

August 1, 2007

Reorganisation of Astellas European Business Functions

Japan, August 1, 2007 - Astellas Pharma Inc. (“Astellas”; headquarters: Tokyo; President and CEO: Masafumi Nogimori) announced that at the Board of Directors meeting held today, the Company has decided to reorganise Development, Sales & Marketing and other support functions within Astellas’ European business.

The Astellas European business has many functions including: Research & Development, Production and Sales & Marketing, which includes export operations and employs 3,300 people. With sales of ¥219.6 billion (Euros 1,463 million) for the FY2006 which ended March 31, 2007, the European business is the second largest within Astellas. Astellas, in its medium-term plan, has positioned the European business as a stable revenue and profit base. Astellas transferred three of its production plants in Europe to a third party on January 1, 2007; the reorganisation decided today does not affect the production function but aims to further optimise the European business.

The main changes as a result of this reorganisation include:

- The two Development sites, in the Netherlands (Leiderdorp) and Germany (Munich) will be consolidated into the Dutch site and the German site will close.
- Sales & Marketing will continue in Germany. However, as a result of stringent healthcare cost containment measures that has been implemented by the German government, Astellas’ sales force in Germany will be reduced to improve both profitability and efficiency of the Astellas German business.
- There will be some integration of other support staff functions located in the U.K., Germany and the Netherlands, to the U.K. and the Netherlands.
- As a result of the above changes, the number of employees across Europe will be reduced by more than 200.

These issues have been subject to consultations between the Works Councils and management since February 2007 and have now been completed. The reorganisation of functions has been agreed through the correct consultation process and these changes contained in the formal written agreement will be notified to the German labour authorities. Astellas hopes to conclude the process by the end of FY 2007.

Astellas forecasts the extraordinary losses of about ¥ 12 billion as expenses for integration and closure of business bases. Of the total, ¥5.4 billion has already been accounted in the business results for FY2006, as extraordinary loss with regard to the expenses for integration and closure of business bases. More than ¥6 billion will be accounted as the extraordinary losses in FY2007 (¥0.1 billion of them was accounted in the first quarter of FY2007).

Although extraordinary loss of more than ¥ 6 billion for the FY2007 is not included in the financial forecasts for the FY2007 announced on May 15, 2007, Astellas does not revise the financial forecasts for the FY2007.

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