

July 1, 2009

## **Astellas Announces Joint Venture with Maxygen to Develop Protein Pharmaceuticals**

**Tokyo, Japan, July 1, 2009** - Astellas Pharma Inc. (“Astellas”; headquarters: Tokyo; President and CEO: Masafumi Nogimori) today announced that Maxygen, Inc. (“Maxygen”; headquarters: Redwood City, CA; CEO: Russell J. Howard) and Astellas have executed an agreement to establish a joint venture focused on the discovery, research and development of multiple protein pharmaceutical programs, including Maxygen’s MAXY-4 program and other early stage programs. As part of the arrangement, Maxygen will provide Astellas with an option to acquire all of Maxygen’s ownership interest in the joint venture within three years after establishment of the joint venture. The joint venture arrangement represents a significant expansion of the existing collaboration agreement between the parties for the development and commercialization of MAXY-4 program candidates for autoimmune diseases and transplant rejection.

Pursuant to the joint venture agreement, Maxygen will contribute substantially all of its programs and technology assets in protein pharmaceuticals, including its existing MAXY-4 collaboration agreement with Astellas, together with \$10 million in cash, to a newly-formed joint venture in which Maxygen will have an ownership interest of approximately 83%. Astellas also will invest \$10 million in the joint venture in exchange for the remaining ownership interest in the joint venture of approximately 17%. Astellas will be granted an option to acquire all of Maxygen’s ownership interest in the joint venture at specified exercise prices that will increase each quarter from \$53 million to \$123 million over the three-year term of the option. Grant Yonehiro, Maxygen’s Chief Business Officer, is expected to serve as chief executive officer of the joint venture.

As part of the joint venture arrangement, the joint venture and Astellas will also enter into a collaboration agreement under which Astellas will fund substantially all of the costs, estimated at up to \$30 million over the three-year option term and subject to certain limitations, related to the discovery, research and development by the joint venture of multiple protein therapeutics (other than MAXY-4). Astellas will be granted an option to obtain a license to one product developed by the joint venture under this collaboration arrangement, subject to certain conditions and exercisable only if Astellas does not exercise its buy-out option during the option term. Development costs for the MAXY-4 program will be shared by Astellas and the joint venture in accordance with the existing terms of the MAXY-4 collaboration agreement.

The transactions will also include a grant by Maxygen to the joint venture of certain licenses to use its MolecularBreeding™ technology platform and ancillary protein expression technologies, subject to certain existing licenses and other limitations.

In the event Astellas does not exercise its buy-out option prior to expiration of the three-year option term, all rights to the protein therapeutics developed through the joint venture (with the exception of any product for which Astellas has exercised its license option) will be retained by the joint venture, and Astellas will be required to provide up to 18 months of transition funding to the joint venture in the form of revolving loans of up to \$20 million on pre-agreed terms if the MAXY-4 collaboration agreement between the joint venture and Astellas remains in force.

The boards of directors of Astellas and Maxygen, respectively, have approved the terms of the joint venture arrangement. The consummation of this transaction is subject to customary closing conditions, including approval by Maxygen's stockholders. The parties expect the transaction to close late in the third quarter or early in the fourth quarter of 2009.

This news has been announced by Maxygen on June 30, 2009 (local time).

#### **About Maxygen**

Maxygen is a biopharmaceutical company focused on developing improved versions of protein drugs. Maxygen uses its proprietary DNA shuffling technology and extensive protein modification expertise to pursue the creation of biosuperior proteins. For more information, please visit its website at [www.maxygen.com](http://www.maxygen.com).

#### **About Astellas**

Astellas Pharma Inc., located in Tokyo, Japan, is a pharmaceutical company dedicated to improving the health of people around the world through the provision of innovative and reliable pharmaceutical products. Astellas has approximately 14,200 employees worldwide. The organization is committed to becoming a global category leader by combining outstanding R&D and marketing capabilities and continuing to grow in the world pharmaceutical market. For more information on Astellas Pharma Inc., please visit our website at <http://www.astellas.com/en/>.

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