appropriately establishes systems and standards regarding such remunerations, whether such practices accord with the Corporate Governance Code, and whether appropriate procedures are followed, including discussions carried out by the Compensation Committee.

The Sixth Proposal, "Determination of Amounts of Remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members)" and the Seventh Proposal, "Provision of Remuneration to Directors (excluding Directors who are Audit & Supervisory Committee Members) through Stock Compensation Scheme" in particular involve drastic revision of the system regarding remunerations for Directors with respect to substantially increasing upper limits of remuneration. As such, the Audit & Supervisory Committee has given these matters careful consideration from an independent standpoint in line with a stakeholder perspective.

The Audit & Supervisory Committee engaged in a series of discussions with respect to matters encompassing approaches to setting remuneration levels, links between remuneration and the Company's performance with respect to incentive-based remuneration, and design specifics regarding remuneration scheme administration, with such discussions carried out on the basis of information gained through reporting at meetings of the Board of Directors regarding discussions carried out by the Compensation Committee, explanations from executive Directors at meetings of the Audit & Supervisory Committee, and deliberations at meetings of the Board of Directors. The Audit & Supervisory Committee consequently determined that there is no cause for objection to content of either the Sixth Proposal, the Seventh Proposal or the Eighth Proposal.

[Attachments]

Business Report (from April 1, 2018 to March 31, 2019)

1. Matters concerning Present State of the Astellas Group (Corporate Group)

(1) Overview and Results of Operations of the Astellas Group

- During the business year under review (from April 1, 2018 to March 31, 2019, hereinafter it may be also referred to as "FY2018"), the business environment surrounding the pharmaceutical industry continued to face severe conditions due to implementation of government policies to restrain medical expenditures and the tightening up of new drug application reviews implemented in each country, not only in developed countries but also in emerging economies.

- Under such business circumstances, we promoted the global business of research and development, manufacturing, and marketing for the purpose of creating highly value-added and innovative new drugs and medical solutions leveraging our strength in fields where high unmet medical needs exist, and providing such drugs continuously to the world.

1) Summary of Consolidated Business Results

<Consolidated financial results (core basis)>

The Company discloses financial results on a core basis as an indicator of its recurring profitability. Certain items reported in financial results on a full basis that are deemed to be non-recurring items by the Company are excluded as non-core items from these financial results on a core basis. These adjusted items include impairment losses, gain (loss) on sales of property, plant and equipment, restructuring costs, loss on disaster, a large amount of losses on compensation or settlement of litigation and other legal disputes, and other items that the company judges should be excluded.

Consolidated financial results (core basis) in FY2018 are shown in the table below. Revenue, core operating profit and Core profit for the year for the year increased.

Consolidated financial results (core basis)

	Business results of the business year under review (FY2018)	Fluctuation from the previous business year (increase/decrease ratio)
Revenue	¥1,306.3 billion	¥6.0 billion increase (0.5% increase)
Core operating profit	¥278.5 billion	¥9.8 billion increase (3.7% increase)
Core profit for the year	¥249.3 billion	¥45.0 billion increase (22.0% increase)

(i) Revenue

Revenue in FY2018 increased by 0.5% compared to those in the previous business year ("year-on-year") to ¥1,306.3 billion.

- Sales of XTANDI for the treatment of prostate cancer and overactive bladder ("OAB") treatments Vesicare and Betanis / Myrbetriq / BETMIGA increased. Meanwhile, sales of Prograf, an immunosuppressant, decreased.

(ii) Core operating profit / Core profit for the year

Core operating profit increased by 3.7% year-on-year to ¥278.5 billion.
Core profit for the year increased by 22.0% year-on-year to ¥249.3 billion.

- Gross profit increased by 0.8% year-on-year to ¥1,014.3 billion. The cost-to-revenue ratio fell by 0.3 percentage points year-on-year to 22.4%, mainly owing to changes in product mix.

- Selling, general and administrative expenses increased by 2.5% year-on-year to ¥490.3 billion, mainly due to increased XTANDI co-promotion fees in the United States, despite the continuous effort for effective use of expenses and the optimization of resource allocation.

- Research and development ("R&D") expenses decreased by 5.5% year-on-year to ¥208.7 billion, mainly due in part to the termination of research activities of Agensys, Inc. (U.S.), which had been carried out until March 2018, despite increased expenses related to key post-POC pipeline projects and enhanced investment in new opportunities such as new areas and technologies. The R&D cost-to-revenue ratio was down 1.0 percentage point year-on-year to 16.0%.

- Amortisation of intangible assets decreased by 1.7% year-on-year to ¥35.2 billion.

The exchange rates for the yen in FY2018 are shown in the table below. The resulting impacts were a ¥4.6 billion decrease in revenue and a ¥0.3 billion decrease in core operating profit compared with if the exchange rates of the previous business year (from April 1, 2017 to March 31, 2018, hereinafter it may be also referred to as "FY2017") were applied.

Exchange rate

Average rate	FY2017	**FY2018**	Change
US$/¥	¥111	**¥111**	¥0 (Weakening of yen)
€/¥	¥130	**¥128**	¥1 (Strengthening of yen)

Change from beginning to end of period	FY2017	**FY2018**
US$/¥	¥6 (Strengthening of yen)	**¥5 (Weakening of yen)**
€/¥	¥11 (Weakening of yen)	**¥6 (Strengthening of yen)**

<Consolidated financial results (full basis)>

Consolidated financial results on a full basis in FY2018 are shown in the table below. Revenue, operating profit, profit before tax and profit for the year increased across the board.

The full basis financial results include "Other income" and "Other expense" (including impairment losses and net foreign exchange losses), which are excluded from the core basis financial results.

The Company recorded a gain on sales of property, plant and equipment pertaining to Agensys, Inc. as "Other income." In addition to that, with the acquisition of Potenza Therapeutics, Inc. (U.S.), the Company revalued its shares which had been held before the acquisition, and recorded a valuation gain. On the other hand, the Company recorded restructuring costs mainly in relation to business restructuring in Japan, litigation costs, and impairment losses in relation to the termination of a development project as "Other expense."

As a result of the above, in FY2018, "Other income" was ¥14.2 billion (¥11.9 billion in the previous business year) and "Other expense" was ¥48.8 billion (¥67.3 billion in the previous business year).

Consolidated financial results (full basis)

	Business results of the business year under review (FY2018)	Fluctuation year-on-year (Increase/decrease ratio)
Revenue	¥1,306.3 billion	¥6.0 billion increase (0.5% increase)
Operating profit	¥243.9 billion	¥30.7 billion increase (14.4% increase)
Profit before tax	¥249.0 billion	¥30.9 billion increase (14.1% increase)
Profit for the year	¥222.3 billion	¥57.6 billion increase (35.0% increase)

Sales of main products

	Business results of the business year under review (FY2018)	Increase/decrease ratio
XTANDI	¥333.1 billion	13.2% increase
OAB products in Urology	¥242.2 billion	6.2% increase
Vesicare	¥95.0 billion	7.2% decrease
Betanis / Myrbetriq / BETMIGA	¥147.2 billion	17.0% increase
Prograf*	¥195.7 billion	1.4% decrease

* Prograf: Includes Advagraf, Graceptor, and ASTAGRAF XL.

<XTANDI>

- Sales increased by 13.2% year-on-year to ¥333.1 billion. Sales increased in all regions of Japan, the Americas, EMEA*, and Asia and Oceania.

<OAB products in Urology>

- Sales of Betanis / Myrbetriq / BETMIGA increased by 17.0% year-on-year to ¥147.2 billion. Sales increased in all regions of Japan, the Americas, EMEA, and Asia and Oceania. Meanwhile, sales of Vesicare decreased by 7.2% year-on-year to ¥95.0 billion.

<Prograf>

- Sales decreased by 1.4% year-on-year to ¥195.7 billion. While sales increased in Asia and Oceania regions, sales decreased in other regions.

<Other new products and main products>

- In the Japanese market, sales of Suglat for the treatment of type 2 diabetes mellitus and Sujanu Combination Tablets launched in May 2018 increased. In addition, Repatha for the treatment of hypercholesterolemia and Linzess for the treatment of chronic constipation, among others, continued to grow.
- In the Americas region, sales of azole antifungal CRESEMBA increased.
- In December 2018, the Company launched FLT3 inhibitor XOSPATA for the treatment of relapsed or refractory Acute Myeloid Leukemia (AML) with *FLT3* mutations in Japan and the United States. In March 2019, the Company also launched humanized anti-sclerostin monoclonal antibody EVENITY as the treatment of osteoporosis in patients at high risk of fracture in Japan.

* EMEA: Europe, the Middle East and Africa.

<Revenue by region>

Revenue by region are shown in the table below. Revenue in the Americas, and Asia and Oceania regions increased, while in Japan and EMEA regions decreased.

Revenue in Japan region was impacted by the NHI drug price revisions implemented in April 2018 and the effect of generic drugs on the sales of long-listed products such as Micardis for the treatment of hypertension.

	Business results of the business year under review (FY2018)	Increase/decrease ratio
Japan	¥396.6 billion	5.8% decrease
The Americas	¥ 461.5 billion	6.5% increase
EMEA	¥ 340.3 billion	1.0% decrease
Asia and Oceania	¥107.9 billion	5.8% increase

* Revenue by region calculated according to locations of sellers.

2) R&D and other activities

The Company has been pursuing initiatives geared towards achieving sustainable growth over the mid to long term, based on its Strategic Plan 2018* announced in May 2018 which set forth three main strategic goals toward: "Maximizing Product VALUE and Operational Excellence," "Evolving How We Create VALUE - With Focus Area Approach -" and "Developing Rx+^{TM} programs."

The following are the main initiatives during the FY2018:

* Strategic Plan 2018 is posted on the Company's website (https://www.astellas.com/jp/en/investors/strategic-plan).

(i) Maximizing Product VALUE and Operational Excellence

The Company has been making efforts to develop and maximize the product VALUE of the Company's growth drivers such as XTANDI for the treatment of prostate cancer and overactive bladder ("OAB") treatments Betanis / Myrbetriq / BETMIGA.

- With regard to XTANDI, the Company strived to further increase penetration of XTANDI amongst urologists, along with establishing it as the first choice of therapy by utilizing extensive data based on the clinical experience accumulated since its launch. Moreover, the Company has been making efforts to increase the market penetration of XTANDI to the patients with prostate cancer in earlier stages by obtaining approval for expanding indications.

- With regard to OAB products in Urology, the Company focused on the promotion of Betanis / Myrbetriq / BETMIGA with the aim of mitigating the impact of the loss of exclusivity of Vesicare from 2019 onward. The Company worked to expand market share of Betanis / Myrbetriq / BETMIGA through education on its clinical profile featuring a balance of efficacy and safety. In addition, the Company obtained approval for the use of Betanis / Myrbetriq / BETMIGA in combination with Vesicare in the U.S. in May 2018.

In addition to these products, the Company is steadily advancing product development by preferentially allocating management resources to six key post-POC pipeline projects that will support growth from FY2020 onward.

- With regard to XTANDI (generic name: enzalutamide) for the treatment of prostate cancer, in June 2018 the Company launched XTANDI Tablets in Japan as an additional dosage form. Also, based on the results from the Phase 3 PROSPER trial, the Company obtained approval for the additional indication for non-metastatic castration-resistant prostate cancer (nmCRPC) in the U.S. in July 2018, and also obtained approval for the additional indication for high-risk nmCRPC in Europe in October 2018. Additionally, in the Phase 3 ARCHES trial in men with metastatic hormone-sensitive prostate cancer, the Company achieved the primary endpoint of significantly improving radiographic progression-free survival.

- With regard to FLT3 inhibitor XOSPATA (generic name: gilteritinib fumarate), the Company obtained approval for the indication of relapsed or refractory acute myeloid leukemia with *FLT3* mutation-positive in Japan in September 2018 and in the U.S. in

November 2018. It was launched in both countries in December 2018. The Company also filed an application for approval in Europe in February 2019.

- With regard to roxadustat (generic name, development code: ASP1517/FG-4592), an orally administered small molecule inhibitor of hypoxia-inducible factor prolyl hydroxylase activity, the Company filed an application for approval for an indication of anemia associated with chronic kidney disease in patients on dialysis in Japan in September 2018. Also, all of the six Phase 3 studies being carried out with the aim of filing an application in Europe achieved their primary endpoints.

- In addition to these progresses, in the Phase 2b study of selective neurokinin-3 (NK3) receptor antagonist fezolinetant (generic name, development code: ESN364) targeting postmenopausal women suffering vasomotor symptoms, all four co-primary endpoints were achieved. In the Phase 2 single-arm clinical trial of antibody-drug conjugate enfortumab vedotin (generic name, development code: ASG-22ME) targeting patients with locally advanced or metastatic urothelial cancer, positive results were achieved with the patient group that had received previous treatment with both platinum-containing chemotherapy and a check point inhibitor. The Company has embarked on Phase 3 trials in relation to zolbetuximab (generic name, development code: IMAB362), an anti-Claudin 18.2 monoclonal antibody, for patients with gastric and gastroesophageal junction adenocarcinoma.

In addition to the above, the main developments in Japan, including approvals and new launches, were as follows.

- In May 2018, the Company launched SUJANU Combination Tablets for the treatment of type 2 diabetes mellitus, a combination drug of selective DPP-4 inhibitor JANUVIA (generic name, sitagliptin phosphate hydrate), manufactured and marketed by MSD K.K., and a selective SGLT2 inhibitor Suglat (generic name: Ipragliflozin L-Proline), manufactured and marketed by the Company.

- With regard to Repatha (generic name: evolocumab (Genetically Recombination)) for the treatment of hypercholesterolemia, joint development partner Amgen Astellas BioPharma K.K. filed an application for a supplemental indication for treating hypercholesterolemia patients with statin intolerance in August 2018.

- In August 2018, the Company obtained approval for an additional indication of chronic constipation (other than constipation associated with organic disorders) for Linzess (generic name: linaclotide) for the treatment of irritable bowel syndrome with constipation.

- With regard to macrocyclic antimicrobial agent Dafclir (generic name: fidaxomicin), the Company obtained approval for an indication of infectious enteritis (including pseudomembranous colitis) in July 2018 and launched it onto the market in September 2018.

- With regard to antineoplastic drug / bispecific antibody product BLINCYTO (generic name: blinatumomab (Genetically Recombination)), joint development partner Amgen Astellas BioPharma K.K. obtained approval for an indication of relapsed or refractory B-cell acute lymphoblastic leukemia in September 2018, and the Company launched it onto the market in November 2018.

- In November 2018, the Company launched Cimzia 200mg AutoClicks for S.C. Injection as an additional dosage form of Cimzia (generic name: certolizumab pegol (Genetically Recombination)) for the treatment of rheumatoid arthritis.

- In December 2018, the Company obtained approval for the additional indication of type 1 diabetes mellitus and for additional dosage and administration for Suglat (generic name: Ipragliflozin L-Proline) for the treatment of type 2 diabetes mellitus.

- In January 2019, the Company obtained approval for partial changes for the additional dosage and administration of Gonax (generic name: degarelix acetate) for the treatment of prostate cancer at 12-week intervals and obtained manufacturing and marketing authorization for Gonax 240 mg (additional dosage form).

- With regard to Bisono Tape (generic name: bisoprolol) for the treatment of essential hypertension, manufacturing partner Toa Eiyo Ltd. obtained approval for the additional indication of atrial fibrillation and for Bisono Tape 2 mg as an additional dosage form in January 2019.

- With regard to humanized anti-sclerostin monoclonal antibody EVENITY (generic name: romosozumab (Genetically Recombination)), joint development partner Amgen Astellas BioPharma K.K. obtained approval for an indication of osteoporosis at high risk of fracture in January 2019, and Amgen Astellas BioPharma K.K. and the Company launched it onto the market in March 2019.

- With regard to oral Janus kinase (JAK) inhibitor Smyraf (generic name: peficitinib hydrobromide), the Company filed an application for approval of an indication of rheumatoid arthritis (including prevention of structural joint damage) in patients who have an inadequate response to conventional therapies in May 2018 and obtained said approval in March 2019.

In FY2018, the Company ceased transferred sale and distribution of products as below.

- In accordance with the expiration of an agreement concluded in 2009 with AstraZeneca AB (Sweden) concerning the sale and co-promotion of Symbicort Turbuhaler (generic name: budesonide / formoterol fumarate dihydrate) for the treatment of asthma and chronic obstructive pulmonary disease, the exclusive sale and distribution of the product in Japan conducted by the Company will be transferred to AstraZeneca K.K. and the co-promotion conducted by the Company and AstraZeneca K.K. will be terminated on July 30, 2019.

- In accordance with the expiration of an agreement with KM Biologics Co., Ltd. for the distribution of human vaccines, etc. and blood plasma products, distribution of the products and the provision and collection of information from medical institutions will be terminated sequentially by July 31, 2019.

In pursuit of even greater Operational Excellence, the Company has taken a multifaceted approach to reviewing activities and has been working to strengthen its business base. The following are the main initiatives during the FY2018:

- After reviewing its organizational capabilities, the Company restructured the Company and Group companies in Japan with the aim of further improving the quality of operations. The Company also implemented an early retirement incentive program in accordance with this.

- In Europe, the Company is optimizing its organizational structure to address changing environments, largely by overhauling its operating framework and restructuring its R&D functions in the Netherlands.

- In April 2018, the Company has transferred certain facilities and leasehold interests in land of Agensys, Inc. (U.S.), a consolidated subsidiary of the Company, to Kite (U.S.).

- In December 2018, Astellas Pharma Tech Co., Ltd. ("Astellas Pharma Tech"), the Company's production subsidiary in Japan, and CMIC CMO Co., Ltd. ("CMIC CMO") entered into a share transfer agreement where Astellas Pharma Tech splits off the business of Nishine Plant and transfers all shares of such split-off company to CMIC CMO.

- In January 2019, The Company transferred manufacturing and marketing approval and distribution of Anexate Injection 0.5mg (generic name: flumazenil), a benzodiazepine receptor antagonist manufactured and sold in Japan to Aspen Japan K.K. Also in January 2019, the Company agreed to transfer manufacturing and marketing approval for hypnosedative Dormicum Injection 10mg (generic name: midazolam) to Maruishi Pharmaceutical Co., Ltd. on April 1, 2019.

(ii) Evolving How We Create VALUE - With Focus Area Approach -

The Company is focused on creating innovative healthcare products for patients with high unmet medical needs by combining biology*[1] with modalities / technologies*[2] based on emerging science, and it is taking a multifaceted approach to allocating management resources to specific fields.
Furthermore, the Company is carrying out capital expenditure with the aim of advancing and realizing the future commercialization of multiple development programs using new modalities such as antibodies and cell therapies. In Japan, the Company has started construction of facilities for the manufacture of active pharmaceutical ingredients for antibodies, as well as facilities for the manufacture of clinical trial materials for use in early-stage clinical trials with respect to gene therapies and cell therapies. In the United States, the Company is carrying out capital expenditure geared to accelerating research and development in the regenerative medicine and cell therapy fields, and enhancing manufacturing facilities.

In addition to these, the Company has been investing for new innovation while utilizing alliance opportunities with external partners. The following are the main initiatives during the FY2018:

- In August 2018, the Company acquired Quethera Limited (UK) and made it into a wholly owned subsidiary. Through this transaction, the Company acquired Quethera's ophthalmic gene therapy program, which uses a recombinant adeno-associated viral vector system (rAAV) to introduce therapeutic genes into target retinal cells for the treatment of glaucoma.

- In September 2018, the Company entered into an option agreement with Gene Therapy Research Institution Co., Ltd. involving exclusive negotiations worldwide, and accordingly acquired rights regarding the development and commercialization of the gene therapy program GT0001X for the treatment of sporadic amyotrophic lateral sclerosis.

- In November 2018, the Company concluded an exclusive worldwide (excluding China) option and license agreement with Juventas Therapeutics (U.S.), and accordingly acquired rights regarding the development and commercialization of JVS-100, a gene therapy program for fecal incontinence.

- In December 2018, the Company exercised an exclusive option to acquire immuno-oncology focused biotechnology company Potenza Therapeutics, Inc. (U.S.) based on an exclusive collaboration agreement entered into in 2015 and made it into a wholly owned subsidiary. Through this transaction, the Company acquired multiple novel immuno-oncology programs that are in the clinical stage.

*1 Biology: Well-characterized pathophysiology
*2 Modalities / technologies: Versatile treatment modalities and technologies

(iii) Developing Rx+™ programs

The Company is taking on the challenge of developing Rx+™ programs with the goal of realizing sustainable growth in the med to long term. The Company aims to create new healthcare solutions by combining expertise and experience cultivated through the prescription pharmaceutical (Rx) business with advanced medical technology, and technology and knowledge from different fields.

- In October 2018, as part of such efforts, the Company and BANDAI NAMCO Entertainment Inc. entered into an agreement for joint development of application for smartphone and other devices to support those who need regular exercise as a preventive measure against the onset and worsening of lifestyle diseases.

3) Present state of CSR initiatives

CSR (=Corporate Social Responsibility)

The Company recognizes that decisions and business activities of the Company will have certain impact on society and the environment. The Company regards the responsibility for such impact to be Corporate Social Responsibility (CSR). We are contributing to enhancing the sustainability of society by fulfilling our social responsibilities as a pharmaceutical company, which involves providing pharmaceutical products that satisfy unmet medical needs. As a result, we earn trust from society both for the Company and our products. We consider these to be the factors that will lead to the enhancement of Astellas' sustainability as well.

Under the aforementioned philosophy, the Company is promoting its CSR activities with a view to creating and protecting the value of society as well as Astellas. Among the various social issues that need to be addressed, it is particularly important that we contribute to the field of medicine given our role as a pharmaceutical company. There are many people worldwide with insufficient access to the healthcare they need due to the lack of available treatments, poverty, healthcare system challenges and insufficient healthcare information. The Company recognizes these problems as "Access to Health" issues, and in that regard has identified the four areas of "creating innovation," "enhancing availability," "strengthening healthcare systems," and "improving health literacy," with respect to which it is accordingly working to address such issues by making full use of the strengths and technologies it possesses.

(2) Changes in Assets and Income and Loss:

Items	11th term business year (FY2015)	12th term business year (FY2016)	13th term business year (FY2017) (Previous business year)	14th term business year (FY2018) (Business year under review)
Revenue	¥1,372.7 bil.	¥1,311.7 bil.	¥1,300.3 bil.	¥1,306.3 bil.
Operating profit	¥249.0 bil.	¥260.8 bil.	¥213.3 bil.	¥243.9 bil.
Profit before tax	¥261.8 bil.	¥281.8 bil.	¥218.1 bil.	¥249.0 bil.
Profit	¥193.7 bil.	¥218.7 bil.	¥164.7 bil.	¥222.3 bil.
Basic earnings per share	¥89.75	¥103.69	¥81.11	¥115.05
ROE attributable to owners of the parent	15.0%	17.3%	13.0%	17.6%
Total assets	¥1,799.3 bil.	¥1,814.1 bil.	¥1,858.2 bil.	¥1,897.6 bil.
Equity attributable to owners of the parent	¥1,259.2 bil.	¥1,271.8 bil.	¥1,268.3 bil.	¥1,258.4 bil.
R&D expenses	¥225.7 bil.	¥208.1 bil.	¥220.8 bil.	¥208.7 bil.
R&D cost-to-revenue ratio	16.4%	15.9%	17.0%	16.0%

(Notes) 1. Consolidated Financial Statements are prepared in accordance with the International Financial Reporting Standards (IFRS) in pursuant to the provisions of Article 120 (1) of the Corporate Accounting Regulation.
2. Basic earnings per share is calculated using the average number of shares of common stock in issue during the business year and presented by rounding numbers to the nearest second decimals, i.e., discarding four thousandths (4/1000) or less and rounding up five thousandths (5/1000) or more.
3. ROE=Return On Equity

(3) Capital Expenditures

During the business year under review, capital expenditures of the Astellas Group have mainly involved those for starting new building construction at R&D locations in Japan that include the Tsukuba Biotechnology Research Center, and the Toyama Technology Center of Astellas Pharma Tech Co., Ltd., and augmenting facilities at the Astellas Institute for Regenerative Medicine (U.S.).

<Capital Expenditures>

13th term business year (Previous business year)	14th term business year (Business year under review)	Fluctuation year-on-year (increase/decrease ratio)
¥24.1 billion	¥27.7 billion	¥3.6 billion increase (15.1% increase)

(4) Financing of the Astellas Group

Nothing special to be described herein exists.

(5) Issues to be Addressed by the Astellas Group

The business environment surrounding the pharmaceutical industry has been changing drastically with the times. Whereas on the one hand we have been encountering negative effects particularly stemming from escalating challenges in new drug development and government policies to restrain medical expenditures, on the other hand positive developments have included expansion of regulatory systems for review of innovative drugs such as the emergence of systems of priority review for new drugs, and increasing modalities applicable to drug discovery in step with advances in science and technology. Moreover, advances in digital and engineering technologies have been spurring integration with different industries and are making it possible to offer new medical solutions for patients.

In anticipation of such changes in the business environment, the Company will create highly value-added and innovative new drugs and medical solutions leveraging our strength in fields where high unmet medical needs exist. We will also persistently identify business opportunities by taking multifaceted approach to understand changes in healthcare.

1) Initiatives to build resilience for sustainable growth (Strategic Plan 2018)

In our VISION formulated in 2015, we made a commitment to stand "on the forefront of healthcare change to turn innovative science into VALUE for patients." Guided by this VISION, we aim to create medical solutions that deliver VALUE to patients through the pursuit of cutting-edge science.

We will steadily implement our "Strategic Plan 2018," initiated in the business year ended March 31, 2019, with the aim of returning to a trend of medium- to long-term profit growth, which will involve overcoming adverse effects on our business performance brought about by the expiration of patents on our mainstay products, which we are set to encounter over the years 2019 to 2020.

(i) Maximizing the product VALUE and further pursuing operational excellence

In addition to maximizing VALUE of XTANDI and Betanis / Myrbetriq / BETMIGA, we aim to obtain approval of six key post-POC pipeline projects as planned. Moreover, we will further pursue operational excellence largely by preferentially allocating management resources to fields giving rise to competitive advantages and making use of cutting-edge technologies.

(ii) Evolving how we create VALUE - with Focus Area approach

We are allocating management resources to areas we have identified, which involves applying a unique combination of biology and modality / technology to therapeutic areas with high unmet medical needs. We will enlist this Focus Area approach with respect to improving development candidates through ongoing efforts to identify innovative medicines.

(iii) Developing Rx+™ programs

We will seek new growth opportunities by creating products and services that combine our strengths in the prescription pharmaceutical (Rx) business developed over the years with technologies and knowledge from different fields. We aim to create new medical solutions through our Rx+™ programs, while drawing on external partnerships.

2) Policy of returns to shareholders

The Company works aggressively towards increasing enterprise value on a continual basis and, as a consequence, improves its return to shareholders. While putting priority on business investment to assure future growth, the Company strives to increase dividend payments stably and continuously based on its medium- to long-term profit growth on a consolidated basis.

Further, the Company flexibly acquires its own shares whenever necessary to enhance capital efficiency and increase earnings per share.

3) Strengthening of Global Management Structure

The Astellas Group has established a management structure as described below.

- The Company has the Executive Committee, chaired by the Representative Director, President and CEO, as a body for discussion on important matters in global management of the Astellas Group.

- In order to build an optimal management system capable of agile and appropriate decision-making, the Company maintains a global organizational structure across nearly all of its divisions including those of Drug Discovery Research, Medical & Development, Pharmaceutical Technology, and Administrative (excluding commercial function), and appoints Executive Officers to take charge of such activities.

- On July 1, 2018, the Company newly established the position of Chief Commercial Officer (CCO) in order to further enhance the commercial function.

- In order to aim for appropriate execution of business, the Company has established various committees comprising cross-functional members. These committees include the Corporate Disclosure Committee where matters including disclosure of corporate information are discussed, the CSR Committee that discusses policies and plans of important activities for the purpose of fulfilling the Company's social responsibilities (such as issues on environment, health and safety, and social contribution activities), the Global Benefit Risk Committee to discuss benefit and risk information of products as well as measures to deal with such benefit and risk, the Global Compliance Committee where matters including global compliance policies and plans are discussed, and the Global Risk Management Office to promote identifying global risks and implementing optimum risk management.

- In order to build efficient and effective systems for achieving the strategic objectives of Corporate Strategic Plan 2018, the Company continually overhauls its organizational structure. This involves the following initiatives.

  - ▶ R&D operations have been consolidated in Japan and the U.S.

  - ▶ The following organizational changes were carried out in April 2019.

    - ■ The Company has restructured its commercial and marketing functions to maximize product VALUE by promoting optimal marketing strategies that respond to changes in its product mix and the market environment.

    - ■ The Company has shifted to an R&D framework based on its transition to the Focus Area approach.

    - ■ The Company has restructured its Finance, Procurement and Healthcare Policy divisions in order to further pursue Operational Excellence.

<Group Management Structure>

(As of April 1, 2019)

Top Management		Department in-charge
Representative Director, President and CEO	Kenji Yasukawa	Drug Discovery Research, Pharmaceutical Technology, External Relations, Internal Audit, Quality Assurance, Institute for Regenerative Medicine, Universal Cells
Chief Strategy Officer	Naoki Okamura	Business Development, Corporate Planning, Product and Portfolio Strategy, Rx+ Business Accelerator, Primary Focus Lead (ASIM* & Beyond), Primary Focus Lead (Blindness & Beyond), Primary Focus Lead (Genetic Regulation), Primary Focus Lead (Immuno-Oncology), Primary Focus Lead (Mitochondria), Advanced Informatics and Analytics, IP Innovation and New Technologies, Patient Centricity
Chief Financial Officer	Chikashi Takeda	Finance, Procurement, Corporate Communications, Information Systems
Chief Administrative Officer and Chief Ethics & Compliance Officer	Fumiaki Sakurai	Human Resources, Ethics & Compliance, Corporate Risk Management, Healthcare Policy & CSR, Executive Office
General Counsel	Linda Friedman	Legal, IP Legal
Chief Medical Officer	Bernhardt Zeiher	Development, Clinical and Research Quality Assurance, Medical Affairs, Pharmacovigilance, Regulatory Affairs
Chief Commercial Officer	Yukio Matsui	Established Markets Commercial, Greater China Commercial, International Commercial, Japan Commercial, United States Commercial, Strategic Brand Marketing (Enfortumab Vedotin/Gilteritinib/Zolbetuximab), Strategic Brand Marketing (Roxadustat/Fezolinetant), Strategic Brand Marketing (Enzalutamide), Commercial Strategy & Capabilities, Market Access & Pricing

* ASIM: antigen-specific immuno-modulation

Standing Members of the Executive Committee	
Representative Director, President and CEO	Kenji Yasukawa
Chief Strategy Officer	Naoki Okamura
Chief Financial Officer	Chikashi Takeda
Chief Administrative Officer and Chief Ethics & Compliance Officer	Fumiaki Sakurai
General Counsel	Linda Friedman
Chief Medical Officer	Bernhardt Zeiher
Chief Commercial Officer	Yukio Matsui

Extended Members of the Executive Committee	
President, Drug Discovery Research	Akihiko Iwai
President, Pharmaceutical Technology	Hideki Shima
President, Development	Steven Benner
President, Established Markets Commercial	Dirk Kosche
President, Greater China Commercial	Hiroshi Hamaguchi
President, International Commercial	Yukio Matsui*
President, Japan Commercial (President, Japan Sales & Marketing)	Nobuaki Tanaka
President, US Commercial	Percival Barretto-Ko

* Yukio Matsui, Chief Commercial Officer, concurrently holds the position of President, International Commercial.

(6) Principal Business (as of March 31, 2019)

Research, development, manufacture and sale of pharmaceuticals

(7) Principal Offices and Plants (as of March 31, 2019)

	Name and location	
Japan	Headquarters (Head Office)	2-5-1, Nihonbashi-Honcho, Chuo-ku, Tokyo
	Sales & Marketing[*1]	Sapporo Branch (Hokkaido), Tohoku Branch (Miyagi Prefecture), Kanetsu Branch (Tokyo), Saitama Branch (Saitama Prefecture), Chiba Branch (Chiba Prefecture), Tokyo Branch (Tokyo), Yokohama Branch (Kanagawa Prefecture), Nagoya Branch (Aichi Prefecture), Kyoto Branch (Kyoto), Osaka Branch (Osaka), Kobe Branch (Hyogo Prefecture), Chugoku Branch (Hiroshima Prefecture), Shikoku Branch (Kagawa Prefecture), Kyushu Branch (Fukuoka Prefecture)
	Research & Development[*2]	Tsukuba Research Center (Ibaraki Prefecture), Tsukuba Biotechnology Research Center (Ibaraki Prefecture), Takahagi Chemistry & Technology Development Center (Ibaraki Prefecture), Yaizu Pharmaceutical Research Center (Shizuoka Prefecture)
	Manufacturing[*3]	Takahagi Technology Center (Ibaraki Prefecture), Toyama Technology Center (Toyama Prefecture), Toyama Technology Center Takaoka Plant (Toyama Prefecture), Yaizu Technology Center (Shizuoka Prefecture), Nishine Plant (Iwate Prefecture)
Overseas	Sales & Marketing[*3]	The Americas: United States, Canada, Brazil, and other countries EMEA[*5]: Germany, France, Russia, Spain, United Kingdom, and other countries Asia/Oceania: The People's Republic of China, Korea, Taiwan, and other countries
	Research & Development[*3*6]	United States
	Manufacturing[*3]	Ireland, The Netherlands, The People's Republic of China

*1. As of April 1, 2019, the Saitama Branch (Saitama Prefecture) and the Chiba Branch (Chiba Prefecture) have been consolidated into the Saitama-Chiba Branch (Tokyo) and the Osaka Branch (Osaka) and the Kobe Branch (Hyogo Prefecture) have been consolidated into the Osaka Branch (Osaka), respectively.

*2. As of November 1, 2018, the Kyoto Suzaku Office, which had been the site for operations of Astellas Analytical Science Laboratories Co., Ltd., has been transferred to a domestic subsidiary of Eurofins Pharma Services LUX Holding Sarl (Luxembourg).

*3. The site for operations of subsidiaries

*4. In June 2019, business of the Nishine Plant (Iwate Prefecture), a manufacturing location of the Company, is scheduled for transfer to CMIC CMO Co., Ltd.

*5. Europe, the Middle East and Africa

*6. Activities involving the R&D function based in the Netherlands have been suspended.

(8) Principal Subsidiaries (as of March 31, 2019)

1) Principal subsidiaries

Name of subsidiary	Share capital	Percentage of voting rights (%)	Outline of business
Astellas US LLC	–	100.0*[1]	Pharmaceutical business (Americas headquarters function)
Astellas Pharma US, Inc.	US$ 10	100.0*[1]	Pharmaceutical business (sales)
Astellas Pharma Europe Ltd.	€ in millions 139	100.0*[1]	Pharmaceutical business (EMEA*[2] headquarters function)
Astellas Pharma GmbH	€ in millions 14	100.0*[1]	Pharmaceutical business (sales)
Astellas Pharma China, Inc.	CNY in millions 299	100.0	Pharmaceutical business (manufacture and sales)
Astellas Pharma Global Development, Inc.	US$ 10	100.0*[1]	Pharmaceutical business (development headquarters function)
Astellas Ireland Co., Ltd.	€ in millions 3	100.0*[1]	Pharmaceutical business (manufacture and sales)
Astellas Pharma Tech Co., Ltd.	¥ in millions 1	100.0	Pharmaceutical business (manufacture)

*[1] Including the shares owned indirectly *[2] Europe, the Middle East and Africa

(Note) The number of consolidated subsidiaries including eight (8) principal subsidiaries stated in the table above totals seventy-seven (77) and that of affiliated companies accounted for by the equity method is six (6).

2) Specified wholly-owned subsidiaries

There are no applicable subsidiaries.

(9) Important Business Reorganizations

- In August 2018, the Company completed acquisition of Quethera Limited (UK), whereby Quethera Limited became a wholly-owned subsidiary of the Company.

- In November 2018, the Company transferred all the shares in equity of its subsidiary Astellas Analytical Science Laboratories Co., Ltd., which handled analysis of the Company, to a domestic subsidiary of Eurofins Pharma Services LUX Holding Sarl (Luxembourg).

- In December 2018, the Company completed acquisition of Potenza Therapeutics, Inc. (US), whereby Potenza Therapeutics, Inc. became a wholly-owned subsidiary of the Company.

- In December 2018, Astellas Pharma Tech Co., Ltd., the Company's production subsidiary in Japan, and CMIC CMO Co., Ltd. entered into a share transfer agreement where Astellas Pharma Tech Co., Ltd. splits off the business of Nishine Plant and transfers all shares of such split-off company to CMIC CMO.

(10) Important Alliance for Technology (as of March 31, 2019)

1) License agreements – license in

Counterparty	Country	Type of technologies
Pfizer Group	United States	Technology for atorvastatin (Lipitor) Technology for celecoxib (Celecox)
AstraZeneca UK Limited	United Kingdom	Technology for quetiapine fumarate (Seroquel)
EA Pharma Co., Ltd.	Japan	Technology for nateglinide (Starsis)
FibroGen, Inc.	United States	Technology for YM311 (FG-2216), Roxadustat and other oral anemia treatments with similar mode of action
Arbor Group	United States	Technology for gabapentin enacarbil (Regnite)
Ferring Group	Switzerland	Technology for degarelix (Gonax)
FUJIFILM Toyama Chemical Co., Ltd.	Japan	Technology for garenoxacin (Geninax)
Ilypsa, Inc.	United States	Technology for bixalomer (Kiklin)
Kyowa Hakko Kirin Co., Ltd.	Japan	Technology for Anti-CD40 mAb
Zeria Pharmaceutical Co., Ltd.	Japan	Technology for acotiamide (Acofide)
Medivation Inc.	United States	Technology for enzalutamide (XTANDI)
Ironwood Pharmaceuticals, Inc.	United States	Technology for linaclotide (LINZESS)
Basilea Pharmaceutica International Ltd.	Switzerland	Technology for isavuconazonium sulfate (CRESEMBA)
UCB Pharma, S.A.	Belgium	Technology for certolizumab pegol (Cimzia)
Amgen Inc.	United States	Technology for evolocumab (Repatha), romosozumab (EVENITY) and blinatumomab (BLINCYTO)
Cytokinetics, Incorporated	United States	Technology for skeletal muscle activators
Immunomic Therapeutics, Inc.	United States	Technology for vaccine for treating patients with cedar pollen allergies Technology for LAMP-vax products
Affinivax, Inc.	United States	Technology for vaccine targeting *Streptococcus pneumoniae (pneumococcus)*
Merck & Co., Inc.	United States	Technology for fidaxomicin (DIFICLIR)
TOLMAR Inc.	United States	Technology for Eligard
Gilead Sciences, Inc.	United States	Technology for Amphotericin B (AmBisome)
Gilead Palo Alto, Inc.	United States	Technology for regadenoson (Lexiscan)
Seattle Genetics, Inc.	United States	Technology for antibody-drug conjugate (ADC)

Counterparty	Country	Type of technologies
Ambrx Inc.	United States	Technology for new antibody-drug conjugate (ADC)

(Notes)
1. The license agreement with Regeneron Pharmaceuticals, Inc. (U.S.) related to technology for VelocImmune was terminated.
2. The license agreement with Vical Incorporated (U.S.) related to technology for a vaccine designed to control cytomegalovirus (CMV) reactivation in transplant recipients was terminated.
3. The license agreement with Proteostasis Therapeutics, Inc. (U.S.) related to technology for therapies modulating the unfolded protein response was terminated.
4. The license agreement with Chromocell Corporation (U.S.) related to technology for CC8464 and back-up drug candidates was terminated.
5. Toyama Chemical Co., Ltd. has changed its company name to FUJIFILM Toyama Chemical Co., Ltd.

2) License agreements – license out

Counterparty	Country	Type of technologies
Boehringer Ingelheim International GmbH	Germany	Technology for tamsulosin- OCAS
Cephalon, Inc.	United States	Technology for Bendamustine Hydrochloride
Mundipharma Group	United Kingdom	Technology for Bendamustine Hydrochloride
SymBio Pharmaceuticals Limited	Japan	Technology for Bendamustine Hydrochloride
Cilag GmbH International	Switzerland	Technology for Bendamustine Hydrochloride
F. Hoffmann-La Roche Ltd	Switzerland	Technology for erlotinib

3) Distribution and other agreements

Counterparty	Country	Contents of contracts
Toa Eiyo Ltd.	Japan	Distribution of Toa Eiyo pharmaceutical products
Toray Industries, Inc.	Japan	Distribution of “Dorner” of Toray Industries, Inc.
Sanofi K.K.	Japan	Distribution of “Myslee” of Sanofi K.K.
Nippon Boehringer Ingelheim Co., Ltd.	Japan	Distribution of “Micardis” (including “Micombi,” “Micamlo,” etc.) of Nippon Boehringer Ingelheim Co., Ltd.
AstraZeneca AB	Sweden	Distribution and co-promotion agreement for “Symbicort” of AstraZeneca AB
Sanwa Kagaku Kenkyusho Co., Ltd.	Japan	Distribution and co-promotion agreement for “ARGAMATE” of Sanwa Kagaku Kenkyusho Co., Ltd. Co-promotion agreement for “Kiklin” of the Company
Kotobuki Pharmaceutical Co., Ltd.	Japan	Co-operation agreement in Japan for “Suglat” of the Company and Kotobuki Pharmaceutical Co., Ltd. Co-operation agreement in Japan for SUJANU Combination Tablets
Genentech, Inc.	United States	Co-development and Co-business agreement for “Tarceva” of the Company

Counterparty	Country	Contents of contracts
MSD International GmbH	Switzerland	Master agreement on co-development and co-commercialization in Japan of "SUJANU Combination Tablets" of the Company and MSD International GmbH
MSD K.K.	Japan	Co-promotion agreement in Japan for "SUJANU Combination Tablets" of the Company and MSD International GmbH

(Note) The distribution and co-promotion agreement for "Symbicort" with AstraZeneca AB (Sweden) will be terminated in July, 2019.

4) Other collaboration agreements

Counterparty	Country	Contents of contracts
ClearPath Development Company	United States	The Company will develop a portfolio of vaccines targeting infectious diseases under the strategic partnership with ClearPath Development Company.
LEO Pharma A/S	Denmark	Based on the agreement on the transfer of its global dermatology business, the Company will continue supplying products to LEO Pharma A/S until the transfer is complete.
LTL Pharma Co., Ltd.	Japan	Based on the agreement on the transfer of its marketing approval of 16 long-listed products in Japan, supply business of active pharmaceutical ingredients/bulk of the products to third parties inside and outside of Japan, and royalty business of these products, the Company will continue supplying products to LTL Pharma Co., Ltd. until the transfer is complete.

(Note) The Company exercised an exclusive option to acquire Potenza Therapeutics, Inc. (U.S.) based on a collaboration agreement with Potenza Therapeutics regarding joint research and development in the area of immuno-oncology, and made it into a wholly owned subsidiary.

(11) Major Litigations, etc.

Patient Assistance Foundation Government Investigation

In March 2016 and August 2017, Astellas Pharma US, Inc. (APUS), one of Astellas Pharma Inc.'s indirect US subsidiaries, received subpoenas from the U.S. Department of Justice (DOJ), represented by the U.S. Attorney's Office in Boston, Massachusetts, requesting documents and other information concerning APUS's patient assistance programs including its donations to Patient Assistance Foundations in the U.S. In April 2019, APUS entered into a civil settlement to resolve the matter. APUS paid $100 million USD, plus interest, to the United States and entered into a five-year Corporate Integrity Agreement with the U.S. Office of Inspector General of the Department of Health and Human Services.

(12) Employees (as of March 31, 2019)

Number of employees	Year-on-year increase or decrease
16,243	374 decrease

(13) Principal Lenders (as of March 31, 2019)

Nothing applicable exists.

(14) Other Important Matters concerning Present State of the Astellas Group

Nothing applicable exists.

2. **Matters concerning Present State of the Company** (as of March 31, 2019)

(1) Matters concerning Shares of Common Stock*

1) Total number of shares authorized to be issued by the Company:
9,000,000,000 shares

2) Total number of shares issued:
1,979,823,175 shares (including 92,641,412 shares of treasury share)

3) Number of shareholders: 93,659

4) Top ten (10) principal shareholders:

Name of shareholder	Number of shares held (Thousand)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (trust account)	193,207	10.23
Japan Trustee Services Bank, Ltd. (trust account)	109,577	5.80
Nippon Life Insurance Company	64,486	3.41
SSBTC CLIENT OMNIBUS ACCOUNT	44,632	2.36
Japan Trustee Services Bank, Ltd. (trust account 7)	37,993	2.01
State Street Bank and Trust Company 505001	37,037	1.96
State Street Bank West Client - Treaty 505234	36,923	1.95
Japan Trustee Services Bank, Ltd. (trust account 5)	36,197	1.91
JP Morgan Chase Bank 385151	29,838	1.58
State Street Bank and Trust Company 505103	28,950	1.53

(Notes) 1. The Company holds 92,641,412 shares of treasury share, but it is not included in the above list of principal shareholders.

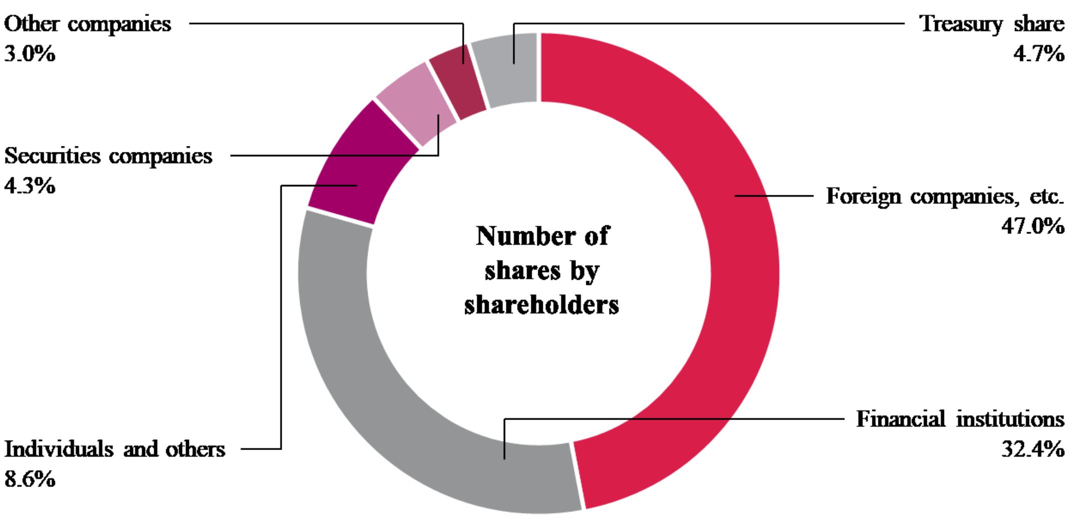
2. The percentage of shares held are calculated to the total number of issued shares excluding treasury share (1,887,181,763 shares) and presented by discarding the numbers down to the third decimal.

5) Other important matters concerning shares:

Acquisition of treasury share through market purchase and cancellation thereof carried out during the business year under review are as follows.

Number of shares acquired:	90.84 million shares (Total amount of acquisition prices: ¥160.0 billion)
Number of shares cancelled:	89 million shares (Date of cancellation: May 31, 2018)

Breakdown of Shareholders



* Treasury share excludes the Company's shares held in the executive compensation BIP trust.

(2) Basic Views and System of Corporate Governance

1. Basic view

The Company's raison d'être is to contribute to improving the health of people around the world through the provision of innovative and reliable pharmaceutical products. The Company aims to sustainably enhance enterprise value by being chosen and trusted by all stakeholders. With this business philosophy, we work to ensure and strengthen the effectiveness of corporate governance from the following perspectives:

1) Ensuring transparency, appropriateness and agility of management; and
2) Fulfillment of our fiduciary duties and accountability to shareholders and appropriate collaboration with all stakeholders.

The Company has established the Corporate Governance Guidelines which clarifies the basic views and guidelines that must be followed in order for the Company to ensure and strengthen the effectiveness of corporate governance. The guidelines are posted on the following Company's website.

https://www.astellas.com/jp/en/investors/ir-library/governance

2. Summary of the corporate governance system

The summary of the corporate governance systems is as follows:

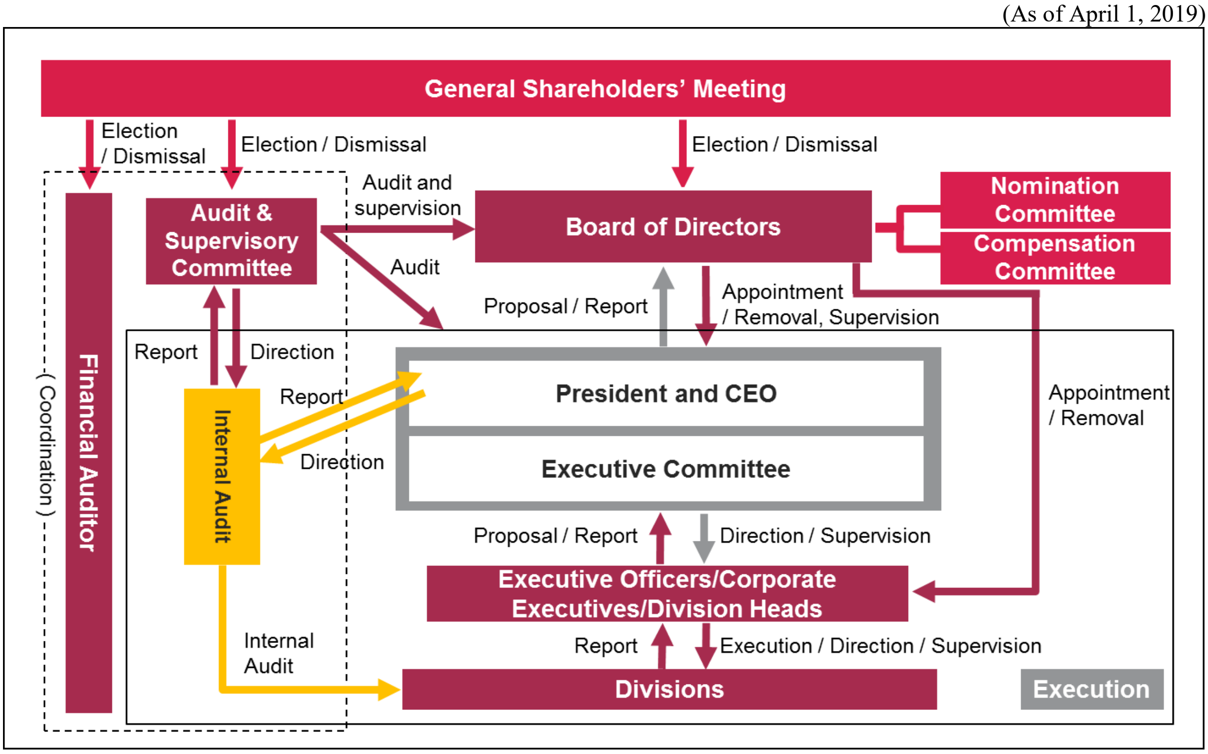
- The Company adopts the organizational structure of "Company with Audit & Supervisory Committee." Outside Directors constitute the majority of the Board of Directors and the Audit & Supervisory Committee, respectively.

- The Board of Directors determines basic policies of management, business strategies and other matters, and serves the oversight function of business execution.

- As an organ for handling execution of business, the Company establishes the Executive Committee for discussing important matters, and also appoints Executive Officers who are responsible for their respective assigned divisions. The responsibility and authority for the execution of business of the organ described above, the President and CEO and the Executive Officers are clearly stipulated in the Corporate Decision Authority Policy.

- As advisory bodies to the Board of Directors, the Company establishes the Nomination Committee and the Compensation Committee, each of which are composed of a majority of outside Directors.

(As of April 1, 2019)



3. Directors/Board of Directors

Directors shall be elected by resolution of Shareholders Meeting and the terms of office of Directors who are not Audit & Supervisory Committee Members and Directors who are Audit & Supervisory Committee Members shall be one year and two years, respectively. Board of Directors meetings are held once every month in principle, chaired by the Director and Chairman of the Board.

The Board of Directors ensures the transparency and appropriateness of management by making decision of corporate management policies and corporate strategies, etc. and serving the oversight function of the execution of business. Furthermore, the Board of Directors ensures the agility of management by delegating a substantial part of decision-making authority of important business execution to an executive Director by resolution of the Board of Directors and establishing "Corporate Decision Authority Policy" to clarify the responsibility and authority for the execution of business by Executive Officers and others.

The Board of Directors, in consideration of diversity and balance from the perspectives of expertise and experience and so forth, is composed of a number of Directors appropriate to facilitate agility. In order to ensure decision-making from a broader viewpoint and objective oversight of the execution of business, the Board of Directors is composed of a majority of outside Directors. As of March 31, 2019, the Board of Directors comprises ten Directors, among whom a majority of six are highly independent outside Directors.

To further enhance the effectiveness of the Board of Directors as a whole, the Company conducts an analysis and evaluation of the effectiveness of the Board of Directors as a whole every year, through means such as each Director's self-assessment, and discloses a summary of the results thereof.

4. Audit & Supervisory Committee

The Audit & Supervisory Committee meetings are held once a month in principle.

The Audit & Supervisory Committee is the only deliberation body and decision-making body for the purpose of forming opinions with regard to audits by Audit & Supervisory Committee Members, and, where necessary, provides its opinions to Directors or the Board of Directors.

The Audit & Supervisory Committee is composed of all the Directors who are Audit & Supervisory Committee Members, and its chairman is determined by resolution of the Audit & Supervisory Committee. In order to further enhance the independence and neutrality of the Company's audit system, the Audit & Supervisory Committee is composed of a majority of outside Directors. In addition, the Company appoints as Audit & Supervisory Committee Members individuals who have appropriate experience and skills, as well as necessary knowledge of finance, accounting and legal affairs. At least one person who has sufficient expertise in finance and accounting serves on the committee. As of March 31, 2019, the Audit & Supervisory Committee comprises five members, among whom a majority of three are highly independent outside Directors.

5. Nomination Committee/Compensation Committee

In order to improve the transparency and objectivity of the deliberation process of regarding election and dismissal of Directors, etc. and remuneration system, the Company establishes the Nomination Committee and the Compensation Committee as advisory bodies to the Board of Directors. The Nomination Committee and the Compensation Committee are composed of members appointed by the Board of Directors, and the majority of each Committee are outside Directors. Each Committee is chaired by an outside Director.

<Role of the Nomination Committee>

The Nomination Committee deliberates matters relating to the election and dismissal of Directors and appointment and removal of Executive Officers, etc., and reports the results of their deliberations to the Board of Directors.

<Role of the Compensation Committee>

The Compensation Committee deliberates matters regarding remuneration, bonuses and other financial benefits paid as consideration for the performance of duties for Directors and Executive Officers, etc. (excluding remuneration for individual Directors who are Audit & Supervisory Committee Members), and reports the results of their deliberations to the Board of Directors.

(3) Matters concerning Directors:

1) Names and other information:

Position	Name	Responsibility and status of significant concurrent positions
Representative Director, Chairman of the Board	Yoshihiko Hatanaka	
Representative Director, President and CEO	Kenji Yasukawa	
Outside Director	Yoshiharu Aizawa	Professor Emeritus, Kitasato University
Outside Director	Mamoru Sekiyama	
Outside Director	Keiko Yamagami	Lawyer honorary member, Tokyo Seiwa Law Office
Director (Full-time Audit & Supervisory Committee Member)	Tomokazu Fujisawa	
Director (Full-time Audit & Supervisory Committee Member)	Hiroko Sakai	
Outside Director (Audit & Supervisory Committee Member)	Hitoshi Kanamori	Representative, Kanamori Law Office
Outside Director (Audit & Supervisory Committee Member)	Noriyuki Uematsu	Managing Director, Uematsu & Co. President & Representative Director, SU Consultant Co. Ltd Outside Director and Audit and Supervisory Committee Member, Kamakura Shinsho, Ltd. Outside Corporate Auditor, LINE Corporation
Outside Director (Audit & Supervisory Committee Member)	Hiroo Sasaki	Professor, Graduate School of Accountancy, Waseda University

(Notes)

1. The Group management structure changed effective April 1, 2019. The new management structure is listed on pages 59-60.
2. The Company transitioned to a Company with Audit & Supervisory Committee as of the same date based on the resolution of the 13th Term Annual Shareholders Meeting held on June 15, 2018. In accordance with this, Mr. Tomokazu Fujisawa, Ms. Hiroko Sakai, Mr. Hitoshi Kanamori and Mr. Noriyuki Uematsu retired from the office of Audit & Supervisory Board Members and newly assumed the office of Directors who are Audit & Supervisory Committee Members on the same day.
3. Dr. Yoshiharu Aizawa, Mr. Mamoru Sekiyama, Ms. Keiko Yamagami, Mr. Hitoshi Kanamori, Mr. Noriyuki Uematsu and Dr. Hiroo Sasaki are outside Directors and are registered as independent directors with Tokyo Stock Exchange, Inc.
4. There is no significant business relationship between the Company and the above organizations where each outside Director holds significant concurrent positions.
5. Notes to be particularly mentioned for Audit & Supervisory Committee Members are as follows:

   Mr. Noriyuki Uematsu has been engaged in consulting on M&As as a certified public accountant as well as a consultant over the years. He is currently serving as Managing Director of Uematsu & Co. as well as President & Representative Director of SU Consultant Co. Ltd, and is a faculty member of the Graduate School of Business and Finance, Waseda University. These facts demonstrate that he has substantial knowledge of finance and accounting.
6. Mr. Tomokazu Fujisawa and Ms. Hiroko Sakai are full-time Audit & Supervisory Committee Members. Given their familiarity with the Company's internal affairs, they have accordingly been appointed as full-time Audit & Supervisory Committee Members to heighten the effectiveness of activities of the Audit & Supervisory Committee by sharing with all Audit & Supervisory Committee Members information they have obtained by attending important meetings, receiving reports from business operating departments, and liaising closely with the Internal Audit, etc.
7. Ms. Etsuko Okajima retired from the office of Director during the business year under review (retired on June 15, 2018).

8. Ms. Toshiko Oka retired from the office of Audit & Supervisory Board Member during the business year under review (retired on June 15, 2018).

2) Amounts of remunerations:

Remunerations for Directors, Audit & Supervisory Committee Members, and Audit & Supervisory Board Members are so designed as to enable the Company to recruit and retain talents, and to make the remuneration levels and structures fully commensurate with the responsibilities of the position. The Company endeavors to improve the objectivity of decisions on remuneration levels through measures such as the use of remuneration survey data from specialist third-party organizations.

Remunerations for internal Directors (excluding Directors who are Audit and Supervisory Committee Members) are fundamentally based upon contributions to sustainable improvements in business performance and enhancements in enterprise value, and are composed of a fixed amount basic remuneration, bonuses, and stock compensation. The Company appropriately links remunerations with business performance. Remunerations for outside Directors, Directors who are Audit & Supervisory Committee Members and Audit & Supervisory Board Members (including outside Audit & Supervisory Board Members) are composed of a fixed amount basic remuneration only. Remunerations for each Director who is not Audit & Supervisory Committee Member are determined by resolutions of the Board of Directors within a total ceiling amount approved by the Shareholders Meeting. Remunerations for each Director who is an Audit & Supervisory Committee Member are determined by the deliberations of the Audit & Supervisory Committee Members within a total ceiling amount approved by the Shareholders Meeting. In addition, remunerations for each Audit & Supervisory Board Member are determined by the deliberations of the Audit & Supervisory Board Members within a total ceiling amount approved by the Shareholders Meeting. Through the deliberations of the Compensation Committee, the Company enhances the transparency and objectivity of the deliberation process for remunerations for Directors who are not Audit & Supervisory Committee Members.

Remunerations to Directors, Audit & Supervisory Committee Members, and Audit & Supervisory Board Members for the business year under review are as follows:

<Total amount of remunerations, total amount of remunerations by type, and number of Directors, Audit & Supervisory Committee Members, and Audit & Supervisory Board Members applicable for each category of Directors, Audit & Supervisory Committee Members, and Audit & Supervisory Board Members>

Category	Total amount of remunerations (Millions of yen)	Total amount of remunerations by type of remuneration (Millions of yen)			Number of Directors, Audit & Supervisory Committee Members, and Audit & Supervisory Board Members applicable
		Basic remuneration	Bonus	Stock compensation	
Directors who are not Audit & Supervisory Committee Members (excluding outside Directors)	558	189	219	149	2
Outside Directors who are not Audit & Supervisory Committee Members	52	52	–	–	4
Total	610	242	219	149	6
Directors who are Audit & Supervisory Committee Members (excluding outside Directors)	89	89	–	–	2
Outside Directors who are Audit & Supervisory Committee Members	38	38	–	–	3
Total	127	127	–	–	5
Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board Members)	22	22	–	–	2
Outside Audit & Supervisory Board Members	11	11	–	–	3
Total	33	33	–	–	5

(Notes)
1. The Company transitioned to a Company with Audit & Supervisory Committee as of the same date based on the resolution of the 13th Term Annual Shareholders Meeting held on June 15, 2018.
2. The ceiling amount of remuneration to the Directors who are not Audit & Supervisory Committee Members as a group was resolved to be ¥560 million per year (but not including the portion of salary paid in the capacity of employee) at the 13th Term Annual Shareholders Meeting of the Company held on June 15, 2018. However, this does not include bonus and stock compensation, whose amounts of payment or upper limits were separately resolved at the Shareholders Meeting.
3. The ceiling amount of remuneration to the Directors who are Audit & Supervisory Committee Members as a group was resolved to be ¥260 million per year at the 13th Term Annual Shareholders Meeting of the Company held on June 15, 2018. Remunerations of Directors who are Audit & Supervisory Committee Members relate to the period after the transition to a Company with Audit & Supervisory Committee.
4. The ceiling amount of remuneration to the Audit & Supervisory Board Members as a group was resolved to be ¥150 million per year at the 76th Annual Shareholders Meeting of the Company held on June 29, 1989. Remunerations of Audit & Supervisory Board Members relate to the period before the transition to a Company with Audit & Supervisory Committee.

5. The amounts of “Basic remuneration” above include the amounts paid to one (1) outside Director and one (1) outside Audit & Supervisory Board Member who retired at the close of the 13th Term Annual Shareholders Meeting held on June 15, 2018.
6. The amount of “Bonus” above is a planned amount that will be paid separately from the annual basic remuneration to Directors, if the planned proposal, “Provision of Bonus to Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)” is approved and resolved as originally proposed at the 14th Term Annual Shareholders Meeting of the Company.
7. The Company has introduced a performance-linked stock compensation scheme (stock compensation), which employs a framework referred to as the executive remuneration BIP (Board Incentive Plan) trust, for the purpose of increasing the awareness of contribution to the sustainable growth of the business results and enterprise value. The Scheme is a medium- to long- term incentive-based remuneration plan that is highly transparent and objective and closely linked with the Company’s business results. Under the Scheme, with respect to the three consecutive business years of an applicable period, the Company contributes, in the initial business year of each applicable period, funds for remuneration to the Directors to the executive remuneration BIP trust. The ceiling amount of the contribution was resolved to be an amount not exceeding ¥550 million at the 13th Term Annual Shareholders Meeting of the Company held on June 15, 2018. The stock compensation stated above refers to the amount recorded as expenses under J-GAAP for the business year under review.

<Directors whose total amount of remunerations is 100 million yen or more>

Name (Position)	Total amount of remunerations (Millions of yen)	Total amount of remunerations by type of remuneration (Millions of yen)		
		Basic remuneration	Bonus	Stock compensation
Yoshihiko Hatanaka (Representative Director, Chairman of the Board)	268	87	101	80
Kenji Yasukawa (Representative Director, President and CEO)	290	102	118	69

(Note) The bonuses above are the amounts that will be paid to the Directors, if the planned proposal, “Provision of Bonus to Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)” is approved and resolved as originally proposed at the 14th Term Annual Shareholders Meeting of the Company.

3) Matters concerning agreement to limit outside Director’s liability:

The Company has stipulated in the Articles of Incorporation that it may enter into an agreement with each Director (excluding executive Director, etc.) to limit his or her liability for damages under Article 423 (1) of the Companies Act, to the minimum liability amount provided by laws and regulations, if the requirements to limit liability provided by the laws and regulations are satisfied (Agreement to limit outside Director’s liability), enabling Directors (excluding executive Directors, etc.) to sufficiently fulfill expected roles. The Company has entered into the agreement with all of the Directors (excluding executive Directors, etc.).

4) Matters concerning outside Directors:

Activities for the business year under review:

Position	Name	Attendance to meetings	Activities
Outside Director	Yoshiharu Aizawa	14/14 meetings of the Board of Directors	Provided opinions based on his abundant experience as a medical scientist.
Outside Director	Mamoru Sekiyama	14/14 meetings of the Board of Directors	Provided opinions based on his abundant experience as a business manager.
Outside Director	Keiko Yamagami	14/14 meetings of the Board of Directors	Provided opinions based on her abundant experience as an attorney-at-law.
Outside Director (Audit & Supervisory Committee Member)	Hitoshi Kanamori	14/14 meetings of the Board of Directors 3/3 meetings of the Audit & Supervisory Board 10/10 meetings of the Audit & Supervisory Committee	Provided opinions based on his abundant experience as an attorney-at-law.
Outside Director (Audit & Supervisory Committee Member)	Noriyuki Uematsu	13/14 meetings of the Board of Directors 3/3 meetings of the Audit & Supervisory Board 9/10 meetings of the Audit & Supervisory Committee	Provided opinions based on his abundant experience as a certified public accountant and business manager.
Outside Director (Audit & Supervisory Committee Member)	Hiroo Sasaki	11/11 meetings of the Board of Directors 10/10 meetings of the Audit & Supervisory Committee	Provided opinions based on his abundant experience as an economist.

(Note) The Company transitioned to a Company with Audit & Supervisory Committee as of the same date based on the resolution of the 13th Term Annual Shareholders Meeting held on June 15, 2018.

5) Other important matters:
Ms. Haruko Shibumura was elected as a substitute Director who is an Audit & Supervisory Committee Member at the 13th Term Annual Shareholders Meeting, held on June 15, 2018, in preparation to fill a vacant position should the number of outside Directors (Audit & Supervisory Committee Members) fall below the number required by laws and regulations.

6) Names of Corporate Executives (excluding Directors who serve as Corporate Executives) and other information:

Position	Name	Responsibility or major occupation
Senior Corporate Executive	Chikashi Takeda	Chief Financial Officer (CFO)
	Mitsunori Matsuda	President, Pharmaceutical Technology
	Masatoshi Kuroda	President, Asia & Oceania Business
	Nobuaki Tanaka	President, Japan Sales & Marketing
	Akihiko Iwai	President, Drug Discovery Research
	Atsushi Kamide	Vice President, External Relations
Corporate Executive	Fumiaki Sakurai	Chief Administrative Officer and Chief Ethics & Compliance Officer (CAO & CECO)
	Naoki Okamura	Chief Strategy Officer (CSTO)
	Yukio Matsui	Chief Commercial Officer (CCO)
	Takuya Oshida	Senior Vice President, Medical Affairs
	Shigeki Tanaka	Executive Vice President, Development
	Kazuhiro Sako	President, Astellas Ireland Co., Ltd
	Toru Yoshimitsu	Senior President, Corporate Finance & Control
	Eisuke Nozawa	Vice President, Regulatory Affairs
	Taiji Sawamoto	Vice President, Research Program Management, Drug Discovery Research
	Yasuhiro Kanzaki	General Manager, Osaka Branch, Japan Sales & Marketing
	Hideki Shima	Senior Vice President, Technology Planning & Administration, Pharmaceutical Technology
	Shiro Yamamoto	General Manager, Tokyo Branch, Japan Sales & Marketing
	Masaaki Hirano	Senior Vice President, Corporate Planning
	Yoshitsugu Shitaka	President, Astellas Institute for Regenerative Medicine

(4) Matters concerning Financial Auditor:

1) Name: Ernst & Young ShinNihon LLC

2) Amount of remuneration:

	Amounts payable
1. The amount of remunerations paid to Financial Auditor for the business year under review:	¥192 million
2. Total amount of cash and other material benefits payable to Financial Auditor by the Company and its subsidiaries:	¥192 million

(Notes) 1. The Audit & Supervisory Committee of the Company decided that the amount of remunerations for the Financial Auditor for the business year under review was reasonable, following the examination and review of various factors, including the performance of duties of the Financial Auditor and actual number of audit hours spent in the previous business year, as well as the details of the audit plan, audit structure, estimated audit hours and rate of remuneration charged for the business year under review, based on the inspection of relevant materials obtained from, and interview with the internal departments concerned as well as the Financial Auditor, hence providing the consent for the purpose of Article 399 (1) and (2) of the Companies Act.

2. The amount of remunerations for auditing pursuant to the Companies Act and the amount of remunerations for auditing pursuant to the Financial Instruments and Exchange Act are not divided in the Auditing Agreement concluded between the Company and the Financial Auditor. Also, it is practically impossible to state separately, so the amount stated in 1. in the table above represents the total amount paid by the Company.

3. Out of the principal subsidiaries of the Company (see page 62), overseas subsidiaries have been audited by financial auditor other than the Company's Financial Auditor.

3) Policy for deciding the dismissal or refusal of re-election of the Financial Auditor:

In the event that the Financial Auditor falls under any event for dismissal provided for in Article 340 (1) of the Companies Act, the Audit & Supervisory Committee will dismiss the Financial Auditor with the unanimous consent of Audit & Supervisory Committee Members or determine the content of proposals on the dismissal of the Financial Auditor to be submitted to the Shareholders Meeting based on the resolution of the Audit & Supervisory Committee.
In addition, the Audit & Supervisory Committee will determine the content of proposals on refusal to re-elect the Financial Auditor to be submitted to the Shareholders Meeting, among other things, based on the evaluation of the Financial Auditor's independence and expertise, and appropriateness and validity of the Financial Auditor's activities.

3. Systems to Ensure the Appropriate Execution of Business

Pursuant to applicable laws and regulations, and Article 17 of the Company's Articles of Incorporation, it is posted on the Company's website.
(https://www.astellas.com/jp/en/investors/shareholders-meeting)

(Notes)
1. The amounts stated in the business report are presented by rounding any amount less than the specified units, i.e., disregarding four tenths (4/10) or less and rounding up five tenths (5/10) or more. The numbers of shares stated in the business report are presented by disregarding any number of shares less than the specified units. In addition, unless otherwise specifically noted, the changes in comparison with the previous business year and other ratios are presented by rounding numbers to the nearest first decimals, i.e., disregarding four hundredths (4/100) or less and rounding up five hundredths (5/100) or more.
2. Tables, graphs, and pictures are presented only for reference purposes.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(As of March 31, 2019)

(Millions of yen)

Accounts	14th term business year As of March 31, 2019	(Reference) 13th term business year As of March 31, 2018
Assets		
Non-current assets		
Property, plant and equipment	173,483	181,295
Goodwill	225,864	212,976
Intangible assets	429,707	416,912
Trade and other receivables	25,248	25,282
Investments accounted for using equity method	3,653	3,138
Deferred tax assets	92,958	97,237
Other financial assets	81,457	67,375
Other non-current assets	8,121	8,372
Total non-current assets	1,040,489	1,012,587
Current assets		
Inventories	151,511	147,626
Trade and other receivables	342,628	319,512
Income tax receivable	20,113	8,412
Other financial assets	2,607	13,517
Other current assets	25,080	14,448
Cash and cash equivalents	311,074	331,731
Subtotal	853,012	835,245
Assets held for sale	4,147	10,374
Total current assets	857,159	845,619
Total assets	1,897,648	1,858,205

(Millions of yen)

Accounts	14th term business year As of March 31, 2019	(Reference) 13th term business year As of March 31, 2018
Equity and liabilities		
Equity		
Share capital	103,001	103,001
Capital surplus	177,301	177,219
Treasury shares	(164,629)	(135,951)
Retained earnings	991,957	976,076
Other components of equity	150,767	147,945
Total equity attributable to owners of the parent	1,258,396	1,268,289
Total equity	1,258,396	1,268,289
Liabilities		
Non-current liabilities		
Trade and other payables	1,572	3,515
Deferred tax liabilities	5,175	26,426
Retirement benefit liabilities	40,163	36,673
Provisions	5,416	4,891
Other financial liabilities	52,882	49,422
Other non-current liabilities	36,379	47,370
Total non-current liabilities	141,587	168,296
Current liabilities		
Trade and other payables	185,280	140,909
Income tax payable	17,587	25,184
Provisions	22,843	126,231
Other financial liabilities	14,136	7,559
Other current liabilities	255,913	121,737
Subtotal	495,759	421,620
Liabilities directly associated with assets held for sale	1,906	–
Total current liabilities	497,665	421,620
Total liabilities	639,252	589,916
Total equity and liabilities	1,897,648	1,858,205

CONSOLIDATED STATEMENTS OF INCOME
(April 1, 2018 to March 31, 2019)

(Millions of yen)

Accounts	14th term business year From April 1, 2018 to March 31, 2019	(Reference) 13th term business year From April 1, 2017 to March 31, 2018
Revenue	1,306,348	1,300,316
Cost of sales	(292,050)	(294,250)
Gross profit	1,014,299	1,006,066
Selling, general and administrative expenses	(490,263)	(478,330)
Research and development expenses	(208,682)	(220,781)
Amortisation of intangible assets	(35,212)	(35,838)
Share of profit (loss) of investments accounted for using equity method	(1,627)	(2,419)
Other income	14,152	11,872
Other expense	(48,755)	(67,311)
Operating profit	243,912	213,258
Finance income	6,358	6,637
Finance expense	(1,302)	(1,782)
Profit before tax	248,967	218,113
Income tax expense	(26,702)	(53,434)
Profit	222,265	164,679
Profit attributable to:		
Owners of the parent	222,265	164,679
Total	222,265	164,679

BALANCE SHEETS
(As of March 31, 2019)

(Millions of yen)

	14th term business year As of March 31, 2019	(Reference) 13th term business year As of March 31, 2018
Assets		
Current assets	440,048	403,134
Cash on hand and in banks	109,924	93,165
Trade notes receivable	–	68
Trade accounts receivable	189,788	190,936
Marketable securities	11,999	2,000
Merchandise and finished goods	55,134	54,001
Raw materials and supplies	16,808	12,004
Other	56,394	50,961
Fixed assets	793,238	780,512
Property, plant and equipment	63,401	70,662
Buildings	42,998	46,876
Structures	1,562	1,640
Machinery and equipment	1,700	2,329
Tools, furniture and fixtures	5,350	6,913
Land	9,189	9,195
Lease assets	1,194	1,344
Construction in progress	1,406	2,366
Other	1	0
Intangible fixed assets	63,583	64,868
Investments and other assets	666,255	644,982
Investment securities	45,754	33,415
Investment in subsidiaries and affiliates	484,895	462,573
Long-term loans receivable	64	357
Deferred tax assets	92,344	100,906
Other	51,425	55,923
Allowance for doubtful receivables	(8,227)	(8,192)
Total assets	1,233,286	1,183,646

(Millions of yen)

Accounts	14th term business year As of March 31, 2019	(Reference) 13th term business year As of March 31, 2018
Liabilities		
Current liabilities	650,065	538,718
Trade accounts payable	70,943	51,933
Short-term loans payable	444,497	366,583
Lease obligations	430	443
Other accounts payable	82,083	60,205
Accrued expenses	23,641	20,826
Accrued income taxes	3,785	9,297
Deposit	10,566	7,587
Allowance for sales rebates	2,496	2,350
Other	11,625	19,493
Long-term liabilities	17,597	32,549
Lease obligations	766	901
Other	16,831	31,648
Total liabilities	667,662	571,267
Net assets		
Shareholders' equity	545,385	598,592
Share capital	103,001	103,001
Capital surplus	176,822	176,822
Additional paid-in capital	176,822	176,822
Retained earnings	430,191	454,719
Legal reserve	16,827	16,827
Other retained earnings	413,365	437,893
Reserve for special depreciation	29	59
Reserve for advanced depreciation of fixed assets	1,185	1,185
Retained earnings carried forward	412,150	436,649
Treasury shares	(164,629)	(135,951)
Valuation, translation adjustments and others	19,112	12,311
Unrealized holding gains on securities	19,112	12,311
Subscription rights to shares	1,127	1,477
Total net assets	565,624	612,379
Total liabilities and net assets	1,233,286	1,183,646

STATEMENTS OF INCOME

(April 1, 2018 to March 31, 2019)

(Millions of yen)

Accounts	14th term business year From April 1, 2018 to March 31, 2019	(Reference) 13th term business year From April 1, 2017 to March 31, 2018
Net Sales	607,321	613,657
Cost of sales	194,942	205,735
Gross profit	412,379	407,922
Selling, general and administrative expenses	339,693	421,413
Operating income (loss)	72,685	(13,490)
Non-operating income		
Interest income and dividend income	135,866	302,149
Other	5,900	1,121
Total non-operating income	141,766	303,270
Non-operating expenses		
Interest expense	4,050	2,473
Other	680	1,616
Total non-operating expenses	4,730	4,089
Ordinary income	209,721	285,690
Special gains		
Gain on sales of fixed assets	301	12
Other	1,997	8,464
Total special gains	2,297	8,476
Special losses		
Loss on sales and disposal of fixed assets	52	252
Loss on impairment of fixed assets	2,140	–
Other	14,093	2,341
Total special losses	16,286	2,594
Income before income taxes	195,733	291,573
Income taxes — current	11,474	16,035
Income taxes — deferred	5,579	(21,281)
Total income taxes	17,053	(5,246)
Net income	178,679	296,818

[Translation]

Independent Auditor's Report

May 8, 2019

The Board of Directors
Astellas Pharma Inc.

Ernst & Young ShinNihon LLC

Yoji Murohashi
Certified Public Accountant
Designated and Engagement Partner

Yoshihiro Shibata
Certified Public Accountant
Designated and Engagement Partner

Masayuki Nakamura
Certified Public Accountant
Designated and Engagement Partner

Koichiro Kitaike
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 444, Section 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of changes in equity and the notes to the consolidated financial statements of Astellas Pharma Inc. (the "Company") applicable to the fiscal year from April 1, 2018 through March 31, 2019.

Management's Responsibility for Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the second sentence of Article 120, Section 1 of the Corporate Accounting Regulations, which allows the omission of certain disclosures required by the designated International Financial Reporting Standards ("IFRS"), and for designing and operating such internal control that management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the

auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above, prepared with the omission of certain disclosures required by the IFRS pursuant to the second sentence of Article 120 Section 1 of the Corporate Accounting Regulations, present fairly, in all material respects, the financial position and result of operations of Astellas Pharma Inc. and consolidated subsidiaries applicable to the fiscal year ended March 31, 2019.

Conflicts of Interest
We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

[Translation]

Independent Auditor's Report

May 8, 2018

The Board of Directors
Astellas Pharma Inc.

Ernst & Young ShinNihon LLC

Yoji Murohashi
Certified Public Accountant
Designated and Engagement Partner

Yoshihiro Shibata
Certified Public Accountant
Designated and Engagement Partner

Masayuki Nakamura
Certified Public Accountant
Designated and Engagement Partner

Koichiro Kitaike
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of Astellas Pharma Inc. (the "Company") applicable to the 14th fiscal year from April 1, 2018 through March 31, 2019.

Management's Responsibility for the Financial Statements and the Related Supplementary Schedules.

Management is responsible for the preparation and fair presentation of these financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and the related supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures

selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements and the related supplementary schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of Astellas Pharma Inc., applicable to the 14th fiscal year ended March 31, 2019 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest
We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

[Translation]

AUDIT REPORT

The Audit & Supervisory Committee conducted audit regarding the performance of duties of Directors of the Company during the 14th term business year from April 1, 2018 to March 31, 2019. The Committee hereby reports the method and result thereof as follows.

1. Method and Contents of Audit

With respect to the resolution of the Board of Directors on matters prescribed in Article 399-13, Paragraph 1, Item 1 (b) and (c) of the Companies Act and the systems developed based on such board resolution (internal control system), the Audit & Supervisory Committee regularly received reports from Directors and employees, requested additional explanations as necessary, and expressed opinions on the establishment and operation of the systems. In addition, the Committee conducted audit according to the following method:

(i) In conformity with the Audit Standards established by the Audit & Supervisory Committee, and in accordance with, among other things, the policy of audit and the assignment of duties, in coordination with internal control departments of the Company, the Committee attended important meetings, received reports from the Directors and employees on matters related to their performance of duties, requested additional explanations as necessary, perused the documents whereby the important decisions were made, and examined the business and financial conditions at the head office and the principal offices. With respect to subsidiaries, the Committee made efforts to communicate and exchange information with the Directors and Audit & Supervisory Board Members of subsidiaries, requested the subsidiaries reports on their respective business as necessary, and examined the condition of their operations.

(ii) Audit & Supervisory Committee monitored and verified whether the Financial Auditor maintained the independent position and performed due audit, and received from the Financial Auditor reports on the performance of the duties, and requested additional explanations as necessary. Audit & Supervisory Committee also received a notice from the Financial Auditor that it has established the “Systems to ensure due execution of audit (matters prescribed in each item of Article 131 of the Corporate Accounting Regulations)” in accordance with, among other things, the “Quality Control Standards for Audit” (Business Accounting Board, October 28, 2005), and requested additional explanations as necessary.

Based on the method stated above, the Audit & Supervisory Committee examined the Business Report and the related supplementary schedules, financial statements (Balance Sheets, Statements of Income, Statements of Changes in Net Assets and Notes to Financial Statements) and the related supplementary schedules, and consolidated financial statements (Consolidated Statements of Financial Position, Consolidated Statements of Income, Consolidated Statements of Changes in Equity and Notes to Consolidated Financial Statements, all prepared with the omission of certain disclosures required by the IFRS pursuant to the provision of the second sentence of Article 120 (1) of the Corporate Accounting Regulations) for the business year under review.

2. Results of Audit:

(1) Results of audit of Business Report and other documents:

(i) We confirm that the Business Report and the related supplementary schedules accurately present the position of the Company in conformity with the relevant laws and ordinances as well as the Articles of Incorporation of the Company.

(ii) We confirm that no misconduct or material fact constituting a violation of any laws or ordinances or the Articles of Incorporation of the Company was found with respect to the Directors in the performance of their duties.

(iii) We confirm that the resolutions of the Board of Directors relating to the internal control system are reasonable. There are no matters to be pointed out regarding details of the Business Report and Directors' performance of their duties on internal control system.

(2) Results of audit of financial statements and the related supplementary schedules:
We confirm that the method and the results of the audit carried out by Ernst & Young ShinNihon LLC, Financial Auditor of the Company, are reasonable.

(3) Results of audit of consolidated financial statements:
We confirm that the method and the results of the audit carried out by Ernst & Young ShinNihon LLC, Financial Auditor of the Company, are reasonable.

May 8, 2019

The Audit & Supervisory Committee of Astellas Pharma Inc.

Full-time Audit & Supervisory Committee Member:
Tomokazu Fujisawa (seal)
Full-time Audit & Supervisory Committee Member:
Hiroko Sakai (seal)
Audit & Supervisory Committee Member:
Hitoshi Kanamori (seal)
Audit & Supervisory Committee Member:
Noriyuki Uematsu (seal)
Audit & Supervisory Committee Member:
Hiroo Sasaki (seal)

(Note) Audit & Supervisory Committee Members Hitoshi Kanamori, Noriyuki Uematsu and Hiroo Sasaki are outside Directors prescribed in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act. Moreover, the Company has transitioned to the organizational structure of "Company with Audit & Supervisory Committee," from that of "Company with Audit & Supervisory Board," by resolution of the 13th Term Annual Shareholders Meeting held on June 15, 2018. As such, the Audit & Supervisory Committee performed the audit during the period from April 1, 2018 to June 14, 2018 based on what is succeeded from the former Audit & Supervisory Board.

- End -

**Matters Disclosed on the Internet Pursuant to
Laws, Ordinances, and the Articles of Incorporation**

Matters concerning Subscription Rights to Shares
Systems to Ensure the Appropriate Execution of Business
Consolidated Statements of Changes in Equity
Notes to Consolidated Financial Statements
Statements of Changes in Net Assets
Notes to Financial Statements

The 14th Term Business Year (April 1, 2018 – March 31, 2019)

Astellas Pharma Inc.

We provide shareholders with the matters listed above, posted on the Company's website on the Internet (https://www.astellas.com/en/investors/shareholders-meeting) pursuant to laws and ordinances as well as Article 17 of the Articles of Incorporation.

1. Matters concerning Subscription Rights to Shares

1) Present status of subscription rights to shares as of March 31, 2019:

- Total number of subscription rights to shares: 4,562 (Notes) 1
- Type and number of shares to be issued upon exercise of subscription rights to shares: 1,527,400 shares of common stock of the Company (Notes) 1

All subscription rights to shares have been delivered as the stock options. The Company plans to use treasury share when the subscription rights to shares are exercised and does not intend to issue new shares (i.e. no increase in the total number of the Company's shares issued).

Items	Subscription rights to shares issued in August 2005 (issued on August 31, 2005)	Subscription rights to shares issued in February 2007 (issued on February 13, 2007)	Subscription rights to shares issued in August 2007 (issued on August 10, 2007)
Resolution date of issuance:	August 24, 2005	January 26, 2007	July 26, 2007
Number of subscription rights to shares (Notes) 1:	20	17	33
Type and number of shares to be issued upon exercise of subscription rights to shares (Notes) 1, 4:	10,000 shares of common stock (500 shares per subscription right to shares)	8,500 shares of common stock (500 shares per subscription right to shares)	16,500 shares of common stock (500 shares per subscription right to shares)
Amount to be paid for subscription rights to shares to be offered:	Free of charge	¥500,900 per subscription right to shares (Notes) 2	¥463,900 per subscription right to shares (Notes) 2
Amount of cash to be contributed upon exercise of subscription rights to shares (Notes) 4:	¥500 per subscription right to shares	¥500 per subscription right to shares	¥500 per subscription right to shares
Exercise period of subscription rights to shares:	From September 1, 2005 through June 24, 2025 (both inclusive)	From February 14, 2007 through June 27, 2026 (both inclusive)	From August 11, 2007 through June 26, 2027 (both inclusive)
Conditions for exercise of subscription rights to shares:	(Notes) 3	(Notes) 3	(Notes) 3

Items	Subscription rights to shares issued in September 2008 (issued on September 16, 2008)	Subscription rights to shares issued in July 2009 (issued on July 8, 2009)	Subscription rights to shares issued in July 2010 (issued on July 8, 2010)
Resolution date of issuance:	August 29, 2008	June 23, 2009	June 23, 2010
Number of subscription rights to shares (Notes) 1:	47	188	366
Type and number of shares to be issued upon exercise of subscription rights to shares (Notes) 1, 4:	23,500 shares of common stock (500 shares per subscription right to shares)	94,000 shares of common stock (500 shares per subscription right to shares)	183,000 shares of common stock (500 shares per subscription right to shares)
Amount to be paid for subscription rights to shares to be offered:	¥398,000 per subscription right to shares (Notes) 2	¥294,200 per subscription right to shares (Notes) 2	¥244,000 per subscription right to shares (Notes) 2
Amount of cash to be contributed upon exercise of subscription rights to shares (Notes) 4:	¥500 per subscription right to shares	¥500 per subscription right to shares	¥500 per subscription right to shares
Exercise period of subscription rights to shares:	From September 17, 2008 through June 24, 2028 (both inclusive)	From July 9, 2009 through June 23, 2029 (both inclusive)	From July 9, 2010 through June 23, 2030 (both inclusive)
Conditions for exercise of subscription rights to shares:	(Notes) 3	(Notes) 3	(Notes) 3

Items	Subscription rights to shares issued in July 2011 (issued on July 5, 2011)	Subscription rights to shares issued in July 2012 (issued on July 5, 2012)	Subscription rights to shares issued in July 2013 (issued on July 4, 2013)
Resolution date of issuance:	June 20, 2011	June 20, 2012	June 19, 2013
Number of subscription rights to shares (Notes) 1:	630	826	551
Type and number of shares to be issued upon exercise of subscription rights to shares (Notes) 1, 4:	315,000 shares of common stock (500 shares per subscription right to shares)	413,000 shares of common stock (500 shares per subscription right to shares)	275,500 shares of common stock (500 shares per subscription right to shares)
Amount to be paid for subscription rights to shares to be offered:	¥267,700 per subscription right to shares (Notes) 2	¥304,800 per subscription right to shares (Notes) 2	¥505,300 per subscription right to shares (Notes) 2
Amount of cash to be contributed upon exercise of subscription rights to shares: (Notes) 4:	¥500 per subscription right to shares	¥500 per subscription right to shares	¥500 per subscription right to shares
Exercise period of subscription rights to shares:	From July 6, 2011 through June 20, 2031 (both inclusive)	From July 6, 2012 through June 20, 2032 (both inclusive)	From July 5, 2013 through June 19, 2033 (both inclusive)
Conditions for exercise of subscription rights to shares:	(Notes) 3	(Notes) 3	(Notes) 3

Items	Subscription rights to shares issued in July 2014 (issued on July 3, 2014)
Resolution date of issuance:	June 18, 2014
Number of subscription rights to shares (Notes) 1:	1,884
Type and number of shares to be issued upon exercise of subscription rights to shares (Notes) 1, 4:	188,400 shares of common stock (100 shares per subscription right to shares)
Amount to be paid for subscription rights to shares to be offered:	¥127,900 per subscription right to shares (Notes) 2
Amount of cash to be contributed upon exercise of subscription rights to shares (Notes) 4:	¥100 per subscription right to shares
Exercise period of subscription rights to shares:	From July 4, 2014 through June 18, 2034 (both inclusive)
Conditions for exercise of subscription rights to shares:	(Notes) 3

(Notes) 1. The total number of subscription rights to shares, the number of subscription rights to shares and the number of shares to be issued upon exercise of subscription rights to shares as stated above are shown by remaining numbers as of March 31, 2019.

2. The subscription rights to shares stated above (excluding the subscription rights to shares issued in August 2005) were delivered on the condition that the remuneration debts the Company owes to the allottees and the amounts payable for the subscription rights to shares to be offered were offset against each other.

3. Conditions for the exercise of the subscription rights to shares stated above are as follows:

(1) The holder may, in principle, only exercise the rights for the period of ten (10) years after the date immediately following the date when they lose their positions as both Directors and Corporate Executives of the Company.

(2) Each subscription right to shares may not be partially exercised.

4. The Company conducted a stock split of common stock at a ratio of 5 for 1 on April 1, 2014. Accordingly, the above type and number of shares to be issued upon exercise of subscription rights to shares and the amount of cash to be contributed upon exercise of subscription rights to shares are shown based on the adjusted figures after such stock split, excluding those subscription rights to shares issued in July 2014.

2) State of subscription rights to shares held by the Directors as of March 31, 2019, which have been delivered in consideration of performance of their duty:

	Allottee	Number of persons	Number of subscription rights to shares (remaining numbers)	Type and number of shares to be issued upon exercise of subscription rights to shares
Subscription rights to shares issued in February 2007	Directors (excluding outside Directors)	1	17 units	8,500 shares of common stock
Subscription rights to shares issued in August 2007	Directors (excluding outside Directors)	1	17 units	8,500 shares of common stock
Subscription rights to shares issued in September 2008	Directors (excluding outside Directors)	1	27 units	13,500 shares of common stock
Subscription rights to shares issued in July 2009	Directors (excluding outside Directors)	1	47 units	23,500 shares of common stock
Subscription rights to shares issued in July 2010	Directors (excluding outside Directors)	2	88 units	44,000 shares of common stock
Subscription rights to shares issued in July 2011	Directors (excluding outside Directors)	2	190 units	95,000 shares of common stock
Subscription rights to shares issued in July 2012	Directors (excluding outside Directors)	2	208 units	104,000 shares of common stock
Subscription rights to shares issued in July 2013	Directors (excluding outside Directors)	2	125 units	62,500 shares of common stock
Subscription rights to shares issued in July 2014	Directors (excluding outside Directors)	2	453 units	45,300 shares of common stock
Total			1,172 units	404,800 shares of common stock

(Notes) 1. The subscription rights to shares held by the Directors include those distributed as consideration of performance of duties as Corporate Executives prior to assuming the position of Director.

2. The Company conducted a stock split of common stock at a ratio of 5 for 1 on April 1, 2014; and the above numbers of shares to be issued upon exercise of subscription rights to shares, excluding the number relating to the subscription rights to shares issued in July 2014, have been adjusted for the stock split.

Systems to Ensure the Appropriate Execution of Business (As of April 1, 2019)

(1) Basic Policies to Ensure the Appropriate Execution of Business

The Company has set out basic policies regarding the following systems to ensure that the Company's business is duly executed.

(1) System concerning the Performance of Duties

1) System to Ensure the Efficient Performance of the Duties of Directors

- The Company clearly separates the roles of the Directors, who participate in decision makings of corporate management policies and corporate strategies, etc. and oversee business execution as members of the Board of Directors, and the roles of President and CEO and Senior Executive Officers in charge of each of the departments or functions, hereafter those officers are called "Top Management," who are responsible for the execution of business.
- Meetings of the Board of Directors will be held once every month as a general rule, and extraordinary meetings of the Board of Directors will be held when necessary.
- The Company has established the Executive Committee and discusses material matters concerning business strategies, product strategies, cooperate management, and personnel of the Company and the Astellas Group companies.
- The Company has established regulations concerning the committee mentioned above and the "Corporate Decision Authority Policy" to clarify the powers and positioning of the committee and the top management as well as the decision-making process.
- The Company has developed the personnel and organization systems to enable the efficient execution of business.

2) System for Maintaining and Controlling Information regarding the Performance of Duties by Directors

- The "Global Policy for Records and Information Management" has been established, based on which the Company will control and maintain, in an appropriate manner, information regarding the performance of duties by the Directors.
- The Company has established systems to ensure that all documents and materials concerning important management matters, such as minutes of the meetings of the Board of Directors and the Executive Committee are available for inspection by the Directors when necessary.

(2) Regulations and other Systems regarding Risk (Risk of Loss) Management

In order to conduct risk management properly as a whole group, the Company has categorized the risks into "risks relating to strategic management decision-making (risks relating to business opportunities)" and "risks relating to appropriate and efficient business conduct (risks relating to the performance of business activities)." Each department and unit of the Company and the Astellas Group companies will proactively put the Company's risk management initiatives into practice and promote risk mitigation within the Group and the proper response to such risks through the following activities:

- With respect to measures dealing with risks relating to business opportunities, each responsible department and unit will implement appropriate measures to mitigate risks within their respective scope of responsibility and roles according to internal processes and policies for decision making. Among these risks, matters concerning material risks will be decided upon deliberation by the Executive Committee and the

Board of Directors.

- With respect to measures dealing with risks relating to the performance of business activities, the Company has established 1) the “Global Risk Management Office” for responding to global risks to identify global risks, and devise and implement optimum methods of risk management in cooperation with each regional risk management office, and 2) the “Risk Management Committee” for responding to the risks within the domestic Group companies to identify risks, and device and implement optimum methods of risk management. Matters relating to important risk management measures, for both global and domestic Group companies described above, will be decided upon deliberation by the Executive Committee and the Board of Directors.
- In order to enhance the effectiveness of risk management operations, the Company will formulate separate policies and manuals for matters such as disaster control, crisis management, business continuity plan, information security, and personal information protection based on the nature of these risks.
- In order to manage the risks more effectively as a group, the Company will establish a comprehensive management system of risks, crises and business continuity.

(3) Compliance System (System to Ensure that the Performance of Duties by Directors and Employees Complies with the Laws, Regulations, and the Articles of Incorporation)

The Company has established the “Astellas Charter of Corporate Conduct” and the “Astellas Group Code of Conduct” as core standards of compliance for officers and employees of the Company and the Astellas Group companies.

The Company sees compliance not only as observing the law but also acting in accordance with prescribed social norms in a highly ethical manner. We are taking the following steps to create a system for promoting and spreading compliance in a broad sense as a whole group.

- The Company has established the “Global Compliance Committee” that grasps the current situation of compliance and discusses policies and plans accordingly for the Company and the Astellas Group companies as a whole. Regional Compliance Committees have also been established to discuss matters concerning compliance in individual regions.
- Under the control of the Chief Ethics & Compliance Officer, Ethics & Compliance function will, with the concerned departments of the Company and the Astellas Group companies, carry out the devising, promotion, and increasing awareness of the specifics of the plans for global compliance. In addition, through continuous training and other measures, we will create a structure in which each officer and employee of the Company and the Astellas Group companies can practice compliance when acting on their own initiative.
- The Company has established a “helpline” in each region so that questions, consultation, reports, proposals and the like concerning compliance may be made. Such helpline includes third party hotline that can be accessed from any Astellas Group companies.

  The Company has also established a system whereby any material information will be reported, in a timely manner, to the Chief Ethics & Compliance Officer. In dealing with such actions, confidentiality will be strictly maintained and unfair treatment of any person who has accessed the helpline or other contacts is strictly prohibited.

Through the systems and activities mentioned above, the Company promotes a robust speak up culture and has a policy that strictly prohibits retaliation.

(4) System for Disclosure and Management of Information

- The Company discloses corporate information to all of its customers, shareholders, community and other stakeholders in a timely, proper and fair manner. The Company also actively engages in dialogue with them and appropriately takes into consideration comments with respect to its business activities Through disclosure and dialogue, the Company is committed to further enhancing its transparency and strive to build and maintain a trust relationship with its stakeholders.
- Based on the basic stance above, the Company has established the "Disclosure Policy" and the "Corporate Disclosure Committee" that promotes and manages disclosure activities.
- The Company has established policies concerning the handling of material information acquired in the course of the duties by the officers and employees of the Company and the Astellas Group to prevent violations of the laws and regulations and to ensure the appropriate management of information.

(5) System to Ensure the Reliability of Financial Report

- The Company will establish and operate an internal control system for consolidated financial report in accordance with standards generally accepted to be fair and reasonable in Japan, in order to ensure improved reliability of the financial report, and assess the effectiveness in an appropriate way.
- In accordance with the "Global JSOX Policy" formulated by the Board of Directors, internal control assessment is implemented for consolidated financial reports, under the direction of the President and CEO, who is responsible for the global internal control system.

(6) Group Management System (System to Ensure the Appropriate Execution of Business by the Corporate Group Composed of the Company and its Subsidiaries)

The Company engages in appropriate control and operation of the Astellas Group companies. With this in mind, the Company has taken the following actions in order to maintain and build a sound relationship between it and the Astellas Group companies:

- The Company will apply the "Astellas Charter of Corporate Conduct" and the "Astellas Group Code of Conduct" to all of the Astellas Group companies, and it will ensure that all persons concerned are fully aware of these policies and the code of the conduct of each Astellas Group company that are based on these policies.
- The Company has established a system in which matters concerning performance of the duties by the Directors of the Astellas Group companies will be reported to the Company through functional line managers.
- The Company will create clear rules regarding the composition of executives and decision-making authority and internal oversight systems at the Astellas Group companies to ensure the efficient execution of duties by the Directors of the Group companies.
- As mentioned above, the Astellas Group will tackle risk management and compliance matters as from an enterprise and global perspective.
- The "Global Internal Audit Policy" will apply to all the Astellas Group companies and the internal audit system over the Group will be prepared.

(7) Internal Audit System

The Company has established the Internal Audit function, which is independent from the ordinary business execution departments and is under the direct control of the President and CEO, to develop the internal audit system of the Company and the Astellas Group companies, and takes the following actions:

- The Internal Audit function will review and evaluate the effectiveness and efficiency of the systems and structures in the various management activities of the Company and the Astellas Group companies, put together an audit report, and submit the results of such review and evaluation to the President and CEO and the Audit & Supervisory Committee. The Internal Audit will also communicate such results, if necessary, to officers and departments concerned.
  The report concerning the overall annual audit results will be made to the Board of Directors and Financial Auditor.
- The Company will comply with the "Act on Securing Quality, Efficacy and Safety of Pharmaceuticals, Medical Devices, Regenerative and Cellular Therapy Products, Gene Therapy Products, and Cosmetics" and other regulations as a pharmaceutical company, and conduct its business with a mission to provide safe and effective products with a high level of expertise through a fair organization structure. To this end, the Company has built a tiered-control structure separated by different functions in all the Astellas Group companies; namely, the tiers consist of self-control on site, expert control by departments related to RA and QA, and the internal audits conducted by the independent internal audit departments.
- Internal Audit function will promote improvement in the quality of the internal audits through meetings and other forms of collaboration with the relevant expert departments.
- By establishing the Internal Audit function for each region (EMEA, Americas, Japan and Asia & Oceania) controlled by the head of Internal Audit who directly reports to President and CEO, the Company will address risks getting more globalized effectively and enhance the function to provide group companies with consistent high quality assurance and advisory services.

(8) System to Ensure Effective Audits by the Audit & Supervisory Committee

The Company takes the following actions as a "company with an Audit & Supervisory Committee" to enable the Audit & Supervisory Committee to carry out their audit effectively.

1) Matters concerning Employees Assisting the Audit & Supervisory Committee

- Full-time staff will be assigned to assist the Audit & Supervisory Committee to carry out their duties, so that the audit by the Audit & Supervisory Committee will be properly executed.

2) Matters concerning Independence of the Employees Assisting the Audit & Supervisory Committee from the Directors Who Are Not the Committee Members, and Effectiveness of Directions Given to Such Employees

- Full-time staff who assists the Audit & Supervisory Committee is independent from the Directors who are not the Committee Members and carries out his or her duties under the direct control of the Audit & Supervisory Committee.
- The appointment, evaluation, transfer, and other matters concerning such full-time staff will require the prior consent of the Audit & Supervisory Committee.

3) System concerning Report of the Directors Who Are Not the Committee Members and Employees to the Audit & Supervisory Committee, and Other Systems concerning Report to the Audit & Supervisory Committee

- The Company has established a system to ensure that the Audit & Supervisory Committee, at any time, can access monthly reports and quarterly reports regarding the execution of duties by the Directors of the Company and the Astellas Group companies.
- Regarding each of the departments or functions, Top Management decides reporting matters, persons giving report and methods of reporting by mutual agreement with Audit & Supervisory Committee.
- The Internal Audit function, Legal function and Compliance function will each develop a system to report to the Audit & Supervisory Committee on a regular basis and will report their current statuses and provide the necessary information with respect to matters such as internal audits, risk management and compliance of the Company and the Astellas Group companies.

4) System to Ensure that Informants Do Not Risk Unfavorable Treatments due to Their Reporting to the Audit & Supervisory Committee

- The Company prohibits any unfavorable treatment of officers or employees of the Company and the Astellas Group companies who report to the Audit & Supervisory Committee of the Company or the Audit & Supervisory Board Members of the Astellas Group companies, because of their reporting.

5) Matters concerning Policies to Treat Costs Incurred by the Audit & Supervisory Committee for the Execution of Duties

- The Company has established a system that a related department prepares budgets and performs payment of costs incurred by the Audit & Supervisory Committee for the execution of their duties.

6) Other Systems to Ensure Effective Audits by the Audit & Supervisory Committee

- The appointment, evaluation, transfer, and other matters concerning the functional head of the Internal Audit will require the prior consent of the Audit & Supervisory Committee.
- The Internal Audit will obtain endorsement from the Audit & Supervisory Committee on the annual plan of the internal audit.
- The Audit & Supervisory Committee will receive the report from the Internal Audit on the results of the internal audit, and be able to give guidance to Internal Audit as needed. In the case where a direction from President and CEO conflicts with one from the Audit & Supervisory Committee, both parties will discuss and try to coordinate.
- The Audit & Supervisory Committee Members appointed by Audit & Supervisory Committee may attend the Executive Committee meetings where execution of the Company's important business will be discussed, and also attend other meetings that the Audit & Supervisory Committee considers as important. In case that such Audit & Supervisory Committee Members are not available to attend these meetings, full-time staff who assists the Audit & Supervisory Committee may attend as observers by order of the Audit & Supervisory Committee.
- The persons (departments) of the Company and the Astellas Group companies subject

to be audited will cooperate so that the Audit & Supervisory Committee may perform the audits in an appropriate manner.

(9) System to Exclude Anti-social Forces

The Company and the Astellas Group companies will, as a solid organization, not only take a resolute attitude against any anti-social forces and groups that threaten the order and security of society, and never accept unjust and illegal requests, but will also ensure non-involvement with such forces and groups. Accordingly, the Company and the Astellas Group companies will:

・ Clearly declare in the "Astellas Charter of Corporate Conduct" and the "Astellas Group Code of Conduct" that the Astellas Group will take a resolute attitude against anti-social forces and groups and will exclude any relation with such forces and groups.
・ With close cooperation with the police and other related parties, particularly in Japan, establish a solid system that will enable the Company to actively collect necessary information as to anti-social forces and groups, as well as to take actions as the entire Astellas Group.
  Continually implement educational activities, such as training relating to compliance and risk management, etc. for officers and employees, so as to exclude any influence of anti-social forces and groups.

(2) Operational Status of Systems to Ensure the Appropriate Execution of Business

A summary of the Company's operational status during the business year ended March 31, 2019 is as follows.

(1) System concerning the Performance of Duties

Following the basic policy, the Company in principle holds Board of Directors meetings once each month. Additionally, based on policies such as the Corporate Decision Authority Policy, important matters have been discussed at the Executive Committee, and top management have fulfilled their roles, thereby ensuring that Directors perform their duties efficiently by top management fulfilling their roles. Furthermore, during the business year ended March 31, 2019, 14 Board of Directors meetings were held, 20 Executive Committee meetings were held.

(2) Regulations and other Systems regarding Risk (Risk of Loss) Management

Following the basic policy, the Company has categorized risks into risks relating to business opportunities and risks relating to the performance of business activities, and each department of the Company and the Astellas Group companies proactively put the Company's risk management initiatives into practice. In particular, for matters specified as global risks, risk mitigation measures are formulated under the direction of risk owners, and subsequently implemented.

(3) Compliance System (System to Ensure that the Performance of Duties by Directors and Employees Comply with Laws, Regulations, and the Articles of Incorporation)

Following the basic policy, the Company holds meetings of the Global Compliance Committee and the regional Compliance Committee that grasps current situations of compliance and discusses policies and plans accordingly for the Company and the Astellas Group companies as a whole. Additionally, through measures such as implementation of compliance-related training for all employees, the Company aims to improve attitudes toward compliance, and works to discover and remedy issues at an early stage via operation of initiatives such as the helpline. Furthermore, the Company has established a global compliance structure wherein Ethics & Compliance functions in each region and country report to the Functional Head of Ethics & Compliance.

(4) System for Disclosure and Management of Information

Following the basic policy, the Company discloses information to all stakeholders in a timely, appropriate and fair manner, and also actively engages in dialogue with them. During the business year ended March 31, 2019, with the intent of adding further transparency to business activities, the Company has made continuous efforts for timely, accurate and fair disclosure, such as cross-divisional deliberations about policies, contents, etc. regarding material information disclosure, under the leadership of the Corporate Disclosure Committee.

(5) System to Ensure the Reliability of Financial Reporting

Following the basic policy, the Company has formulated an internal control evaluation plan for consolidated financial reporting, and the Company works to ensure the reliability of financial reporting through measures such as development of internal control and its operational systems by appointing control owners and process owners, revision of internal control-related documentation, and Internal Audit function's evaluation of development of internal control and its operational status in business bases subject to evaluation.

(6) Group Management System (System to Ensure the Appropriate Execution of Business by the Corporate Group Composed of the Company and its Subsidiaries)

Following the basic policy, the Company promotes appropriate control and operation of Astellas Group companies by having matters concerning the duties of the Directors of the Astellas Group companies to be reported to the Company through functional line managers, and clearly defining the composition of executives and decision-making authority at the Astellas Group companies. Financial status and others of the Astellas Group companies are reported monthly or pre-quarterly and then reported to the Board of Directors of the Company as necessary.

(7) Internal Audit System

Following the basic policy, the Company proposes and executes internal auditing plans and reports to the Audit & Supervisory Committee, the Board of Directors, and the Financial Auditor, and ensures opportunities to review audit results. Moreover, the Internal Audit and related expert departments conduct information sharing activities in an effort to strengthen the internal auditing system. Since April 2018, the Company has constructed a global auditing system wherein the internal audit department of each region report to the Head of Internal Audit, who is directly supervised by the President and CEO.

(8) System to Ensure Effective Audits by the Audit & Supervisory Committee

Following the basic policy, the Company secures a system to allow effective audits by the Audit & Supervisory Committee through measures such as reporting on execution status of business by Directors who are not the Audit & Supervisory Committee Members and employees to the Audit & Supervisory Committee and continued attendance at important meetings such as the Executive Committee by the Audit & Supervisory Committee Members. Particularly, monthly reports have been submitted to the Audit & Supervisory Committee from all regions, regarding summaries and results of responses to helpline reports and litigation / in-house investigation projects which is superintended by the Legal function.

(9) System to Exclude Anti-social Forces

Following the basic policy, the Company confirms the attributes of business partners of the Company and Astellas Group Companies, and through the introduction of articles to eliminate anti-social forces in contracts, works to exclude any relation with such forces and groups.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(April 1, 2018 to March 31, 2019)

(Millions of yen)

	Equity attributable to owners of the parent					
					Other components of equity	
	Share capital	Capital surplus	Treasury shares	Retained earnings	Subscription rights to shares	Exchange differences on translation of foreign operations
As of April 1, 2018	103,001	177,219	(135,951)	976,076	1,477	128,179
Cumulative effect of accounting change	—	—	—	—	—	—
Restated balance	103,001	177,219	(135,951)	976,076	1,477	128,179
Comprehensive income						
Profit	—	—	—	222,265	—	—
Other comprehensive income	—	—	—	—	—	(2,523)
Total comprehensive income	—	—	—	222,265	—	(2,523)
Transactions with owners						
Acquisition of treasury shares	—	—	(160,442)	—	—	—
Disposals of treasury shares	—	(281)	1,345	(713)	(350)	—
Cancellation of treasury shares	—	—	130,419	(130,419)	—	—
Dividends	—	—	—	(72,066)	—	—
Share-based payments	—	364	—	—	—	—
Transfers	—	—	—	(3,187)	—	—
Total transactions with owners	—	82	(28,678)	(206,384)	(350)	—
As of March 31, 2019	103,001	177,301	(164,629)	991,957	1,127	125,656

	Equity attributable to owners of the parent					Total equity
	Other components of equity				Total	
	Fair value movements on available-for-sale financial assets	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total		
As of April 1, 2018	18,289	—	—	147,945	1,268,289	1,268,289
Cumulative effect of accounting change	(18,289)	18,289	—	—	—	—
Restated balance	—	18,289	—	147,945	1,268,289	1,268,289
Comprehensive income						
Profit	—	—	—	—	222,265	222,265
Other comprehensive income	—	5,060	(2,553)	(15)	(15)	(15)
Total comprehensive income	—	5,060	(2,553)	(15)	222,250	222,250
Transactions with owners						
Acquisition of treasury shares	—	—	—	—	(160,442)	(160,442)
Disposals of treasury shares	—	—	—	(350)	1	1
Cancellation of treasury shares	—	—	—	—	—	—
Dividends	—	—	—	—	(72,066)	(72,066)
Share-based payments	—	—	—	—	364	364
Transfers	—	635	2,553	3,187	—	—
Total transactions with owners	—	635	2,553	2,837	(232,143)	(232,143)
As of March 31, 2019	—	23,984	—	150,767	1,258,396	1,258,396

Notes to Consolidated Financial Statements

1. Notes to Significant Matters as the Basis to Prepare for Consolidated Financial Statements

(1) Standards used to prepare consolidated financial statements:
Consolidated financial statements of the Group are prepared based on International Financial Reporting Standards ("IFRS"), in accordance with Article 120 (1) of the Corporate Accounting Regulations. These consolidated financial statements omit part of the disclosure items required under IFRS, in accordance with the second sentence of the paragraph.

(2) Matters concerning the scope of consolidation:

Number of consolidated subsidiaries: 77

Name of principal consolidated subsidiaries:
Astellas US Holding, Inc., Astellas US LLC,
Astellas Pharma US, Inc., Astellas Pharma Global Development, Inc.,
Astellas Institute for Regenerative Medicine,
Astellas US Technologies, Inc., Astellas B.V.,
Astellas Pharma Europe Ltd., Astellas Ireland Co., Limited,
Astellas Pharma China, Inc., Astellas Pharma Korea, Inc.,
Astellas Pharma Taiwan, Inc., Astellas Pharma Tech Co., Ltd.

(3) Matters concerning the application of equity method:

The number of affiliated companies accounted for by the equity method: 6

(4) Notes to the scope of consolidation and the scope of application of equity method:

(i) Changes in scope of consolidation
Additions: three companies (added due to acquisition of shares, etc.)
Deletions: nine companies (deleted due to liquidation, etc.)
(ii) Changes in scope of application of equity method
Additions: one company (added due to capital contribution)
Deletions: three companies (deleted due to change to consolidated subsidiaries, etc.)

(5) Matters concerning accounting periods for consolidated subsidiaries:

All consolidated subsidiaries settle accounting on March 31 of each year, the same as the Company's settlement date.

(6) Matters concerning significant accounting policies:

(i) Valuation standards and methods for financial instruments

- Initial recognition and measurement
Financial assets and financial liabilities are recognized on the trade date when the Group becomes a party to the contractual provisions of the instruments.

Except for trade receivables which do not contain a significant financing component, financial assets and financial liabilities are measured at fair value at initial recognition. Transaction costs directly attributable to the acquisition or issue of the financial asset or financial liability, other than financial assets measured at fair value through profit or loss ("financial assets at FVTPL") and financial liabilities measured at fair value through profit or loss ("financial liabilities at FVTPL"), are added to the fair value of the financial assets or deducted from the fair value of financial liabilities at initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL and financial liabilities at FVTPL are recognized in profit or loss.

- Financial assets

  At initial recognition, all financial assets are classified as "financial assets measured at amortized cost," "financial assets measured at fair value through other comprehensive income ("financial assets at FVTOCI")" or "financial assets at FVTPL."

(a) Financial assets measured at amortized cost

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

• the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, the financial assets are measured at amortized cost using the effective interest method, less any impairment loss. Interest revenue using the effective interest method is recognized in profit or loss.

(b) Financial assets at FVTOCI (debt instruments)

Financial assets are classified as financial assets at FVTOCI (debt instruments) if both of the following conditions are met:

• the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, the financial assets are measured at fair value, and any gain or loss resulting from changes in fair value is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains or losses. When the financial asset is derecognized, the cumulative gain or loss recognized in other components of equity is reclassified from equity to profit or loss as a reclassification adjustment.

(c) Financial assets at FVTOCI (equity instruments)

The Group has made an irrevocable election for equity instruments, with some exceptions, to present subsequent changes in fair value in other comprehensive income, and classifies such instruments as financial assets at FVTOCI.

After initial recognition, the financial assets are measured at fair value, and any gain or loss resulting from changes in fair value is recognized in other comprehensive income. When the financial asset is derecognized or the fair value has significantly decreased, the cumulative gain or loss recognized in other component of equity is transferred to retained earnings. Dividends on such financial assets are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

(d) Financial assets at FVTPL
Financial assets not classified as financial assets measured at amortized cost or financial assets at FVTOCI are classified as financial assets at FVTPL.
After initial recognition, the financial assets are measured at fair value with subsequent changes recognized in profit or loss.

- Impairment of financial assets
Loss allowances are recognized for expected credit losses on financial assets measured at amortized cost or debt instruments classified as financial assets at FVTOCI.
At the end of each quarter, the loss allowance is measured for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance is measured for a financial instrument at an amount equal to 12-month expected credit losses if the credit risk on that financial instrument has not increased significantly since initial recognition.
However, for trade receivables and contract assets, the loss allowance is always measured at an amount equal to lifetime expected credit losses.

- Financial liabilities
At initial recognition, all financial liabilities are classified as “financial liabilities at FVTPL” or “financial liabilities measured at amortized cost.”

(a) Financial liabilities at FVTPL
Derivative financial liabilities, financial liabilities designated as financial liabilities at FVTPL and contingent consideration recognized in a business combination, that meets the definition of financial liabilities, are classified as financial liabilities at FVTPL.
After initial recognition, the financial liabilities are measured at fair value with subsequent changes recognized in profit or loss.

(b) Financial liabilities measured at amortized cost
Financial liabilities not classified as financial liabilities at FVTPL are classified as financial liabilities at amortized cost.
After initial recognition, the financial liabilities are measured at amortized cost using the effective interest method.

- Derecognition
Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or the contractual rights to receive the cash flows of the financial asset have been transferred and substantially all the risks and rewards of ownership of the financial asset are transferred or the contractual rights to receive the cash flows of the financial asset have been

transferred but substantially all the risks and rewards of ownership of the financial asset are neither transferred nor retained and control of the financial asset has not been retained.
Financial liabilities are derecognized when a financial liability is extinguished, i.e., when the obligation specified in the contract is discharged or cancelled or expires.

(ii) Valuation standards and methods for inventories

Inventories are measured at the lower of cost and net realizable value.
The cost of inventories includes costs of purchase, costs of conversion and all other costs incurred in bringing the inventories to their present location and condition. Net realizable value is calculated as the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to sell. Cost of inventories is calculated mainly using the first-in, first-out (FIFO) method.

(iii) Depreciation methods of property, plant and equipment, amortization method of intangible assets and depreciation method for lease assets

- Property, plant and equipment
Depreciation of an asset begins when it is available for use. The depreciable amount of items of property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives of each component. The depreciable amount of an asset is determined by deducting its residual value from its cost.

The estimated useful lives of major classes of property, plant and equipment are as follows:

Buildings and structures	2 to 60 years
Machinery and vehicles	2 to 20 years
Tools, furniture and fixtures	2 to 20 years

The useful lives, residual values, and depreciation methods of property, plant and equipment are reviewed at the end of business year, and changed, if any.

- Intangible assets
Intangible assets are amortized over their estimated useful lives (2-25 years) on a straight-line basis beginning at the time when they are available for use. The estimated useful life of intangible assets is the shorter of the period of legal protection or its economic life, and it is also regularly reviewed.

- Leased assets
Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or lease terms.

(iv) Basis for provisions

Provisions are recognized when the Group has present legal or constructive obligations as a result of past events, it is probable that outflows of resources

embodying economic benefits will be required to settle the obligations, and reliable estimates of the obligations can be made.
When the effect of the time value of money is material, provisions are measured at the present value of the expenditures expected to be required to settle the obligations.

(v) Basis for revenue

Revenue is recognized based on the following five-step:
Step 1: Identify the contract with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

- Sales of pharmaceutical products
  Revenue from sales of pharmaceutical products is recognized when control of the promised pharmaceutical product is transferred to the customer by the Group. The Group determines that control of a pharmaceutical product is usually transferred to the customer upon delivery. If the transaction price in a contract includes a variable amount, rebates, discounts and other consideration payable to a customer, the variable consideration is estimated by using either of the expected value method or the most likely amount method and is reduced from consideration received from the customer.

- Royalty income
  Revenue from royalty income is generated from contracts under which third parties have been granted rights to produce or market pharmaceutical products or rights to use technologies. Royalty income includes upfront payments and milestone payments received and running royalties. According to the nature of the related performance obligation, revenue is recognized at a point in time when the performance obligation is satisfied or revenue is recognized over time as the performance obligation is satisfied.

(vi) Accounting for defined benefit plans as post-employment benefits

Net defined benefit assets or liabilities are calculated as the present value of the defined benefit obligation less the fair value of plan assets and they are recognized in the consolidated statements of financial position as assets or liabilities. The defined benefit obligation is calculated by using the projected unit credit method. The present value of the defined benefit obligation is calculated by the expected future payments using discount rate. The discount rate is determined by reference to market yield on high-quality corporate bonds having maturity terms consistent with the estimated term of the related pension obligations.
Service cost and net interest expense (income) on the net defined benefit liabilities (assets) are recognized in profit or loss.

Actuarial gains and losses, the return on plan assets, excluding amounts included in net interest, and any change in the effect of the asset ceiling are recognized immediately in other comprehensive income under "Remeasurements of defined benefit plans," and transferred from other components of equity to retained earnings immediately.

(vii) Translation standards for foreign currency

- Functional currency and presentation currency
  The financial statements of an entity of the Group are prepared using the functional currency of the entity. The consolidated financial statements of the Group are presented in Japanese yen, which is the functional currency of the Company.

- Transactions in foreign currencies
  Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of transactions or an approximation of the rate.
  At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency using the exchange rates at the closing date, and exchange differences arising from the translation are recognized in profit or loss.

- Foreign operations
  Assets and liabilities of foreign operations are translated into Japanese yen using the exchange rate at the end of business year. Income and expenses are translated into Japanese yen using the average exchange rate for the period.
  Exchange differences arising on translating the financial statements of foreign operations are recognized in other comprehensive income. On the disposal of the interest in a foreign operation, the cumulative amount of the exchange differences is reclassified to profit or loss.

(viii)Matters concerning goodwill

Goodwill is carried at cost less any accumulated impairment losses.
Goodwill is allocated to each of the cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the business combination, and it is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. If, at the time of the impairment test, the recoverable amount of a cash-generating unit is less than its carrying amount, the carrying amount of the cash-generating unit is reduced to its recoverable amount, and the reduction is recognized in profit or loss as an impairment loss.
Impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to cash-generating unit or group of cash-generating units and then to the other assets on a pro rata basis of the carrying amount of each asset in the cash-generating unit or group of cash-generating units.
Any impairment loss recognized for goodwill is not reversed in a subsequent period.

(ix) Other significant matters for the preparation of consolidated financial statements

Treatment of consumption taxes is based on the tax-excluded methods.

The Company and its subsidiaries in Japan have applied the consolidated taxation system from the business year ended March 31, 2019.

2. Notes to Significant Accounting Policies

The Group has newly adopted the following standards from the business year ended March 31, 2019.

IFRSs		Summaries of new or amended IFRS standards and interpretations
IFRS 9	Financial Instruments	Amendments related to classification and measurement of financial assets and financial liabilities, impairment, and hedge accounting
IFRS 15	Revenue from Contracts with Customers	Comprehensive framework for revenue recognition

With the application of IFRS 9 and IFRS 15, the Group adopts the method whereby the cumulative effect of initially applying these standards is recognized at the date of initial application as a transition measure. There is no impact on the beginning balance of retained earnings.

There is no material impact on the Group's consolidated financial statements due to the application of IFRS 9 and IFRS 15.
With the application of IFRS 9, the financial assets which were previously classified as available-for-sale financial assets are classified as financial assets at FVTOCI. The valuation standards and methods for financial instruments are described in the accounting policy.
With the application of IFRS 15, part of trade-related provisions which were previously included in "Provisions" are included in "Other non-current liabilities" and "Other current liabilities" as refund liabilities. The basis for revenue is described in the accounting policy.

3. Notes to Consolidated Statements of Financial Position

(1) Loss allowance directly deducted from assets:

Trade and other receivables (non-current)	¥8,212 million
Trade and other receivables (current)	¥1,470 million
Other financial assets (non-current)	¥15 million

(2) Accumulated depreciation and accumulated impairment losses of property, plant and equipment: ¥274,763 million

(3) Contingent liabilities:
- Guaranteed obligations (guarantee for borrowings from financial institutions):
  Employees ¥221 million

4. Notes to Consolidated Statements of Changes in Equity

(1) Class of shares issued and the total number thereof at the end of the business year under review:
Shares of common stock 1,979,823,175 shares

(2) Matters concerning dividends:

(i) Dividends paid:

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Annual Shareholders Meeting held on June 15, 2018	Shares of common stock	35,594	18.00	March 31, 2018	June 18, 2018
Meeting of the Board of Directors held on October 31, 2018	Shares of common stock	36,521	19.00	September 30, 2018	December 3, 2018

(Notes) 1. The total amount of dividends based on the resolution at the Annual Shareholders Meeting held on June 15, 2018 includes ¥23 million of dividends for the Company's shares owned by the executive remuneration BIP trust.

2. The total amount of dividends based on the resolution at the meeting of the Board of Directors held on October 31, 2018 includes ¥26 million of dividends for the Company's shares owned by the executive remuneration BIP trust.

(ii) Dividends whose record date is in the business year ended March 31, 2019, but whose effective date is in the following business year are as follows:

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Source of dividend	Dividend per share (Yen)	Record date	Effective date
Annual Shareholders Meeting to be held on June 18, 2019	Shares of common stock	35,856	Retained earnings	19.00	March 31, 2019	June 19, 2019

(Note) The above amount of dividends includes ¥26 million of dividends for the Company's shares owned by the executive remuneration BIP trust.

(3) Class and number of shares underlying each subscription right to shares at the end of the business year under review (excluding rights whose exercise period has yet to begin):

Shares of common stock 1,527,400 shares

5. Notes to Financial Instruments

(1) Financial risk management policy
The Group is exposed to financial risks such as credit risks, liquidity risks and foreign exchange risks in operating businesses, and it manages risks based on its policy to mitigate them.
The Group’s use of derivative instruments is limited to hedging the financial risks. Accordingly, the Group does not use them for speculative purposes.

(2) Details and risks of financial instruments and risk management system
Accounts receivables and other receivables arising from the Group’s operating businesses are exposed to the credit risk of customers. The Group manages such credit risk by appropriately identifying the customers’ financial situation and monitoring the balance of account receivables. The collectibility of accounts receivables and other receivables are assessed in accordance with the customers’ credit standing, and loss allowance is recognized where necessary.
The securities and deposits held by the Group are exposed to the credit risk of issuers and banks, respectively. The derivative transactions entered into by the Group to hedge the financial risk are exposed to the credit risk of financial institutions as counterparties of the transactions. Securities and deposit transactions for fund management purposes are entered into only with issuers and banks that meet the credit rating criteria specified in the Global Cash Investment Policy within the specified fund management period and the limit on the transaction amount. Derivative transactions are entered into only with financial institutions that meet the credit rating criteria specified in the Astellas Global Treasury Policy.

(3) Methods for calculating the fair values of financial instruments

- Financial assets measured at amortized cost
  Financial assets measured at amortized cost comprise trade and other receivables, loans and other financial assets, and cash and cash equivalents. The carrying amount approximates fair value due to the short period of settlement terms.

- Financial assets at FVTOCI (equity instruments)
  The fair value of marketable securities is based on quoted market prices at the end of the period. The fair value of unlisted equity securities is determined mainly using the discounted cash flow method.

- Financial assets at FVTPL
  Financial assets at FVTPL comprise mainly foreign exchange forward contracts. The fair value of those financial instruments is measured based on prices provided by counterparty financial institutions.

- Financial liabilities at FVTPL
  Financial liabilities at FVTPL comprise contingent consideration arising from business combination and foreign exchange forward contracts.
  The fair value of contingent consideration arising from business combination is calculated based on the success probability of development and the time value of money.

The fair value of foreign exchange forward contracts is calculated based on prices provided by counterparty financial institutions.

- Financial liabilities measured at amortized cost
  Financial liabilities measured at amortized cost comprise trade and other payables, and other financial liabilities. The carrying amount approximates fair value due to the short period of settlement terms.

6. Notes to Per-Share Data

(1)	Equity attributable to owners of the parent per share:	¥667.29
(2)	Basic earnings per share:	¥115.05

7. Notes to Significant Subsequent Events

Patient Assistance Foundation Government Investigation

In March 2016 and August 2017, Astellas Pharma US, Inc. (APUS), one of Astellas Pharma Inc.'s indirect US subsidiaries, received subpoenas from the U.S. Department of Justice (DOJ),, represented by the U.S. Attorney's Office in Boston, Massachusetts, requesting documents and other information concerning APUS's patient assistance programs including its donations to Patient Assistance Foundations in the U.S. In April 2019, APUS entered into a civil settlement to resolve the matter. APUS paid $100 million USD, plus interest, to the United States and entered into a five-year Corporate Integrity Agreement with the U.S. Office of Inspector General of the Department of Health and Human Services.

8. Other Notes

Notes to business combinations

<u>Potenza Therapeutics, Inc.</u>

(1) Outline of the business combination

(i) Name and business description of the acquiree:

Name of the acquiree:	Potenza Therapeutics, Inc. ("Potenza")
Business description:	Research and development in various novel drugs to stimulate the immune system

(ii) Acquisition date:

December 13, 2018, U.S. Time

(iii) Percentage of voting equity interests acquired:

The Group had owned 24% of voting equity interests before the acquisition. As a result of the acquisition, the Group owns 100% of voting equity interests.

(iv) Acquisition method:

Acquisition of all shares of stock in cash with contingent consideration to be paid when certain milestones are achieved in the future.

(v) Primary reasons for the business combination:

Potenza is a biotechnology company founded in 2014 and has discovered and developed various clinical stage novel immuno-oncology (IO) programs through the research and development collaboration over the past three and a half years.

Upon the closing of this transaction, the Group has added competitive clinical IO programs to its oncology pipeline, which also provide a platform for IO combinations with Astellas' existing non-IO programs and future novel IO combinations.

(2) The fair values of assets acquired, liabilities assumed and purchase consideration transferred as at the date of the acquisition are as follows:

(Millions of yen)

	Provisional fair value	Fair value adjustments	Provisional fair value (as adjusted)
Property, plant and equipment	36	–	36
Intangible assets	31,609	–	31,609
Cash and cash equivalents	802	–	802
Other assets	191	–	191
Deferred tax liabilities	(5,232)	–	(5,232)
Other liabilities	(1,580)	–	(1,580)
Fair value of assets acquired and liabilities assumed (net)	25,827	–	25,827
Goodwill	5,762	(244)	5,518
Total	31,589	(244)	31,345
Cash	18,668	–	18,668
Contingent consideration	7,065	(200)	6,865
Fair value of previously held equity interests in Potenza	5,856	(44)	5,812
Total fair value of purchase consideration transferred	31,589	(244)	31,345

During the business year ended March 31, 2019, further facts came to light and additional analysis was performed on the fair value measurement of the purchase consideration transferred at the acquisition date. As a result, the provisional fair values were adjusted as above. The initial accounting for the business combination is incomplete as of March 31, 2019 as the Group is still in the process of finalizing the fair value measurement.

Goodwill mainly comprises the value of expected synergies with existing businesses arising from the acquisition and future economic benefits, which is not separately recognized.

As a result of remeasurement of the Group's previously held equity interests in Potenza at fair value as of the acquisition date, the Group recognized a ¥5,812 million gain on remeasurement related to a business combination achieved in stages. This gain was included as a component of "Other income" in the consolidated statement of income.

(3) Contingent consideration

The contingent consideration relates to certain milestones depending on the progress of various programs in clinical development. Maximum potential future cash outflows associated with the contingent consideration total 240 million U.S. dollars (¥26,651 million). The fair value of the contingent consideration is calculated based on the success probability of the clinical program adjusted for the time value of money.

(4) Cash flow information

	(Millions of yen)
Total fair value of purchase consideration transferred	31,345
Fair value of contingent consideration included in purchase consideration transferred	(6,865)
Fair value of previously held equity interests in Potenza included in purchase consideration transferred	(5,812)
Cash and cash equivalents held by the acquiree	(802)
Acquisition of subsidiaries, net of cash acquired	17,866

(5) Acquisition-related costs

Immaterial.

(6) Effect on the Consolidated Statement of Income

(i) Profit (loss) before tax of the acquiree since the acquisition date included in the Consolidated Statement of Income: Immaterial.

(ii) Profit (loss) before tax of the combined entity for the business year ended March 31, 2019 assuming the acquisition date had been at the beginning of the business year: Immaterial.

STATEMENT OF CHANGES IN NET ASSETS
(April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings			
		Additional paid-in capital	Total capital surplus	Legal reserve	Other retained earnings		
					Reserve for special depreciation	Reserve for advanced depreciation of fixed assets	Retained earnings carried forward
Balance as of April 1, 2018	103,001	176,822	176,822	16,827	59	1,185	436,649
Change during the business year under review							
Reversal of reserve for special depreciation	–	–	–	–	(29)	–	29
Dividends of surplus	–	–	–	–	–	–	(72,115)
Net income	–	–	–	–	–	–	178,679
Acquisition of treasury shares	–	–	–	–	–	–	–
Disposals of treasury shares	–	–	–	–	–	–	(675)
Cancellation of treasury shares	–	–	–	–	–	–	(130,419)
Net change of items other than shareholders' equity during the business year under review	–	–	–	–	–	–	–
Total change during the business year under review	–	–	–	–	(29)	–	(24,499)
Balance as of March 31, 2019	103,001	176,822	176,822	16,827	29	1,185	412,150

(Millions of yen)

	Shareholders' equity			Valuation, translation adjustments and others		Subscription rights to shares	Total net assets
	Retained earnings	Treasury shares	Total shareholders' equity	Unrealized holding gains on securities	Total valuation, translation adjustments and others		
	Total retained earnings						
Balance as of April 1, 2018	454,719	(135,951)	598,592	12,311	12,311	1,477	612,379
Change during the business year under review							
Reversal of reserve for special depreciation	－	－	－	－	－	－	－
Dividends of surplus	(72,115)	－	(72,115)	－	－	－	(72,115)
Net income	178,679	－	178,679	－	－	－	178,679
Acquisition of treasury shares	－	(160,442)	(160,442)	－	－	－	(160,442)
Disposals of treasury shares	(675)	1,345	670	－	－	－	670
Cancellation of treasury shares	(130,419)	130,419	－	－	－	－	－
Net change of items other than shareholders' equity during the business year under review	－	－	－	6,801	6,801	(350)	6,452
Total change during the business year under review	(24,528)	(28,678)	(53,207)	6,801	6,801	(350)	(46,755)
Balance as of March 31, 2019	430,191	(164,629)	545,385	19,112	19,112	1,127	565,624

Notes to Financial Statements

1. Notes to Items of Significant Accounting Policies

(1) Valuation standards and methods for assets:

(i) Valuation standards and methods for securities:

Held-to-maturity debt securities:
Held-to-maturity debt securities are carried at amortized cost (straight-line method).

Investments in subsidiaries and affiliates:
Investments in subsidiaries and affiliates are carried at cost determined by the moving average method.

Investments in securities classified as other securities:
Marketable securities:
Marketable securities classified as other securities are carried at fair value as of the balance sheet date with changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in net assets. The cost of securities sold is calculated by the moving average method.

Non-marketable securities:
Non-marketable securities classified as other securities are stated at cost determined by the moving average method.

(ii) Valuation standards and methods for inventories:

Inventories held for the purpose of ordinary sales:
Inventories are stated at the lower of cost or market, cost being determined by the average method (the amounts stated in the balance sheets were calculated by the method to devaluate book values based on the reduction in profitability).

(2) Depreciation and amortization methods for fixed assets:

(i) Property, plant and equipment (excluding lease assets):
Straight-line method
The useful lives of property, plant and equipment are summarized as follows:

Buildings	2 to 50 years
Structures	2 to 60 years
Machinery and equipment	2 to 17 years
Tools, furniture and fixtures	2 to 20 years

(ii) Intangible fixed assets (excluding lease assets):
Straight-line method
With respect to software used in the Company, it is amortized by the straight-line method based on the useful lives (5 years) in the Company.

(iii) Lease assets:
Finance lease assets not involving the transfer of ownership
Depreciation is calculated on the straight-line method over the lease period as the useful life and assuming no residual value.

(3) Basis for significant allowances:

(i) Allowance for doubtful receivables:
The allowance for doubtful receivables is provided for possible losses on bad debts at an amount determined based on the historical experience of bad debts with respect to ordinary receivables, plus an estimate of uncollectible amounts determined by reference to specific doubtful receivables from customers who are facing financial difficulties.

(ii) Allowance for sales rebates:
The allowance for sales rebates is provided for sales rebates to be paid after the balance sheet date at an amount estimated based on the latest historical rebate ratio and the balance of accounts receivable and specified distributor inventory at the balance sheet date.

(iii) Accrued retirement benefits for employees:
Accrued retirement benefits for employees are provided for retirement benefits to be paid under defined benefit plans at an amount calculated by deducting the fair value of the pension plan assets from the retirement benefit obligations, as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost as of the balance sheet date.

Actuarial gain or loss of the retirement benefit plan is amortized from the year following the year in which the gain or loss is recognized primarily by the straight-line method over the average remaining years of service of the employees. Prior service cost is amortized as incurred by the straight-line method over the average remaining years of service of the employees.

(4) Hedge accounting:

(i) Hedge accounting
All derivative transactions are principally hedged by a deferred hedge method. Provided, however, that other securities are hedged by a fair value method.

(ii) Hedging instruments and hedged items
Hedging instruments: Derivative transactions
Hedged items: Assets and liabilities of which income or loss may be caused by market fluctuations and cash flow fluctuations

(iii) Hedging policy
The Company has hedged derivative transactions from any risks arising from market fluctuations and cash flow fluctuations to a specified extent in accordance with the Company’s internal policies and procedures for derivative transactions.

(iv) Assessment of hedge effectiveness

Deferred hedge effectiveness from the start of the hedge period to the determination of effectiveness is assessed by comparing the cumulative changes in market fluctuations or cash flow fluctuations of the hedging instruments with those with respect to the hedged items.

(5) Accounting for consumption taxes:

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(6) Application of consolidated taxation system:

The Company has applied the consolidated taxation system from the business year ended March 31, 2019.

2. Notes on changes in the presentation method

Balance Sheets

Effective from the beginning of the business year ended March 31, 2019, the Company applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018). Accordingly, the presentation method has been changed so that deferred tax assets and deferred tax liabilities are presented under the investments and other assets section and the long-term liabilities section, respectively.

To reflect this change in the presentation method, the balance sheet for the previous business year has been reclassified.

As a result, ¥49,243 million that had been presented as "Deferred tax assets" under the current assets has now been included in "Deferred tax assets" under the investments and other assets of the balance sheet for the previous business year.

Statements of Income

"Gain on sales of investment securities" under special gains, which had been presented as a separate item in the previous business year, has now been included in "Other" under special gains due to reduced monetary materiality of the item.

To reflect this change in the presentation method, the statement of income for the previous business year has been reclassified.

As a result, ¥4,755 million that had been presented as "Gain on sales of investment securities" under special gains has now been included in "Other" of the statement of income for the previous business year.

3. Notes to Balance Sheets

(1) Accumulated depreciation of property, plant and equipment: ¥131,928 million

(2) Contingent liabilities:

- Guaranteed obligations (guarantee for borrowings from financial institutions):
  Employees ¥221 million

(3) Receivables from and payables to subsidiaries and affiliates:

Short-term receivables:	¥96,007 million
Short-term payables:	¥489,135 million

4. Notes to Statements of Income

Volume of transaction with subsidiaries and affiliates:

Sales:	¥197,880 million
Purchases:	¥50,733 million
Non-operating transactions:	¥145,009 million

5. Notes to Statement of Changes in Net Assets

Type of treasury share and the number of shares at the end of the business year under review:
Shares of common stock 93,986,348 shares

6. Notes to Tax Effect Accounting

Breakdown of deferred tax assets and deferred tax liabilities based on reasons are as follows:

Deferred tax assets:	
Investment securities:	¥986 million
Accrued retirement benefits for employees:	¥3,228 million
Property, plant and equipment:	¥743 million
Intangible fixed assets:	¥33,065 million
Accrued expenses:	¥4,684 million
Inventories:	¥20,510 million
Investment in subsidiaries and affiliates:	¥9,441 million
Other:	¥44,710 million
Subtotal:	¥117,365 million
Valuation allowance:	¥(13,889) million
Total:	¥103,476 million
Deferred tax liabilities:	
Investment securities:	¥(8,163) million
Prepaid pension cost:	¥(1,825) million
Property, plant and equipment:	¥(533) million
Other:	¥(611) million
Total:	¥(11,132) million
Net deferred tax assets:	¥92,344 million

7. Notes to Transaction with Related Parties

Subsidiaries and affiliates

Type	Name of Company, etc.	Ownership of voting rights, etc. (Ownership percentage)	Relationship with affiliated parties	Details of transaction	Amount of transaction (Millions of yen)	Account	Balance as of the end of the business year (Millions of yen)
Subsidiary	Astellas B.V.	Direct ownership 100%	Borrowing of funds, sharing of concurrent positions by Directors	Borrowing of funds (Note 1)	153,010	Short-term loans payable	162,661
				Repayment of borrowed funds	130,030		
Subsidiary	Astellas US Holding, Inc.	Direct ownership 100%	Borrowing of funds, sharing of concurrent positions by Directors	Borrowing of funds (Note 1)	55,960	Short-term loans payable	152,833
				Repayment of borrowed funds	75,780		
				In-kind contribution (Note 2)	39,847	—	—
Subsidiary	Astellas Pharma Global Development, Inc.	Indirect ownership 100%	Consignment of development, sharing of concurrent positions by Directors	Consignment of development (Note 3)	66,077	Accounts payable	12,051
Subsidiary	Ganymed Pharmaceuticals GmbH	Direct ownership 100%	Borrowing of funds, sharing of concurrent positions by Directors	Borrowing of funds (Note 1)	4,146	Short-term loans payable	56,287
Subsidiary	Ogeda SA	Direct ownership 100%	Borrowing of funds, sharing of concurrent positions by Directors	Borrowing of funds (Note 1)	63,603	Short-term loans payable	61,807
Subsidiary	Astellas Pharma Europe Ltd.	Indirect ownership 100%	Sales of products, etc., receipt of royalties, sharing of concurrent positions by Directors	Sales of products, etc., receipt of royalties (Note 3)	70,407	Trade accounts receivable	34,733
Subsidiary	Astellas Ireland Co., Limited.	Indirect ownership 100%	Sales of products, etc., receipt of royalties, sharing of concurrent positions by Directors	Sales of products, etc., receipt of royalties (Note 3)	52,710	Trade accounts receivable	14,962

Type	Name of Company, etc.	Ownership of voting rights, etc. (Ownership percentage)	Relationship with affiliated parties	Details of transaction	Amount of transaction (Millions of yen)	Account	Balance as of the end of the business year (Millions of yen)
Subsidiary (Note 4)	Potenza Therapeutics, Inc.	Indirect ownership 100% (Note 5)	Sharing of concurrent positions by Directors	Acquisition of newly issued shares (Note 6)	18,668	–	–

Trade conditions and policy for determining transaction conditions:

(Notes) 1. Interest rates on the funds borrowed are reasonably determined based on market rates.

2. The shares of Astellas US Holding, Inc. were acquired in exchange for the in-kind contribution of the shares of Mitobridge, Inc. and Potenza Therapeutics, Inc.

3. For Consignment of development, sales of products, etc., and receipt of royalties, prices and royalty rates are set in light of market prices, among other factors.

4. Pursuant to the exclusive joint research and development agreement entered into with Potenza Therapeutics, Inc., the Company exercised an exclusive option rights to purchase Potenza Therapeutics, Inc. This transaction resulted in the Company holding 100% of its shares and changing its status from an associate to a subsidiary.

5. After the Company purchased the newly issued shares of Potenza Therapeutics, Inc. to directly hold 100% of its voting rights, the in-kind contribution of its shares as described in Note 2 above resulted in the Company holding its voting rights indirectly at the end of the business year under review.

6. The purchase price is based on the price agreed upon in the exclusive joint research and development agreement entered into with Potenza Therapeutics, Inc. before it became an associate of the Company.

8. Notes to Per-Share Data

(1) Net asset per share: ¥299.34
(2) Net income per share: ¥92.49