

August 29, 2008

Allotment of Stock Acquisition Rights (Stock Option Scheme as Stock-Linked Compensation Plan)

Astellas Pharma Inc. (Headquarters: Tokyo; President and CEO: Masafumi Nogimori, hereinafter called the “the Company”) hereby announces that it passed a resolution at the meeting of the Board of Directors held on August 29, 2008 to determine, among other things, the offering conditions of stock acquisition rights and to offer the Directors of the Board (except for the outside Directors) and Corporate Executives of the Company to accept the stock acquisition rights pursuant to provisions of Article 238, Paragraphs 1 and 2 and Article 240, Paragraph 1 of the Companies Act of Japan, in order to enhance their motivation and morale for improving corporate value.

Particular

1. Name of stock acquisition rights to be offered:

Astellas Pharma Inc. Stock Acquisition Rights issued in September 2008

2. Total number of stock acquisition rights to be offered:

727 units

The total number above is the number scheduled to be allotted, but if the total number of stock acquisition rights to be allotted decreases due to a lack of acceptance or the like, the total number of stock acquisition rights allotted shall be deemed the number of stock acquisition rights to be offered.

3. Type and number of shares to be issued upon exercise of stock acquisition rights:

The type of shares to be issued upon exercise of stock acquisition rights is shares of common stock of the Company and the number of shares to be issued upon exercise of one stock acquisition right (the “number of allotted shares”) is 100 shares; provided, however, that if the Company makes a stock division (including a gratis allotment of shares of common stock of the Company; the same shall be applied hereinafter) or stock consolidation after the allotment date (to be determined in 13 below), the number of allotted shares shall be adjusted in accordance with the following formula and any fractional shares less than one share arising out of such adjustment shall be omitted.

$$\begin{array}{rcccl} \text{Number of} & & \text{Number of} & & \text{Percentages of stock} \\ \text{allotted shares} & = & \text{allotted shares} & \times & \text{division} \\ \text{after adjustment} & & \text{before adjustment} & & \text{or consolidation} \end{array}$$

The number of allotted shares after adjustment shall be applicable in case of stock division from the date (inclusive) immediately following the record date of the relevant stock division or in case of stock consolidation from the effective date (inclusive) of the stock consolidation.

In addition to the above, if an unavoidable event necessitating the number of allotted shares to be adjusted occurs after the allotment date, the Company may adjust the allotted shares to a reasonable extent.

Furthermore, when the Company adjusts the number of allotted shares, the Company shall give notice to each holder of stock acquisition rights to be offered registered in the register of stock acquisition rights (hereinafter collectively called the “Rights Holder”) or give public notice with respect to any necessary matters on or before the date preceding the date on which the number of allotted shares after adjustment becomes applicable. Provided, however, that if the Company is unable to give such notice or public notice on or before the date preceding the date on which the number of allotted shares after adjustment becomes applicable, the Company shall subsequently give notice or public notice promptly.

4. Amount to be contributed upon exercise of stock acquisition rights to be offered:

An amount to be contributed upon the exercise of each stock acquisition right to be offered shall be one (1) yen per share to be delivered upon exercise of stock acquisition rights to be offered, multiplied by the number of allotted shares.

5. Exercise period of stock acquisition rights to be offered:

From September 17, 2008 through June 24, 2028 (both inclusive).

6. Matters concerning capital or capital reserves to be increased when shares are issued upon exercise of stock acquisition rights to be offered:

(1) The amount of capital to be increased when shares are issued upon exercise of stock acquisition rights to be offered shall be a half of the limit of capital increase calculated in accordance with Article 40, Paragraph 1 of the Corporate Accounting Rules, and any fractions less than one (1) yen resulting from that calculation shall be rounded up to the nearest whole yen.

(2) The amount of capital reserves to be increased when shares are issued upon exercise of stock acquisition rights to be offered shall be the amount of the limit of capital increase described in (1) above less the amount of capital to be increased as set out in (1) above.

7. Restriction on transfer of stock acquisition rights to be offered:

Any transfer of stock acquisition rights to be offered shall be subject to approval of the Board of Directors of the Company.

8. Conditions for acquiring stock acquisition rights to be offered:

When any of the following proposals (1), (2), (3), (4) and (5) are approved by the Company’s general meeting of shareholders (in case approval of general meeting of shareholders is not required, when the Board of Directors of the Company determines by resolution), the Company may acquire gratis stock acquisition rights on the date separately determined by the Board of Directors.

- (1) a proposal for a merger agreement where the Company shall be dissolved;
- (2) a proposal for a company division agreement or company division plan where the Company shall be divided;
- (3) a proposal for a stock exchange agreement or stock transfer plan where the Company shall become a wholly owned subsidiary of another company;
- (4) a proposal for an approval of amendments to the Articles of Incorporation to establish new provisions by which any transfer of any shares to be issued by the Company will be subject to the Company’s approval;
- (5) a proposal for an approval of amendments to the Articles of Incorporation to establish new provisions by which any acquisition by way of transfer of any shares to be issued upon exercise of stock acquisition rights to be offered will be subject to the Company’s

approval or the Company may acquire all of the shares in the relevant type (if any) to be issued upon exercise of stock acquisition rights to be offered by resolution of the general meeting of shareholders of the Company.

9. Determination policy concerning details of invalidation of stock acquisition rights to be offered and delivery of stock acquisition rights of the Restructured Company under the Organization Restructuring:

Upon merger (limited to a case where the Company becomes a dissolving company), absorbing company division, new company establishing company division, stock exchanges, or stock transfer of the Company (hereinafter collectively called the “Organization Restructuring”), the Company shall deliver stock acquisition rights of corporations listed in Article 236, Paragraph 1, Items 8.1 through 8.5 (hereinafter called the “Restructured Company”) of the Companies Act of Japan in accordance with the following terms and conditions to the Rights Holder of stock acquisition rights remaining unexercised at the time immediately before the Organization Restructuring takes effect (hereinafter called the “Remaining Stock Acquisition Rights”). In this case, the Remaining Stock Acquisition Rights shall cease to be effective and the Restructured Company shall newly issue stock acquisition rights; provided, however that the foregoing shall apply only to the case in which delivery of stock acquisition rights of the Restructured Company in accordance with the following terms and conditions is provided for in the relevant absorbing merger agreement, new company establishing consolidation agreement, absorbing company division agreement, new company establishing company division plan, stock exchange agreement or stock transfer plan, as the case may be.

- (1) Number of stock acquisition rights of the Restructured Company to be delivered:

The Company shall deliver stock acquisition rights, the number of which shall equal the number of stock acquisition rights held by the Rights Holder of the Remaining Stock Acquisition Rights.

- (2) Type of shares of the Restructured Company to be issued upon exercise of stock acquisition rights:

Shares of common stock of the Restructured Company

- (3) Number of shares of the Restructured Company to be issued upon exercise of stock acquisition rights:

To be decided upon application, mutatis mutandis, of item 3 above, taking into consideration the terms and conditions of the Organization Restructuring, etc.

- (4) Amount to be contributed upon exercise of stock acquisition rights:

The amount to be contributed upon exercise of the exercise of each stock acquisition right to be delivered shall be obtainable by an amount that one (1) yen per share of the Restructuring Company to be delivered upon exercise of each stock acquisition right, multiplied by the number of shares of the Restructured Company to be issued upon exercise of the relevant stock acquisition rights determined in accordance with (3) above.

- (5) Exercise period of stock acquisition rights:

From the later of the commencement date of the exercise period of stock acquisition rights to be offered set out in item 5 above or the day on which the Organization Restructuring becomes effective through the expiration date of the exercise period of

stock acquisition rights to be offered set out in item 5 above.

- (6) Matters concerning capital or capital reserves to be increased when shares are issued upon exercise of stock acquisition rights:

To be decided by a resolution upon application, mutatis mutandis, of item 6 above.

- (7) Restriction on transfer of stock acquisition rights:

To acquire stock acquisition rights by transfer shall require approval of the Board of Directors of the Restructured Company.

- (8) Conditions for acquiring stock acquisition rights:

To be decided by a resolution upon application, mutatis mutandis, of item 8 above.

- (9) Other conditions for exercise of stock acquisition rights:

To be decided by a resolution upon application, mutatis mutandis, of item 11 below.

10. Arrangement of handling of fractional shares resulting from exercise of stock acquisition rights to be offered:

In case that the shares to be delivered to the Rights Holder include fractional shares, such number of fractional shares shall be disregarded.

11. Other conditions for exercise of stock acquisition rights to be offered:

- (1) The Rights Holder may only exercise the right on and after the date immediately following the date when they lose their positions as both Directors of the Board and Corporate Executives of the Company (hereinafter called the “Commencement Date of the exercise period”)

- (2) The Rights Holder may exercise the rights for the period of only ten (10) years commencing from the Commencement Date of the exercise period.

- (3) Notwithstanding (1) and (2) above, the Rights Holder may exercise the rights within the respective periods prescribed when either (i) or (ii) below occurs (provided that the case mentioned in (ii) below excludes when stock acquisition rights of the Restructured Company are delivered to the Rights Holder in accordance with item 9 above):

- (i) If the Rights Holder does not have the Commencement Date of the exercise period on or before June 24, 2027:

From June 25 2027 through June 24, 2028.

- (ii) If a proposal for a merger agreement where the Company shall be dissolved, or a proposal for a stock exchange agreement or stock transfer plan where the Company shall become a wholly owned subsidiary of another company is approved by the Company’s general meeting of shareholders (in case approval of a general meeting of shareholders is not required, when the Board of Directors of the Company determines by resolution):

During a 15 day-period commencing from the date immediately

following the date (inclusive) when the proposal is approved.

(4) Each stock acquisition right may not be partially exercised.

12. Calculation method of the amount to be paid for stock acquisition rights to be offered:

The amount to be paid for each stock acquisition right to be offered shall be an amount obtainable by the option value per share that is calculated based on the basic figures by the Binominal Model, multiplied by the number of allotted shares; provided, however, that the calculation method by the Binominal Model is as follows:

When the term T commencing from the allotment date of stock acquisition rights to be offered to the expiration date of the exercise period is equally divided by the interval Δt , the option value $C_{i,j}$ at certain point (i, j) shall be represented by using the fluctuation of stock prices σ , interest rates without risks r and dividend yields q :

$$C_{i,j} = e^{-r\Delta t} (pC_{i+1,j+1} + (1-p)C_{i+1,j}) \quad \dots \quad \text{formula(1)}$$

$$p = \frac{e^{(r-q)\Delta t} - d}{u - d}$$

$$u = e^{\sigma\sqrt{\Delta t}}$$

$$d = e^{-\sigma\sqrt{\Delta t}}$$

In addition, the option value as at the expiration date of the exercise period shall be determined by the following formula using stock price S and the exercise price X :

$$C_{N,j} = \max(S \cdot u^j \cdot d^{N-j} - X, 0) \quad j = 0, 1, 2, \dots, N \quad \text{and,} \quad N = \frac{T}{\Delta t}$$

When the items from “ $i = N$ ” to “ $i = 0$ ” of the option value as at the expiration date of the exercise period ($C_{N,j}$) is calculated one after another by formula (1) above, the option value ($C_{0,0}$) as at the allotment date of stock acquisition rights $(0,0)$ shall be obtained and this value shall become the option value per share.

Furthermore, during the period when stock acquisition rights are exercisable during the period concerned, the option value per share shall be determined by the following formula instead of formula (1), taking into account the early exercise of the stock acquisition rights:

$$C_{i,j} = \max(S \cdot u^j \cdot d^{i-j} - X, e^{-r\Delta t} (pC_{i+1,j+1} + (1-p)C_{i+1,j})) \quad \dots \quad \text{formula(2)}$$

The option value per share ($C_{0,0}$) is obtained by using formula (1) that is applied to the period (τ) commencing from the allotment date and ending on the date when the right is fixed, while formula (2) is applied to the period $(T - \tau)$ commencing from the Commencement Date of the exercise period and ending on the expiration date of the exercise period.

The option value ($C_{0,0}$):

i. Stock price (S) :

The closing price per share of the Company on September 16, 2008 on a regular way at the Tokyo Stock Exchange (if no closing price is available on such day, then the closing price on the trading day immediately preceding September 16, 2008)

ii. Exercise price (X) :

The price to be decided in item 4 above

iii. Period between the allotment date and the date when the right is fixed:

Four (4) years

iv. Period between the allotment date and the maturity date:

Twenty (20) years

v. Fluctuation of stock price (σ) :

The fluctuation rate is calculated based on the closing price of the Company's shares on a regular way at the Tokyo Stock Exchange for each trading day of the twenty (20) year period between September 16, 1988 and September 16, 2008 (both inclusive).

vi. Interest rate without risks (r) :

The interest rate of a government bond of which the outstanding years correspond to the period stated in item (iv) above.

vii. Dividend yields (q) :

The dividend per share (dividends paid as at the six month period ended September 30, 2007 and the end of the fiscal year ended March 31, 2008) divided by the stock price stated in item (i) above

It is planned that the remuneration debts the allottees owe to the Company and the amounts payable for the stock acquisition rights to be offered will be offset against each other.

13. Allotment date of stock acquisition rights to be offered:

September 16, 2008

14. Payment date for stock acquisition rights to be offered:

The payment date shall be due on September 16, 2008.

15. The Company shall delegate any other matters necessary with respect to stock acquisition rights to be offered to the President & Representative Director.

16. Allottees and the number of stock acquisition rights to be allotted:

Allottees	Number	Number of stock acquisition rights to be allotted
Directors of the Board	3	230
Corporate Executives	23	497

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Contacts for inquiries or additional information
Astellas Pharma Inc. Corporate Communications Tel: +81-3-3244-3201 Fax: +81-3-5201-7473 http://www.astellas.com