August 24, 2005

Finalized Plan for Separation of the API Production at Takahagi Site

Astellas Pharma Inc.("Astellas"; headquarters: Tokyo; President and CEO: Toichi Takenaka) approved at a board meeting held on August 24 the plan to establish a new active pharmaceutical ingredient (API) manufacturing subsidiary "Astellas Pharma Chemicals Co., Ltd." through a company split on April 1, 2006.

This company split is to separate its Takahagi Plant, the manufacturing and analytical function for APIs for investigational use at the Process Chemistry Labs. and the site management function of the Bulk Technology Administration and transfer to a new API manufacturing subsidiary as announced on June 24, 2005.

The outline of the company split is as follows:

1. Objective of company split

Global competition is being intensified in the field of R&D and marketing of new drugs in the world's pharmaceutical market. In the circumstance, Astellas decided to separate the API production function in order to further improve its business efficiency through structuring the system which can actively respond to the change of pharmaceutical market and implement various measures quickly and flexibly.

The new subsidiary will have through function for the production of APIs for investigational use and finished products and contribute to the timely and accurate supply of API for investigational use, early establishment of new product production, ensure the stable supply of products and the improvement of API manufacturing technology of the Astellas group.

2. Outline of the company split

2.1 Time schedule

Approval of the company split plan by the board: August 24, 2005
The date of company split: April 1, 2006
Registration of the new company: April 3, 2006

2.2 Method of company split

1) Separation method

Astellas will separate its API production function and transfer the function to a new API manufacturing subsidiary "Astellas Pharma Chemicals Co., Ltd." (simple separation method), and the total number of shares issued by new API manufacturing subsidiary shall be allocated to Astellas(material separation).

2) Reason for adopting this separation method

After considering the fact that new subsidiary have to operate closely cooperated with Astellas's pharmaceutical business, the scale of the assets and flexibility of the various methods of company split, Astellas judged that this is the most appropriate method.

2.3 Share allotment

New subsidiary shall issue 2,000 common shares, all of which shall be allocated to Astellas.

2.4 Split bounty

There will be no split bounty.

2.5 Rights and obligations transferred to new subsidiary

New API production subsidiary will take over business assets, liabilities and other rights and obligations with regard to the API production being carried at Takahagi site as of the date of split, from Takahagi site.

2.6 Prospect of the fulfillment of obligations

Astellas does not expect any problem with the fulfillment of its obligations or the obligations transferred to the new subsidiary for the following reasons: financial effects of the company split on Astellas are minor; no event that may interfere with the fulfillment of obligations by the new subsidiary is expected at this stage in the business activities of the new subsidiary after the company split; and Astellas will share with the new subsidiary the responsibility for fulfilling all obligations it transfer to the new subsidiary.

2.7 Members of the board of the new company

Position	Name	Present position in Astellas
Director	Motoyoshi Katano	Vice president, Takahagi Plant, Technology
Director	Toshiaki Miyoshi	Associate Senior Vice President, Technology
Director	Shinichiro Katayanagi	Associate Vice President, Corporate planning, Corporate strategy
Auditor	Kenichiro Saito	Corporate Auditor
Auditor	Hideo Yoshitaka	Vice President, Accounting & Tax, Corporate Finance & Accounting

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3. Outline of the divesting company and recipient company

	Divesting company (as of June 30, 2005)	Recipient company (as of June 30, 2005)
(1)Name	Astellas Pharma Inc.	Astellas Pharma Chemicals Co., Ltd.
(2)Line of business	Production, marketing, export and import of drugs and other products	Production and marketing of drugs and other products
(3)Established in	April 1923	April 2006
(4)Address of headquarters	3-11, Nihonbashi-honcho 2-chome, Chuo-ku, Tokyo	160, Akahama, Takahagi city, Ibaraki Prefecture
(5)Representative	President and CEO Toichi Takenaka	President Motoyoshi Katano
(6)Capital	101,130million yen	100 million yen
(7)Total number of outstanding shares	572,074,792	2,000
(8)Shareholders' equity	1,088,895 million yen	About 7,600 million yen
(9)Total asset	1,271,339 million yen	About 7,700 million yen
(10)Settlement of accounts	March 31	March 31
(11)Number of employees	about 6,600 (as of April 1, 2005)	about 100

(12)Major business partners	MEDICEO Holdings Co., Ltd. SUZUKEN CO., LTD. Alfresa Holdings Corporation	Astellas Pharma Inc..
(13)Major correspondent banks	UFJ Bank Sumitomo-Mitsui Banking Corp. Bank of Tokyo-Mitsubishi Mizuho Corporate Bank	-
(14)Relation between the divesting and recipient companies		
Capital	The recipient company is a wholly-owned subsidiary of the divesting company.	
Personnel	All related employees of the divesting company will be transferred to the recipient company following the company split. The divesting company send board members to the recipient company.	
Business	The divesting company outsources the production of API to the recipient company.	

(15)Business results of the divesting company in the last 3 fiscal years (million yen)			
Fiscal year	March 2003	March 2004	March 2005
Sales	346,586	345,426	625,721
Operating income	97,249	89,246	148,275
Ordinary income	98,916	89,681	169,552
Net income	58,276	59,275	74,867
Net income per share	172.77	178.76	-
Dividend per share	28.00	31.00	-
Shareholders’ equity per share	1,834.21	2,010.31	-

*Astellas is established on April 1, 2005 by the merger of Yamanouchi Pharmaceutical Co., Ltd. and Fujisawa Pharmaceutical Co., Ltd. Therefore, the results of former Yamanouchi, surviving company, for the financial year March 2003 and 2004 and pro forma results, which is simple sum of Yamanouchi and Fujisawa for the financial year March 2005 are used in the table “(15)Business results of the divesting company in the last 3 fiscal years” in the above.

4. Details of business to be split

4.1 Details of the API production function at Takahagi site

Takahagi Plant, the manufacturing and analytical function for APIs for investigational use at the Process Chemistry Labs. and the site management function of the Bulk Technology Administration are engaged in API production.

4.2 Sales and ordinary income in the latest fiscal year

Astellas does not calculate the sales or ordinary income at API production.

4.3 Items and amounts of assets and obligations to be transferred

The book value of the assets and obligations to be transferred to the new company according to the balance sheet as of June 30, 2005 is as follows:

Asset	Obligation	Net asset
About 7,700 million yen	About 100 million yen	About 7,600 million yen

5. Status after the company split

Astellas' status will remain unchanged from that of shown in 3 above (Outline of the divesting company and recipient company) except for the total asset. The total asset will decrease by about 100 million yen as a result of company split.

6. Effects on business performance

* A special loss of about 1.6 billion yen will be reported for the year ending March 2006 as a result of this transaction. The loss is mainly due to the transfer of employees and IT system related expenses.
* The recipient company will be wholly owned subsidiary of Astellas. Consequently, this company split will have no impact on the consolidated performance of Astellas.

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