

May 25, 2010

Announcement of New Mid-Term Management Plan

Japan, May 25, 2010 —Astellas Pharma Inc. (“Astellas”; headquarters: Tokyo; President and CEO: Masafumi Nogimori) today announced the new five-year mid-term management plan for fiscal years (“FY”) 2010 through FY2014, ending March 31, 2015 (“the Mid-Term Plan”).

1. Positioning of the Mid-Term Plan

In 2006, Astellas formulated “VISION 2015” which set forth the goals of becoming a “Global Category Leader” (“GCL”) for establishing competitiveness as a “leader” by providing high-value-added products globally in various highly specialized fields (categories) where there is a high degree of unmet medical needs, and continuously enhance its enterprise value through the “maximization of value-added for people seeking health.”

From our launch in 2005 through to the present, Astellas, in its quest to become a GCL has striven to further improve ability to generate products to continuously discover innovative new drugs in focused therapeutic areas and worked hard to establish a solid global business platform.

Astellas currently faces the effects of the launch of generics following the expiration of the U.S. patents for two of its mainstay products, immunosuppressant Prograf and Harnal, a treatment for functional symptoms of benign prostatic hyperplasia. Under such circumstances, Astellas formulated the Mid-Term Plan as a concrete five-year course of action to overcome the decrease in sales and income and accelerate growth to a new stage. The overview of the Mid-Term Plan is as follows. Please see the appended reference material for details.

2. Overview of the Mid-Term Plan

Aiming to overcome such difficult circumstances and accelerate growth to a new stage by leveraging our strengths, Astellas shall pursue the three growth strategies of therapeutic area strategy, regional strategy and R&D innovation strategy, while continuing to raise further cost efficiency.

1) Therapeutic area strategy

- In the field of urology, Astellas is working to establish a dominant presence. While aiming to become No. 1 in the global overactive bladder market through the growth of Vesicare and mirabegron, which is scheduled for application in Japan, the U.S. and Europe in FY 2010, Astellas will maintain sales of Harnal in regions other than the U.S.
- In the field of transplantation, Astellas will continue to maximize the existing Prograf business globally as well as aiming to further contribute to transplantation community in the mid- to long-term by accelerating development of compounds in the development

pipelines, further strengthening its research and technology platform, and setting about the research of regenerative drugs.

- In the field of oncology, aiming to realize the 3rd GCL following urology and transplantation, Astellas is further reinforcing the development pipelines through applying new targets and the latest technologies. Also, in order to quickly establish the oncology business platform for the new products expected in mid to late of the Mid-Term Plan period, we will strengthen our global marketing and product strategy function, while constructing a sales organization that is adaptable to product characteristics and regional differences.
- As part of the above initiatives, Astellas has reached an agreement with OSI Pharmaceuticals, Inc. (U.S., “OSI”) to proceed with its acquisition. The acquisition, when completed, will quickly provide Astellas with a top-tier oncology business in the U.S. and expanded products portfolio and pipeline. Furthermore, by adding not only OSI’s oncology infrastructure, but also its discovery platform and talent base to Astellas’ existing business, Astellas believes it will be possible to strengthen growth strategies through maximizing the value of the management resources possessed by both companies.

2) Regional strategy

- Astellas will further strengthen its own sales network which covers emerging markets such as BRICs as well as promote well-balanced global business operation in Japan, U.S., Europe and Asia.
- In Japan, Astellas will aim to gain the largest share of the domestic market during the period of the Mid-Term Plan by expanding sales of growing products such as Vesicare/mirabegron, Prograf/Gracaptor, Symbicort, and Celecox and continuing to launch new products.
- In the Americas, Astellas will aim for further growth by covering the loss on sales of Prograf not only through the growth of VESicare/mirabegron and the new and growing products including Lexiscan, Mycamine, Sumavel DosePro, and VIBATIV, but also by expanding the business in Latin America.
- In Europe, Astellas will further strengthen its position as the No. 1 Japanese pharmaceutical company not only through the growth of Vesicare/mirabegron and Advagraf, and the expansion of growing products including Eligard, Mycamine and Qutenza, but also by further expanding business areas.
- In Asia, Astellas will aim to realize dramatic growth, especially by expanding business through enhancement of sales organization in the Chinese market, in addition to growth of Vesicare/mirabegron, Prograf and Harnal.

3) R&D innovation strategy

- Astellas will take an active drug discovery approach to Precision Medicine, i.e. offering highly effective therapeutic options for precisely defined patient populations based on molecular targeting and precise diagnosis. In order to realize it, we will pursue our R&D

based on biomarkers, translational science and others.

- Astellas will concentrate its research resources on the five focus therapeutic areas, “urology,” “immunology (including transplantation) & infectious diseases,” “oncology,” “neuroscience,” and “DM (Diabetes Mellitus) complications & metabolic diseases” to discover innovative new drugs via two approaches: the Precision Medicine approach and the Disease Knowledge approach. (*)
- Astellas will utilize multiple NME (**) discovery technologies such as “synthesis of small molecule,” “fermentation” and “antibody / proteins.” During the Mid-Term Plan period, aggressive investment will specifically target antibody drugs.
- In the drug discovery research, Astellas will aim to improve its ability to generate products by utilizing the leading-edge technologies. We shall further fortify our research functions through various approaches such as exploring novel molecule targets with research alliances, reinforcing the ability to generate the drug seeds and lead compounds through enriched compound library and protein crystal structure analysis technology, and improving the quality of development compounds by enhanced toxicological evaluation.
- In addition, Astellas will seek drug discovery research with leading-edge science and explore business models in preparation for future structural changes in the market structure.

* Disease Knowledge Approach: Making full use of experience and knowledge which Astellas has accumulated regarding disease-related R&D and marketing experience.

** NME: New Molecular Entity

(4) Financial targets for FY 2014

	FY2014 target	FY2010 forecast (reference)
Net sales	1,100 billion yen	940 billion yen
(R&D expenses)	Maintain around 16% or more	182 billion yen (19.4%)
Operating income	240 billion yen	152 billion yen
(Operating income to net sales ratio)	(22%)	(16.2%)
ROE	Over 15%	–

(5) Policy of returns to shareholders

- Astellas is working towards increasing corporate value on a stable and continual basis and, as a consequence, improves its return to shareholders. While putting priority on business investment to assure future growth, Astellas will strive to increase dividend continuously based on medium- to long-term profit growth. Further, we will flexibly implement share buyback to improve capital efficiency and further increase the level of return to shareholders.

(6) Promotion of CSR Management

- Astellas continues to promote CSR management and ensures corporate activities are conducted with meticulous attention to compliance.
- While Astellas continues to contribute to society through activities that are sensitive to the particular characteristics of the region, we also are energetically pursuing the achievement of our targets for greenhouse gas reduction for the sake of the global environment.
- As for our employees, while Astellas aims to cultivate a corporate culture that is distinctly Astellas through the promotion of the “Astellas Way”, we will also develop our human resources globally for supporting our growth strategies.

Astellas shall continue to energetically develop businesses as a global research and development company under our business philosophy of "contributing toward improving the health of people around the world through the provision of innovative and reliable pharmaceutical products." Under Astellas' slogan “Changing tomorrow” we shall continue to pursue the interests of patients, and by delivering to patients across the world new drugs that meet unmet needs, we believe we can change tomorrow for patients and their families.

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Cautionary statement regarding forward-looking information

Target figures in this material are not forecasts of business results. In addition, any description relating to the future in this material is subject to known or unknown risks and uncertainties, although it is based on management’s current assumptions and beliefs in light of the information currently available to it. Please be cautioned that a number of important factors could cause actual results to differ significantly from the description in the material.

Such risks and uncertainties include adverse economic conditions, currency exchange rate fluctuations, adverse legislative and regulatory developments, delays in new product launch, pricing and product initiatives of competitors, the inability of the company to market existing and new products effectively, interruptions in production, infringements of the Company’s intellectual property rights and the adverse outcome of material litigation.

This material contains information on pharmaceuticals (including compounds under development), but this information is not intended to make any representations or advertisements regarding the efficacy or effectiveness of these preparations nor provide medical advice of any kind.

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FY2010- FY2014 Mid-term Management Plan

-Leveraging Our Strengths to Grow-

May 25, 2010

Astellas Pharma Inc.
Masafumi Nogimori
President & CEO

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Goals

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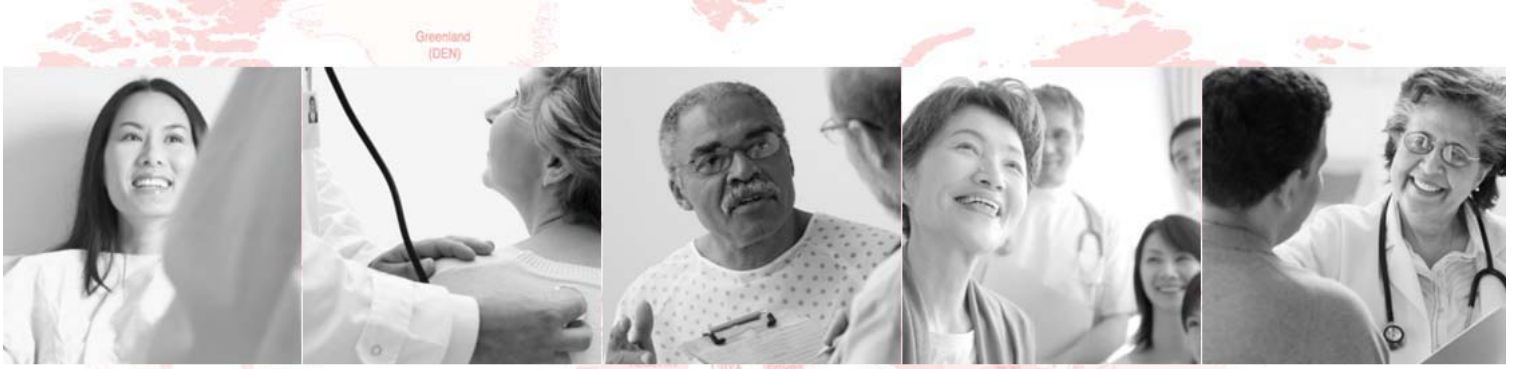
Today

Current Strengths and Issues

Yesterday

Achievements Since
Astellas' Launch

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Further strengthen the orientation to patients and make the best efforts to meet unmet medical needs for patients all over the world.



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The Path for Astellas to Take

Yesterday
Today
Tomorrow

Adhere to the guidance and goals set out in VISION 2015



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VISION



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Achievements Through FY2009



Established the foundations for global growth over the 5 years since Astellas' launch

- Expanded global franchises in transplantation and urology
- Strengthened global business
 - Established global management system
 - Increased sales and earnings in Japan, the Americas, Europe and Asia
 - Established business platform in emerging countries
- Reformed cost structure
 - Reduced production costs
 - Optimized production sites: 19→11
 - Reaped integration synergies in human resources
- Enriched pipeline with in-house and in-licensed compounds
- Integrated Agensys, Inc. to gain antibody technologies
- Improved capital efficiency: ROE 8.8%→11.7%

**Enhance enterprise value
Realize VISION 2015**

April 2005

Astellas' launch **Realize merger synergies and invest to drive further growth** **MTP14**

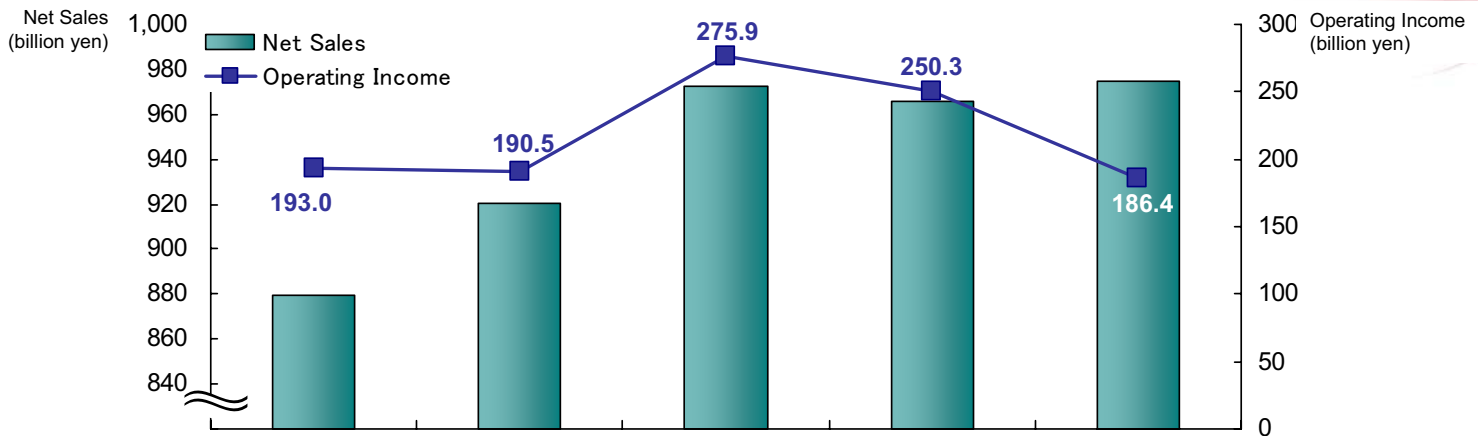
FY2009

FY2010-2014

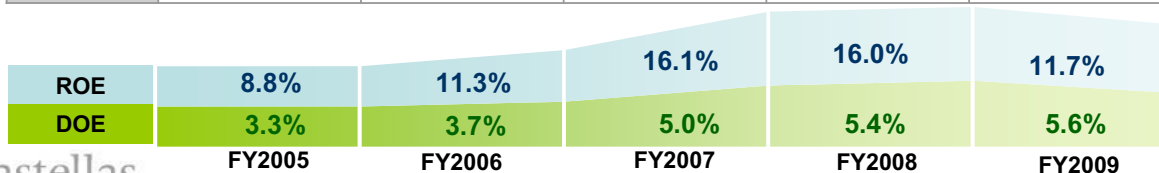
FY2005 to FY2009 Performance

Yesterday
Today
Tomorrow

All management indicators have steadily improved since Astellas' launch



Exchange Rate	FY2005	FY2006	FY2007	FY2008	FY2009
US\$	113 yen	117 yen	114 yen	101 yen	93 yen
EUR	138 yen	150 yen	162 yen	143 yen	131yen



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New Drugs Launched Between FY2005 and FY2009

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Tomorrow

Launched a host of new drugs and expanded indications

FY2005	FY2006	FY2007	FY2008	FY2009
Japan Prograf for rheumatoid arthritis April 2005	Japan Vesicare April 2006	Japan Celecox for rheumatoid arthritis and osteoarthritis June 2007	U.S. Lexiscan June 2008	Japan Bonoteo April 2009
Japan Harnal D Tablet June 2005	Japan Funguard for pediatrics April 2006	Europe Advagraf June 2007	Japan Irribow July 2008	Japan Micombi April 2009
US Prograf for heart transplantation March 2006	Japan Funguard for prophylaxis January 2007	Japan Geninax October 2007	Japan Graceptor July 2008	Japan Celecox for lumbago, etc. June 2009
	Japan Prograf for lupus nephritis January 2007	US Mycamine for candidemia, etc. January 2008	Europe Mycamine August 2008	Japan Prograf for ulcerative colitis July 2009
			U.S. Vaprisol pre-mix bag formulation October 2008	Japan Prograf for all types of myasthenia gravis October 2009
			Japan STARSIS for type 2 diabetes December 2008	US VIBATIV for complicated skin and soft tissue infections (cSSTI) November 2009
			Europe Protopic Ointment Prevention of flares in the treatment of atopic dermatitis February 2009	Japan Caduet December 2009 (#)
				US Sumavel DosePro January 2010 (#)
				Japan Symbicort Turbuhaler January 2010
				Europe Modigraf February 2010
				Europe Qutenza March 2010

- New products
- LCM, including additional indications and new formulations
- # co-promotion revenues



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Alliance Achievements Between FY2005 and FY2009

Achieved many alliances that have helped bolster the pipeline and products

FY2005	FY2006	FY2007	FY2008	FY2009
<p>Launched VIBATIV cSSTI: Complicated Skin and Soft Tissue Infection</p>	<p>Launched Amevive Psoriasis</p>		<p>CTS-21166, etc. Alzheimer's disease</p>	<p>Launched Qutenza Peripheral neuropathic pain in non-diabetic adults</p>
<p>telavancin HAP: Hospital-acquired Pneumonia</p>	<p>YM311 ASP1517 etc. (FG-2216 FG-4592, etc.) Renal anemia</p>		<p>MAXY-4 transplantation, rheumatoid arthritis and other autoimmune diseases</p>	<p>febuxostat Hyperuricemia in gout</p>
<p>ASP8825 (XP13512) Restless legs syndrome</p>	<p>ASP1585 (AMG223) Hyperphosphatemia</p>			<p>Launched Sumavel DosePro Acute treatment of migraine and cluster headache episodes</p>
<p>Degarelix Prostate cancer</p>	<p>CD40 antagonistic monoclonal antibody Suppression of organ rejection in organ transplantation</p>			<p>Caduet Combination Tablets Hypercholesterolemia and hypertension treatment</p>
<p>Launched Geninax Oral quinolone antibiotic</p>		<p>Strengthened antibody drug business</p>		<p>Launched Symbicort Turbuhaler Treatment of adult bronchial asthma</p>
		<p>Technology in-licensing Licensed in Regeneron Pharmaceuticals, Inc.'s VelocImmune technology</p>		<p>MDV3100 Prostate cancer</p>
		<p>Technology in-licensing Utilizing MorphoSys AG's antibody library</p>		<p>Linacotide IBS and chronic constipation</p>
		<p>Technology in-licensing Agensys</p>		<p>AC220 Acute myeloid leukemia</p>
				<p>Isavuconazole Fungal infections</p>
				<p>Joint venture with Maxygen</p>
				<p>Seattle Genetics and Agensys Expand antibody-drug conjugate (ADC) collaboration</p>



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Review of Previous Mid-term Management Plan (FY2006-FY2010)—Targets

	Previous Mid-term Management Plan: FY2010 targets	Comparison with FY2010 forecast
Net sales	1,060.0 billion yen	Net sales: -120.0 billion yen Incl. FX impact (-55.0 billion yen) Delayed launch of new products Impact of generics (Prograf, Harnal, Gaster) US healthcare system reform, etc.
Operating income	280.0 billion yen	Operating income: -128.0 billion yen incl. FX impact (-20.0 billion yen)
(R&D Expenses)	(170.0 billion yen)	-Lower gross profit due to the above -Increase of late-stage projects -Initial investments for new product launches, increase of sales force in emerging countries -Agensys R&D/Goodwill, etc.
EPS	FY2006-FY2010 CAGR: mid teens	Lower earnings due to the above
(Exchange rate assumptions)		US dollar: 20 yen appreciation, EURO: 10 yen appreciation (Previous Mid-term Management Plan assumed rates: 110 yen/USD, 140 yen/EUR)
ROE	18%	Lower earnings due to the above
DOE	8%	

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Today

Current Strengths and Issues

Yesterday

Achievements Since Astellas' Launch

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Astellas' Current Strengths

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- 1 Global leading position in transplantation and urology area - GCL-
- 2 Well-balanced four-region business platform:
Japan, the Americas, Europe, and Asia
- 3 Well-balanced and diversified product portfolio and solid sales foundation to maximize product potential in Japanese Rx market
- 4 Unique pipelines with many "First-in-class" and "Best-in-class"
- 5 Strong drug discovery research capabilities by combination with small molecule synthesis, fermentation, and antibody/protein drugs technologies

Current Issues

Yesterday
Today
Tomorrow

2006 2007 2008 2009

2010 2011 2012 2013 2014

2015

MTP14

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Current Issues

- ◆ Quickly recover from decrease in sales and earnings resulting from U.S. patent expiry of Prograf and Harnal
- ◆ Further enrich late-stage pipelines
- ◆ Establish next GCL alongside urology and transplantation
- ◆ Further increase drug discovery research capabilities

Enhance enterprise value
Realize VISION 2015



Leading Light for Life

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Tomorrow

MTP14

- ▶ **1. Basic Policy and Strategy**
2. Growth Strategy
 - Therapeutic area strategy-Global Category Leader-
 - Regional strategy-Well-balanced four-region business platform-
 - R&D Innovation Strategy
3. Financial Targets
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MTP14—Basic Policy and Strategy

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Overcome decrease in sales and earnings from U.S. patent expiry of Prograf and Harnal and accelerate growth to a new stage

Growth strategy

Therapeutic area strategy

- Maintain and strengthen GCL position in urology and transplantation
- Strengthen oncology franchise to realize third GCL

Regional strategy

- Expand well-balanced four-region business base
- Invest further in emerging countries with high potential

R&D innovation strategy (Strengthen drug discovery research capabilities)

- Actively approach to Precision Medicine drug discovery
- Prioritize strategic therapeutic areas
- Utilize cutting-edge technologies in drug discovery research
- Leverage global development framework to bolster pipelines

Efficiency strategy

Improve cost efficiency

- Efficiently allocate resources through execution of therapeutic area strategy
- Manage better and sharp expenditure
- Review business processes to achieve cost savings

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Specific Plan to Overcome Decrease in Sales of Mainstay Products due to Patent Expiry

Yesterday
Today
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1 Grow and maintain global products in urology and transplantation areas

- Grow OAB franchise with Vesicare and new drug mirabegron
- Maintain global Harnal and Prograf businesses

2 Expand sales of growth products in each region

- Mycamine, Symbicort, Celecox, Micardis, Lexiscan, Sumavel DosePro, VIBATIV, Eligard, Qutenza

3 Continuous launch of new products

- Entering new products into the market continuously by developing pipeline steadily

4 Actively in-license products and develop alliances

- Continue strengthening in-licensing and alliances matched to therapeutic area strategy and local franchises

5 Further expansion of global sales network

- Expanding business areas including emerging countries

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1. Basic Policy and Strategy
2. **Growth Strategy**
 - ▶ **Therapeutic area strategy-Global Category Leader-**
 - Regional strategy-Well-balanced four-region business platform-
 - R&D Innovation Strategy
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Urology: Current Situation and Strategy

Establish an overwhelming presence in the urology area

Current Status and Strengths

- Global leading position in BPH and OAB
- Steady and favorable global growth of Vesicare
- Promising new product mirabegron prepare for application in progress

Strategy

- Expand the OAB franchise further:
 - Develop OAB market
 - Vesicare and mirabegron
- Maintain BPH franchise:
 - Maintain Harnal (outside U.S.)
 - Launch EC905 (Europe)
- Synergy with oncology (prostate cancer)
- Strengthen development pipelines:
 - Actively conduct R&D on untapped urological diseases

Marketed Products	Pipeline	Products Scheduled for Launch During MTP14
Harnal (BPH*) Vesicare (OAB**) BPH*: Benign Prostatic Hyperplasia OAB**: Overactive Bladder	Mirabegron (P3) solifenacin/tamsulosin EC905 (P3) Vesicare orally-disintegrating tablet (NDA in Japan) ASP3652(P1) ASP7035(P1)	Around FY2012 Mirabegron (Global) EC905 (Europe) Vesicare orally-disintegrating tablet (Japan)

Growth Driver Mirabegron

Yesterday Today Tomorrow

Strengthen No.1 position in global OAB market together with Vesicare

Confirmed clinical benefit of mirabegron in Phase-3 trials in Europe, the U.S. and Japan

Mirabegron Product Profile

- Indications
Treatment of urinary frequency, urinary incontinence or urgency associated with OAB
- Mechanism of Action
β3 adrenoceptor agonist (first-in-class)
- Target product profile
Comparable (better) efficacy to anticholinergics (ACs) in improvement of OAB symptoms
Placebo-level incidence of anticholinergic side effects (dry mouth etc.)
Placebo-level acute urinary retention risk
(ACs: use caution in patients with clinically significant bladder outflow obstruction)

Provide a new treatment option with new mechanisms of action to patients who do not respond to ACs or who can not adhere to ACs



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Maximize Global Sales of OAB Franchise

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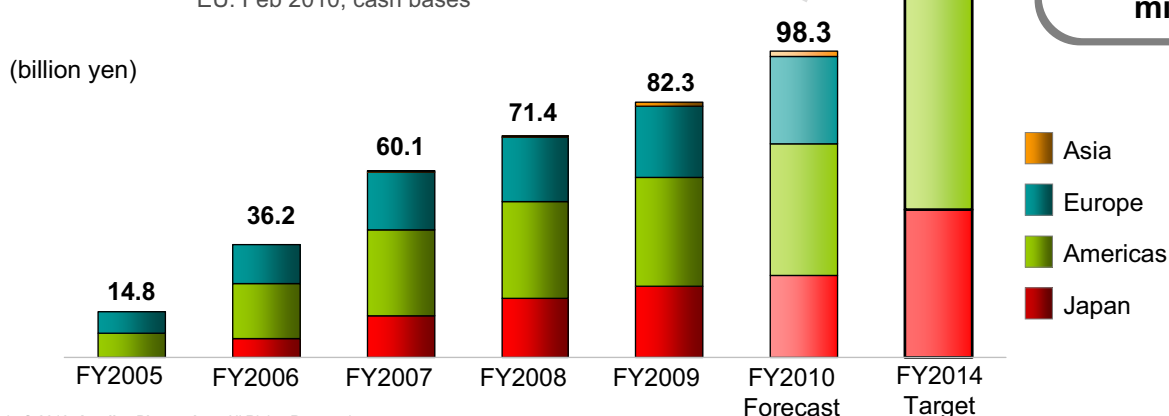
Aim for continuous high growth rate and higher market share

Develop market by actively raising patient awareness
Maximize product value by building scientific evidence (P3b/P4 studies)

Result in FY2009

	Share *	Growth Rate
Japan: No.1	(50%)	21%(YEN)
US: No.2	(18%)	23%(USD)
EU: No.1	(35%)	22%(EUR)

* Japan: Mar 2010, NHI Drug price bases
US: Week of April 23, 2010 total prescription basis
EU: Feb 2010, cash bases



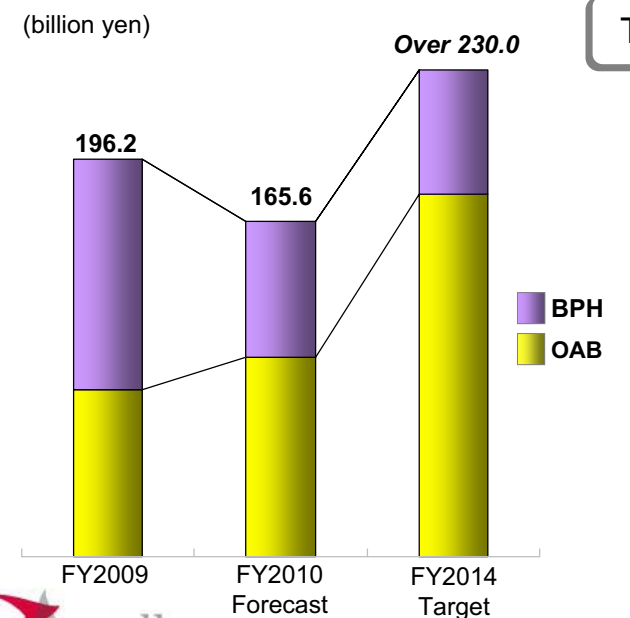
Target sales of over 170.0 bil. yen in FY2014 With growth of Vesicare + mirabegron

Maximize Global Sales in Urology

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Expect to increase sales in the urology area by growing Vesicare and mirabegron and maintaining Harnal sales outside the U.S.



Target sales of over 230.0 billion yen in FY2014

BPH
Marketed product: Harnal
New product: EC905 (Europe)

OAB
Marketed product: Vesicare
New products: Mirabegron, Vesicare orally-disintegrating tablet (Japan)



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Transplantation: Current Situation and Strategy

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Aim to contribute further to the transplantation community
Maintain GCL status in the transplantation area

Current Status / Strengths

- Global leading position in transplantation area
- Pipelines with unique mechanisms of action
- Existing unmet medical needs such as chronic rejection and delayed graft function

Strategy

- Maximize Prograf business
- Upgrade to Advagraf/Graceptor
- Maximize the value of Prograf & Advagraf using data accumulated after launch
- Accelerate advancement to late-stage of pipelines
- Strengthen research technology platform through ARIA*, co-research with Kyoto University** and Perseid Therapeutics
- Contribute to donor program

Marketed Products	Pipelines	Products Scheduled for Launch During MTP14
Prograf Advagraf/Graceptor	ASP0485 (P2: alefacept) ASP015K (P2: Immunosuppressant) ASKP1240 (P2: CD40 antagonistic monoclonal antibody) Maxy-4 (Preclinical)	Expect to launch new products in existing pipelines after FY2016



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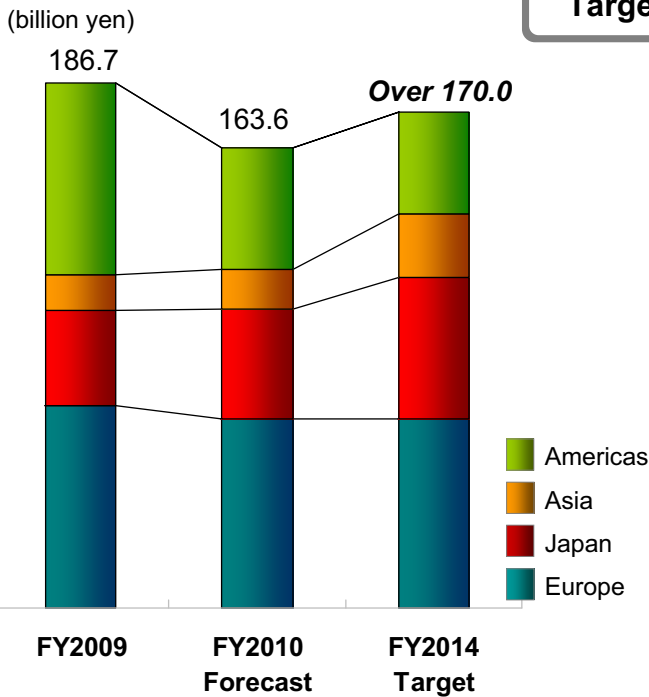
*Astellas Research Institute of America LLC **Kyoto University drug discovery co-research center

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Maintain and Maximize Prograf Business



Target sales of over 170.0 billion yen in FY2014



Japan	Continue growing Contribution of non-transplantation indications: •Rheumatoid arthritis, lupus nephritis, ulcerative colitis, myasthenia gravis
Europe	Maintain sales Contribution of Advagraf Less impact of Prograf generics
Americas	Moderate sales decline after FY2010
Asia	High growth rate (Particularly in China) Expand indications to autoimmune diseases



Oncology: Current Situation and Strategy



Make oncology the 3rd GCL alongside urology and transplantation
Strengthen pipeline and establish business base

Current Status / Strengths

- Acquire established fully integrated oncology platform through acquisition of OSI*
- Cutting-edge antibody technology and antibody-drug conjugate (ADC) technology from Agensys integration
- First-in-class compounds and therapeutic antibodies in R&D pipeline
- New products scheduled to be launched during MTP14

Strategy

- Actively using OSI's oncology business platform*
- Reinforce pipeline by utilizing novel targets and the new technologies
 - Discover first-in-class products
 - Small-molecule drug discovery (Tsukuba/OSI*) and antibody drug discovery (Agensys)
 - Make full use of translational science
 - Actively search for in-licensing opportunities
- Strengthen global marketing and product strategy functions in oncology area

Marketed Products	Pipeline	Products Scheduled for Launch During MTP14
Eligard (Europe, prostate cancer) Tarceva*(Japan,US,Europe, **NSCLC, pancreatic cancer) **NSCLC:non-small-cell lung cancer	8* small molecule drugs and 5 antibody drugs under development	Launch mid- to late-MTP14 degarelix (prostate cancer) MDV3100 (prostate cancer) AC220 (acute myeloid leukemia) (AML) Tarceva* (adjuvant NSCLC, ovarian cancer, colorectal cancer) OSI-906* (adrenocortical carcinoma, NSCLC, ovarian cancer)

Why We Selected Oncology as the 3rd GCL

Oncology is a strategic fit for Astellas and is a therapeutic area where we can leverage our strengths to establish a competitive edge

Strong Fit to GCL Concept

- High unmet medical needs still exist
 - High incidence rate: prostate cancer, breast cancer, colorectal cancer
 - High mortality rate: lung cancer, pancreatic cancer, stomach cancer, leukemia
- Highly specialized market
- Based on advanced science that is evolving
 - Identify novel target molecules and mechanisms of actions as science advances

Leverage Astellas' Strengths

- Astellas has a considerable number of first-in-class compounds and therapeutic antibodies with novel targets in R&D stage
- Strong Agensys research engine to generate Monoclonal Antibodies(Mab)
- Top-class ADC technology
 - Potent and specific effects on tumor cells
 - No dependency on biological function of target
- Strong synergies with urology franchise in prostate cancer



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Oncology Portfolio Strategy—Three Approaches

Three approaches to establishing a competitive edge by bolstering portfolio of first-in/best-in class products

- 1 Precision Medicine**
(Selected patient population, with high efficacy)
- 2 Mechanisms of action with application across multiple tumor types**
- 3 Leverage current capabilities**
(Urology expertise and other fields)

Current pipeline

AC220
Acute myeloid leukemia
Highly selective second-generation FMS-like tyrosine kinase-3 (FLT3) inhibitor

Best-in-class

YM155
Non-Hodgkin's lymphoma, melanoma, breast cancer
Inhibits survivin expression

First-in-class

Prostate cancer MDV3100
Second-generation androgen antagonist
Best-in-class

Antibody drugs

ASP6183
AGS-1C4D4
AGS-16M18
AGS-16M8F
ASG-5ME

Tarceva*

OSI-906*
OSI-930*
OSI-027*

Molecular-targeted

Prostate cancer degarelix
GnRH receptor antagonist
First-in-class in Japan

*Subject to completion of OSI Acquisition

Stronger pipeline of first-in/best-in class products with unique MOA

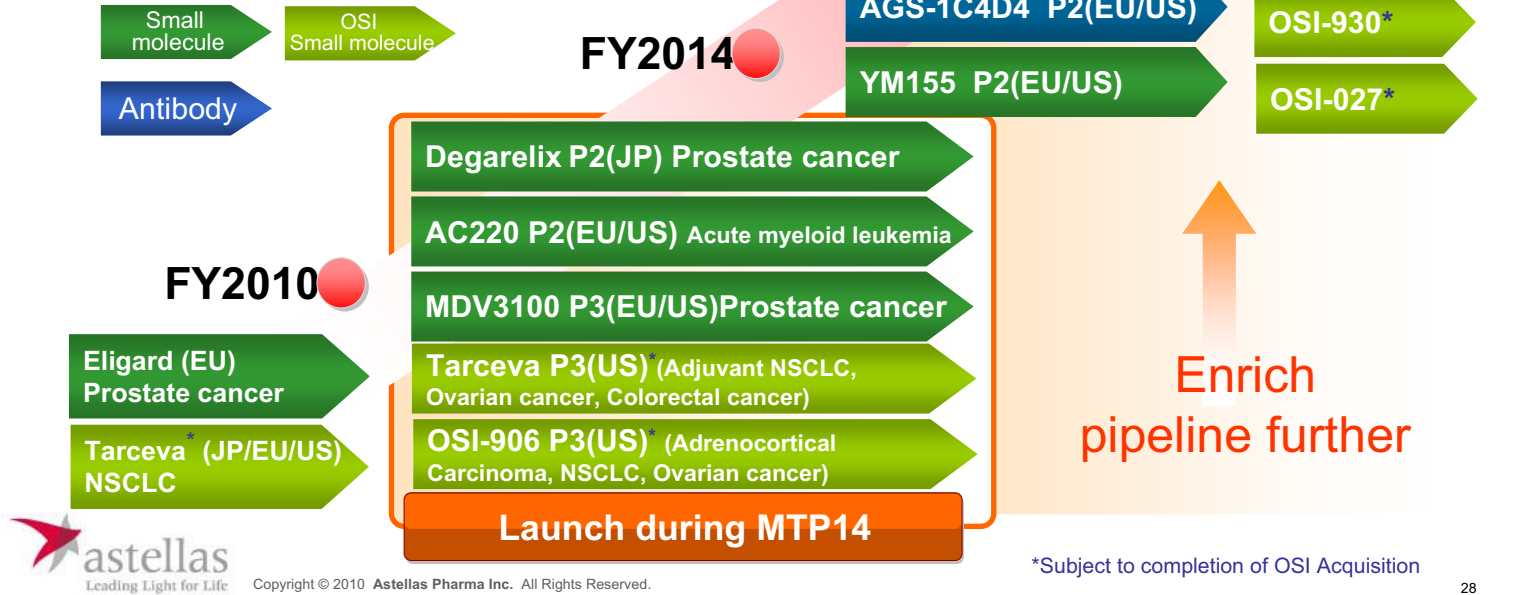


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Oncology Pipeline and Product Launch Schedule

- Expect to launch many new products from current pipeline over medium and long terms
- Strengthen pipeline through acquisition of OSI*



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Oncology: Market Entry Strategy

Strengthen product strategy functions and build sales organization for launching new products from the middle of MTP14

Build efficient sales organization

- Target specialists according to product and regional characteristics (Oncologists, hematologists, urologists, etc.) and build efficient sales organization to coincide with product launch years.

Target Specialists		
Urologists	Oncologists	Hematologists
Eligard-EU (Prostate cancer)	YM155 (Melanoma, breast cancer)	
Degarelix-Japan (Prostate cancer)	YM155 (Non-Hodgkin's lymphoma)	
	AC220 (Acute myeloid leukemia)	
MDV3100 (Prostate cancer/ pre-chemotherapy)	MDV3100 (Prostate cancer/ post-chemotherapy)	

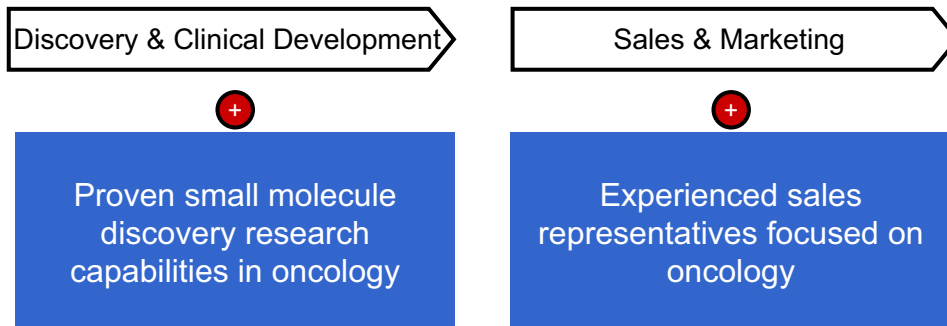
- Actively use OSI's established business platform in U.S.*

Strengthen global marketing and product strategy functions in oncology area

Early Establishment of Astellas' Oncology Franchise*

OSI's business platform accelerates Astellas' oncology business strategy

- Acquire fully integrated oncology capabilities in the U.S. including discovery, development and commercialization
- Expand clinical stage oncology pipeline
- Access to small molecule discovery research platform in oncology



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* Subject to completion of OSI Acquisition

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Tomorrow

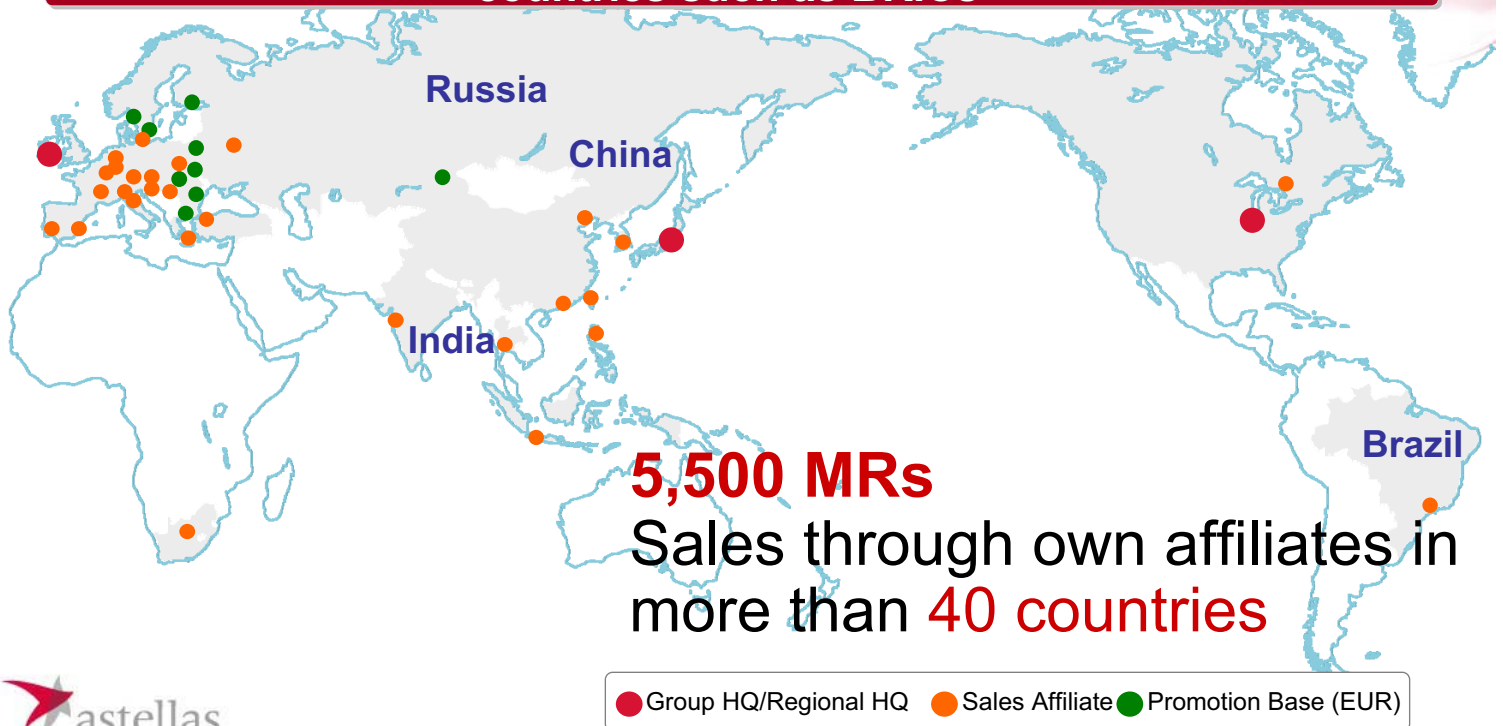
MTP14

1. Basic Policy and Strategy
- 2. Growth Strategy**
 - Therapeutic area strategy—Global Category Leader
 - ▶ **Regional strategy—Well-balanced four-region business platform**
 - R&D Innovation Strategy
3. Financial Targets
4. Society, the Environment and Employees
5. Conclusion

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Well-Balanced Business Expansion in 4 Regions

Wide coverage with own sales network including emerging countries such as BRICs

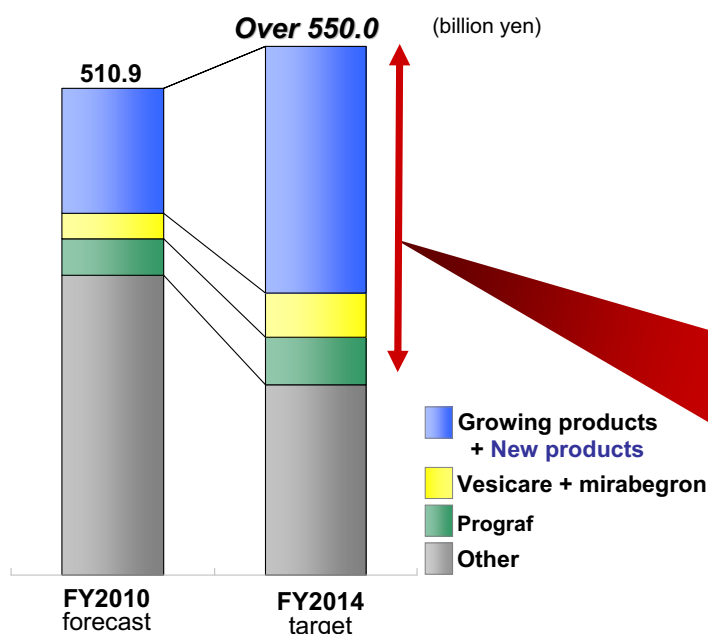


Japan: Strengths and Growth Drivers

Japan

Achieve No.1 market share in Japan during MTP14

Total Rx Sales in Japan



Strengths

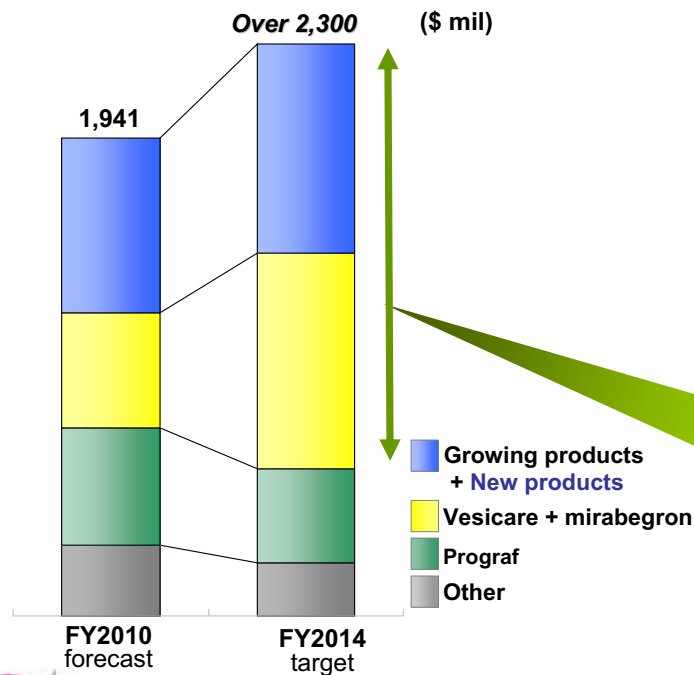
- One of the biggest and best teams of MRs : approx 2,400 MRs
- Rich product lineup (Therapeutic areas and product numbers)
- Solid Sales force structure and support system
- Successful experience in marketing alliances

Growth Drivers in MTP14

With growing products (incl. recently launched products) + new products + Vesicare + mirabegron + Prograf, aiming more than 160.0 bil. yen revenue increase from FY2010

Americas: Strengths and Growth Drivers

Improve and bolster existing business platform for future growth



Strengths

- US:** Business model focused on specialty areas, and slim, efficient and flexible organization
 - High-quality sales force
 - Efficient adaptation to customer needs and market trends
 - Abundant experience in strategic alliances
- Canada:** Solid sales platform centered on in-house products
- Latin America:** Sales affiliate in Brazil and business network in Latin America

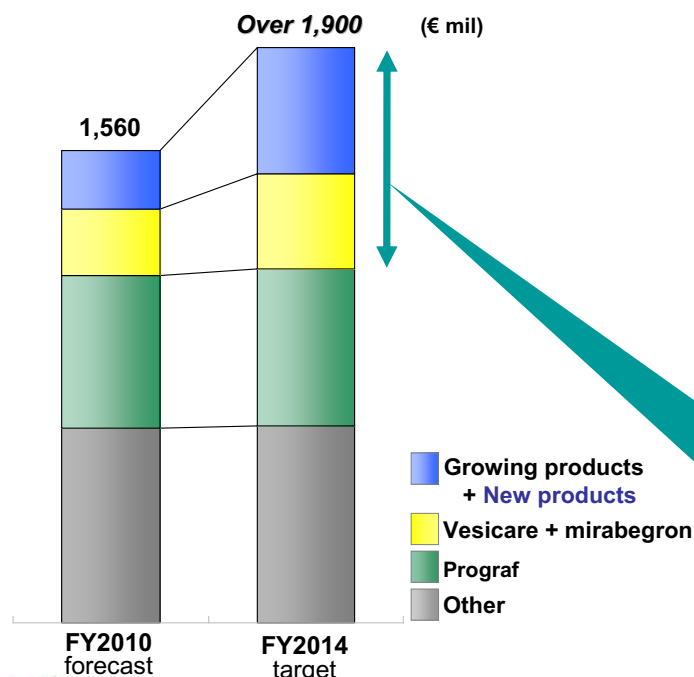
Growth Drivers in MTP14

With growing products (incl. recently launched products) + new products + Vesicare + mirabegron, aiming more than \$500 mil. revenue increase from FY2010

Area expansion:
Business expansion including own sales and marketing in Latin America

Europe: Strengths and Growth Drivers

Expand and reinforce business further as leading Japanese pharmaceutical company in the region



Strengths

- ***No.1 in sales** among Japanese pharmaceutical companies
- **Agile and lean organization**
Efficient adaptation to customer needs and market trends
- **Extensive geographic coverage**
Most extensive geographical coverage among Japanese pharmaceutical companies: 20 sales affiliates
- **Success in emerging markets**
 - Russia generates the 5th largest sales among European countries
 - Recently established sales affiliate in Turkey, as well as legal entity for promotion in Romania and Bulgaria

Growth Drivers

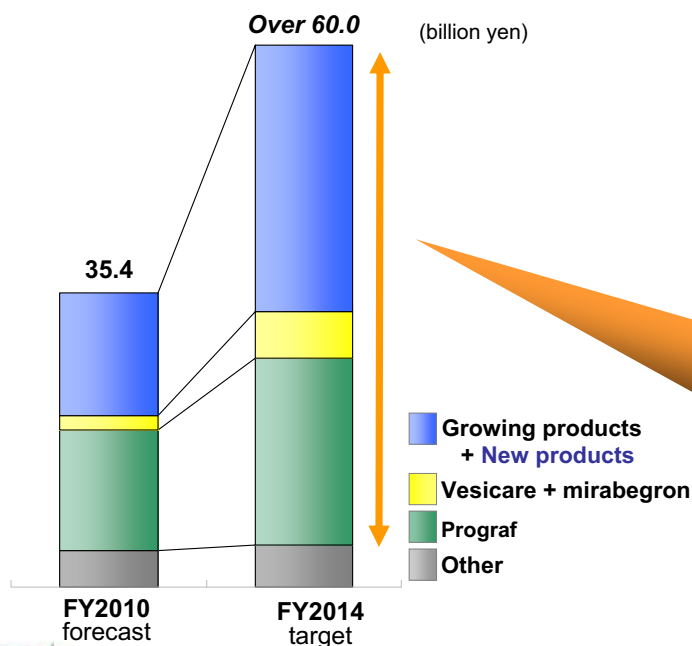
With growing products (incl. recently launched products) + new products + Vesicare + mirabegron, aiming more than €300 mil. revenue increase from FY2010

Area expansion:
Considering expanding into the Balkan Peninsula, CIS and North Africa, etc.

Asia: Strengths and Growth Drivers

Asia

Realize dramatic growth by expanding sales in each country



Strength

- Expansion of sales network by own affiliates
 - *No.1 sales among Japanese pharmaceutical companies (6 countries except India)
 - Coverage of Asian main market (7 countries/8 affiliates)
- Business foundation with high profit structure
 - In-house products in transplantation and urology as the business core
 - Marketing strategy that accurately meets market needs in each country

Growth Drivers

As a whole Asia, aiming more than 30 bil. yen revenue increase from FY2010

- Geographic expansion
 - Expansion of in-house sales affiliates in new territories being considered
- Most focused on China



China: Asian Growth Driver

Asia

Raise presence as the leading Japanese pharmaceutical company



Strength

- *No. 1 in sales among Japanese pharmaceutical companies (Aggregate from January to December 2009; IMS Data)
- High growth rate Achieved growth rate of approx. 20% (From FY2008 to FY2009)
- Long track record in China
 - Entered market in 1994
 - Manufacturing facility (Shenyang)
 - Sales bases (5 locations)

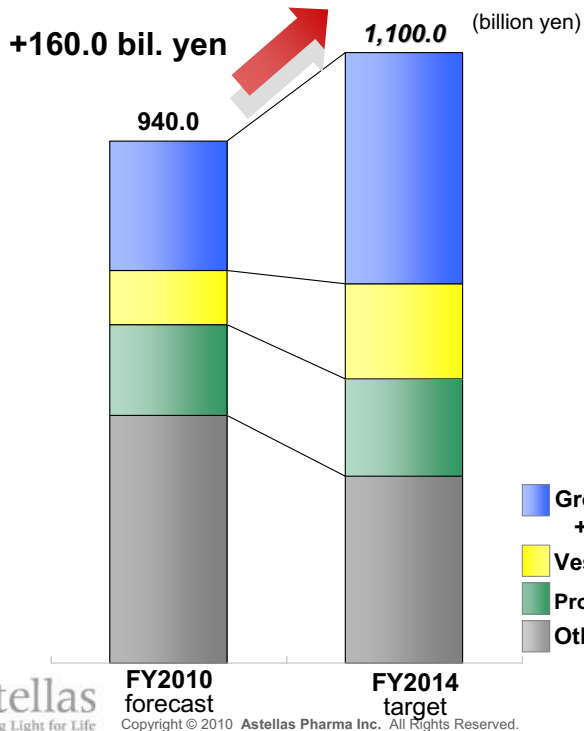
Growth Drivers

- Prograf, Harnal, Vesicare, Mycamine
- New products Irribow, Febuxostat
- Increase MRs to expand customer coverage
 - Plan to at least double the number of MRs depending on progress with MTP14 (FY2009 Approx. 300)



Global Growth in 4 Regions: Summary (1)

Expand sales globally with growing products, new products and Vesicare + mirabegron



Growth Drivers

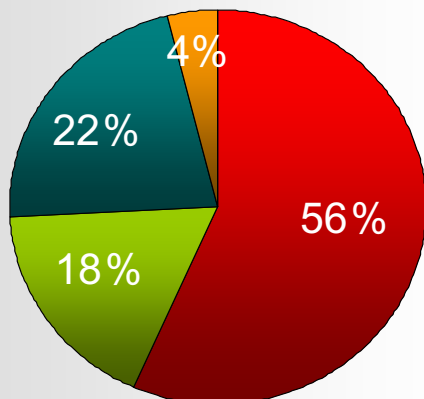
Aim for sales in excess of :
more than 180.0 bil. yen with
growing products and new
products

more than 70.0 bil. yen with
Vesicare and mirabegron

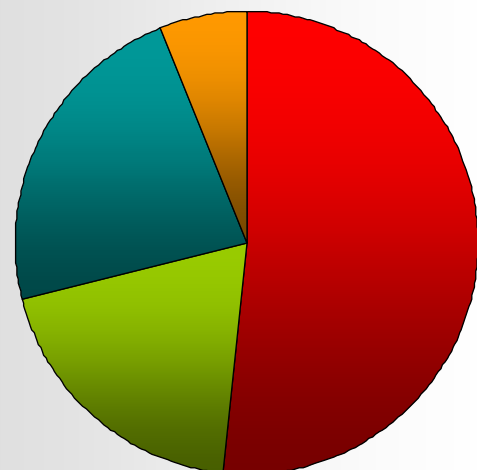
Global Growth in 4 Regions: Summary (2)

Achieve well-balanced growth in all 4 regions

■ FY2010 forecast : 940.0 bil. yen



■ FY2014 target : 1,100.0 bil. yen



VISION

Tomorrow MTP14

1. Basic Policy and Strategy

2. Growth Strategy

Therapeutic area strategy—Global Category Leader

Regional strategy—Well-balanced four-region business platform

▶ **R&D Innovation Strategy**

3. Financial Targets

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Actively Approach to Precision Medicine Drug Discovery

Astellas aims to establish a leading position in Precision Medicine by leveraging translational science and biomarker research

Past

Mass Medicine

“One-size fits all” prescription

Future

Precision Medicine

Highly effective drugs for defined patients



Precision Medicine:

Offering highly effective therapeutic options for precisely defined patient populations based on molecular targeting and precise diagnosis

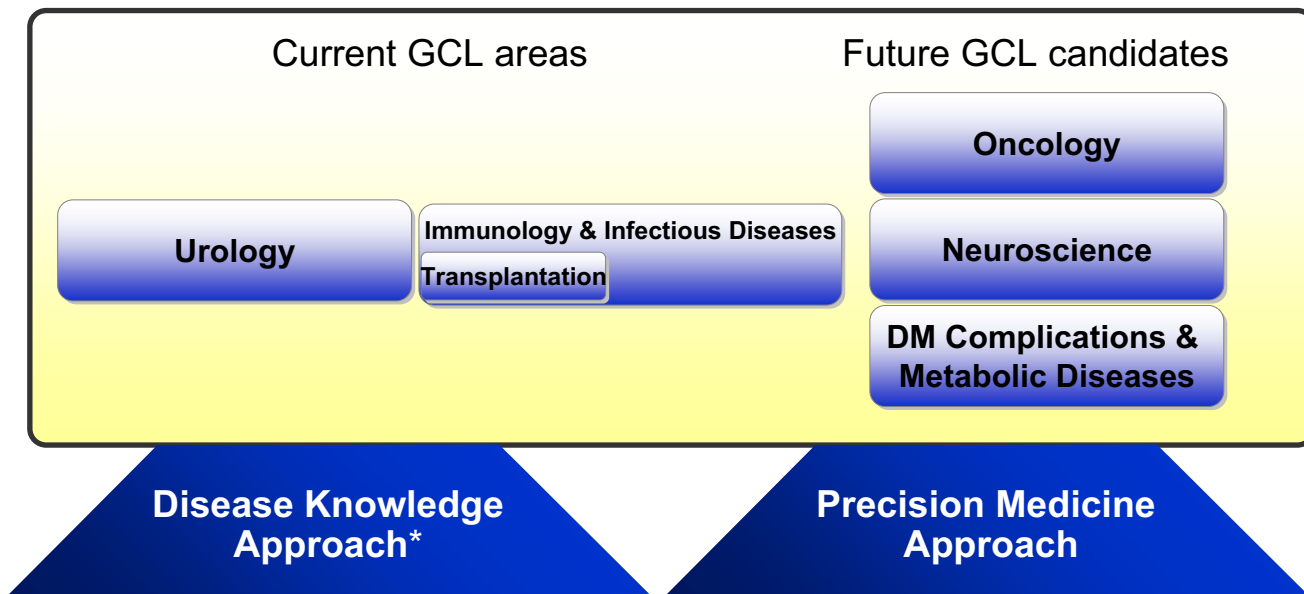
- ▶ Higher efficacy and fewer side effects
- ▶ Smaller-scale clinical trials targeting specific population of patients
- ▶ Pharmacoeconomical advantages by prescribing for responders only

Research Area Strategy (1)

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Establish a GCL model with Disease Knowledge and Precision Medicine approaches



*Disease Knowledge Approach: Making full use of experience and knowledge which Astellas has accumulated in R&D and marketing regarding diseases



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Research Area Strategy (2)

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Multiple NME* platforms, i.e. small molecule synthesis, fermentation, and antibody/protein drugs

Aggressively invest in antibody drug platform during MTP14

Access to key new technologies (V-mice, ADC, etc.)

Manufacturing facilities for CTM** and initial commercial production

Focused Area \ NME platform	Small molecule synthesis	Fermentation	Antibody/Protein
Oncology	◎	◎	◎
Immunology (transplantation) and Infectious Diseases	◎	◎	◎
DM Complications and Metabolic Diseases	◎		◎
Neuroscience	◎		○
Urology	◎		○



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*NME: New Molecular Entity

**CTM: Clinical Trial Materials

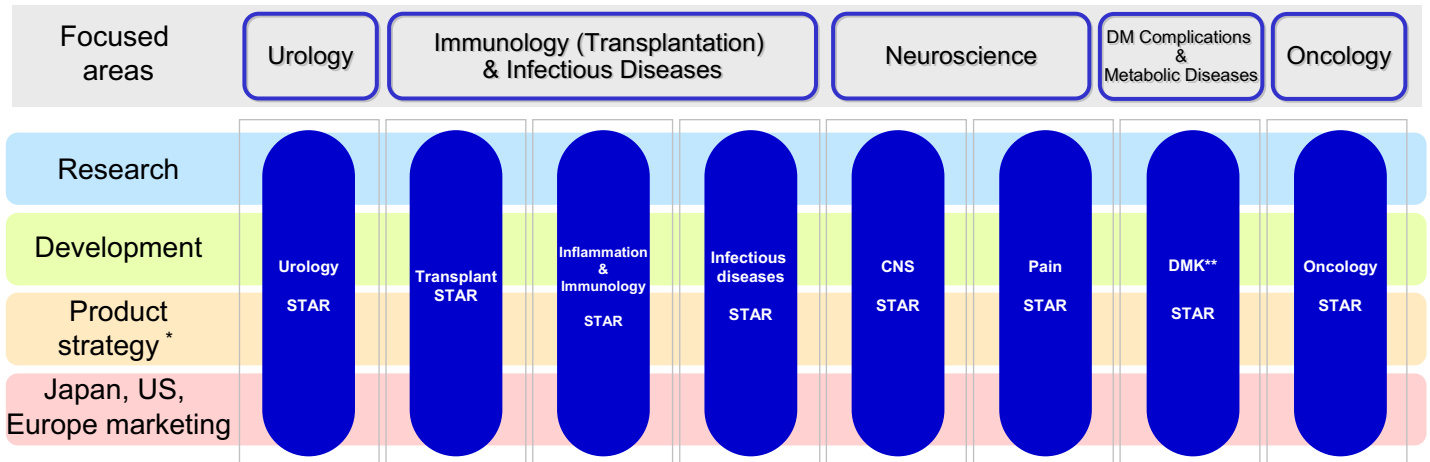
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Reinforce Cross-Functional Therapeutic Area Management



Global therapeutic area management with STAR (Strategy team for therapeutic area reinforcement)

- Plan and execute individual therapeutic area strategy from research to marketing
- Quickly introduce market needs in R&D



*Product strategy: Scientific Intelligence, Market Intelligence, Global Marketing
 **DMK: Diabetes, Metabolic and Kidney diseases

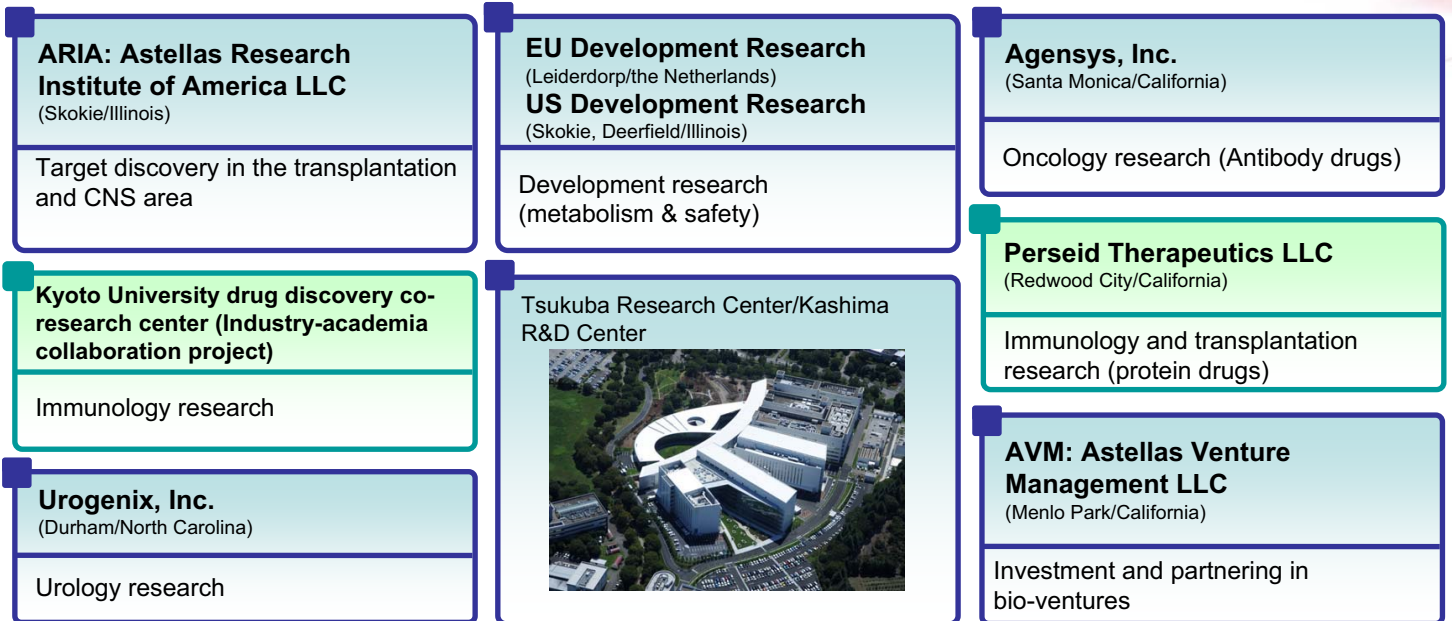


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Astellas' Research Network



Build a nimble research network that leverages therapeutic area expertise



Tsukuba Research Center (Miyukigaoka)
 The photo was provided by KOKYU MIWA ARCHITECTURAL PHOTOGRAPHY

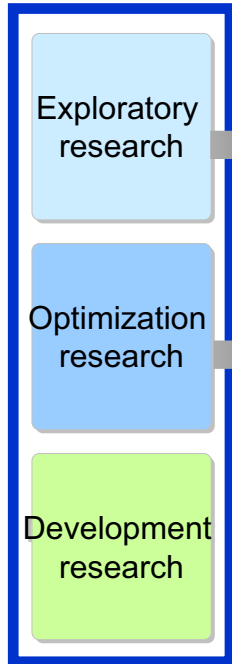
- Own base
- JV/Research alliance



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Reinforcement of Research Functions

Improve capability to discover new drugs with cutting-edge technology



- Increase opportunities to discover drug targets
Kyoto University drug discovery co-research center, ARIA, Urogenix, Agensys, collaboration with academia
- Reinforce chemical seed/lead compound discovery
Compound library & HTS, Fragment Evolution Project (Utilize a KEK* beamline for protein crystallography)
*High Energy Accelerator Research Organization (KEK)

- **Improve the “quality” of candidates**
Enhance toxicology and safety evaluation
- **Reinforce translational science**
Biomarker, bioimaging
- **Strengthen antibody drug research**
Agensys, V-mice, ADC, phage library
- **Approach new technologies**
iPS cells, nucleic acid drugs (siRNA), etc.



Exploring Paradigm Shift in Market

Initiate advanced drug discovery research and business model to be prepared for structural changes in the market in the future



- **Strengthen Japan vaccine business**
 - Maintain top share in the Japanese influenza vaccine market
- **Embark on novel vaccine approaches**



- **Explore advanced regenerative drug technology with the aim of capturing synergies with transplantation and other focus therapeutic areas**
 - Initiate drug discovery research of regenerative drugs
 - Target serious illnesses for which there is no fundamental treatment
 - Put iPS cell technologies into practical use of drug discovery screening

Pipeline -Many PJs Expected to Be Approved During MTP14-

 :Preparing for filing
 : Local PJ
 : New Indication, New Formulation
 :In-house Global PJ
 : Licensed-in Global PJ

	PJ Expected to Be Approved Up to FY2014		PJ Expected to Be Approved after FY2014
	PJ Under Filing		
Urology	YM617 (Lower urinary tract syndrome in male patients, Japan) YM905 (OAB D tablet, Japan)	YM178 (OAB, Europe, US, Japan) solifenacin/tamsulosin (Europe)	
Tx Immunology & Inflammation		YM177 (Acute pain, Japan)	ASP0485 (Transplant, Europe, US) ASP9831 (Europe) ASP015K (Transplant, US) ASKP1240 (Transplant, US)
Infectious Diseases	telavancin (HAP, US) telavancin (cSSTI/HAP, Europe)	Isavuconazole (Europe, US)	ASP2151 (US, Japan)
Diabetes Cardiology Renal	RSD1235 (US)	YM150 (VTE, Japan, Asia) ASP1941 (Japan) ASP1585 (Hyperphosphatemia, Japan) YM533 (Chronic renal failure, Japan, Asia)	YM150 (VTE, Europe, US) YM150 (AF, Europe, Japan, Asia) YM150 (ACS, Europe) ASP1941 (Europe, US) YM311 (US) ASP1517 (US)※
CNS	ASP8825 (Restless legs syndrome, Japan)		
Oncology		ASP3550 (Prostate cancer, Japan) MDV3100 (Prostate cancer, Europe, US) AC220 (Acute myeloid leukemia, Europe, US)	YM155 (Europe, US) AGS-1C4D4 (Pancreatic cancer, Europe, US) ASP6183 (AGS-8M4) (Ovarian cancer, US)
Other		YM443 (Japan) YM529 (1M, Japan)	YM060 (Europe)

※Licensed territory: Europe, Japan, etc.
 cSSTI: Complicated Skin and Soft Tissue Infections
 HAP: Hospital-acquired Pneumonia
 VTE: Venous thromboembolism
 AF: Atrial fibrillation
 ACS: Acute Coronary Syndrome

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Tomorrow

MTP14

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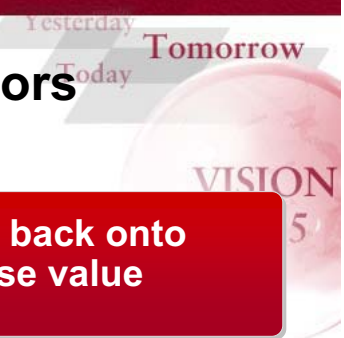
R&D Innovation Strategy

▶ **3. Financial Targets**

4. Society, the Environment and Employees

5. Conclusion

Financial Targets: Improve Management Indicators



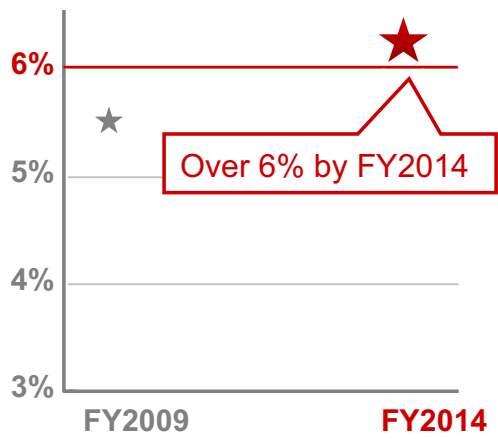
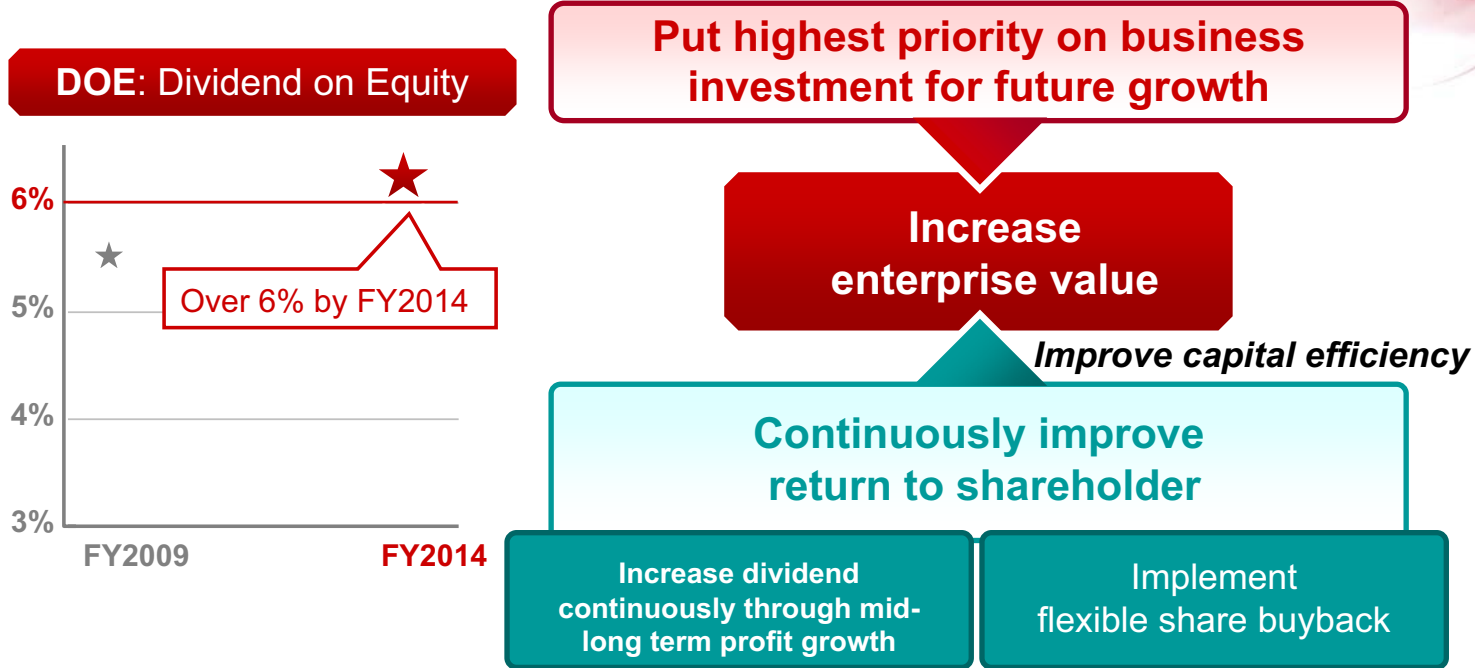
Overcome patent expiry of two mainstay products, move back onto a growth trajectory and continuously improve enterprise value

Move back onto a growth trajectory beginning in FY2010	Net sales	FY2010 940.0 bil. yen → 1,100.0 bil. yen
Invest substantially in R&D in support of long-term growth	R&D as a percentage of net sales	Around 16% or more
Actively and continuously endeavor to raise cost efficiency	Cost of sales and SG&A expense ratio	Reduction of cost of sales Efficient use of expenses
Raise enterprise value by increasing profits and improving capital efficiency	Operating income Operating margin ratio ROE	152.0 bil. yen → 240.0 bil. yen 16% → 22% Over 15%

*Assumed exchange rates: 90 yen/USD, 130 yen/EUR

Payout Policy

- Continuously strive to increase return to shareholder-



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Measures for Society and the Environment

Five Fields of CSR-Based Management



- Further strengthen the orientation to patients and make the best efforts to meet unmet medical needs for patients all over the world.
- Continuously conduct social contribution activities suited to the characteristics of each region around the world.
 - Japan: donated a birth center and health clinic in Indonesia in association with PHJ*
 - US: launched "Science WoRx.", a program for science teachers 
 - Europe: awarded "Astellas Changing Tomorrow Charity Award" to groups that conduct activities that help change the future, such as medical education

*PHJ: People's Hope Japan (NPO)

- Global Warming Prevention
Astellas has set global numerical targets for reducing greenhouse gases by 2020, and is working actively and systematically to achieve them.

Measures for Employees

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Five Fields of CSR-Based Management



- Foster the “Astellas Way” corporate culture
 - Aim to unify the global organization by strengthening the corporate culture and spirit
 - Communicate the thoughts and actions required of employees and share globally as a platform for daily work and decision-making

- Human resource strategy for supporting growth strategy
 - Become the employer of choice in the pharmaceutical industry in each region
 - Strategic focus: reinforce leadership and expand response capabilities to globalization
 - Promote diversity in human resources in global and functional headquarters



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Tomorrow

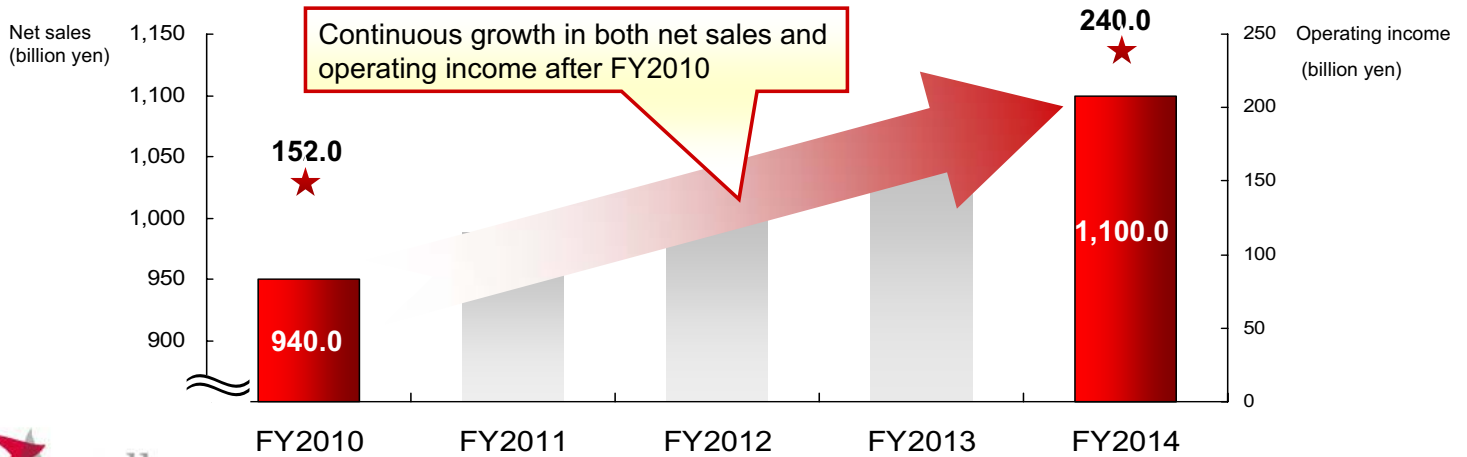
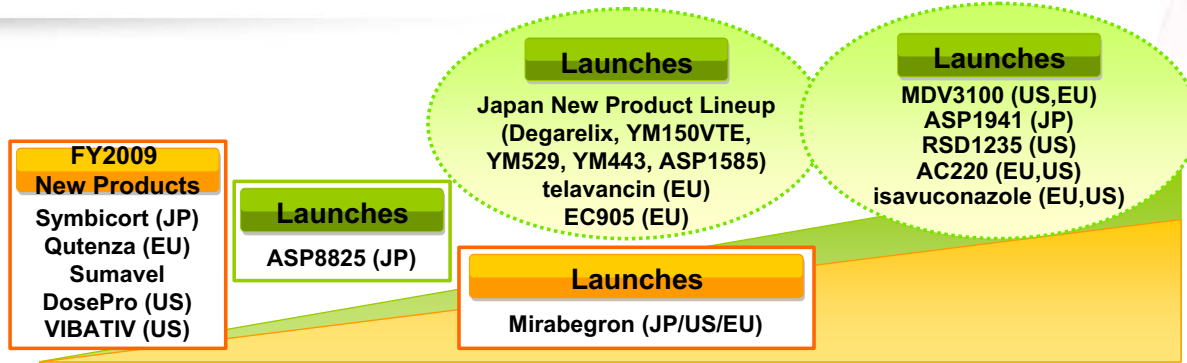
MTP14

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Launch Milestones and Growth Realization

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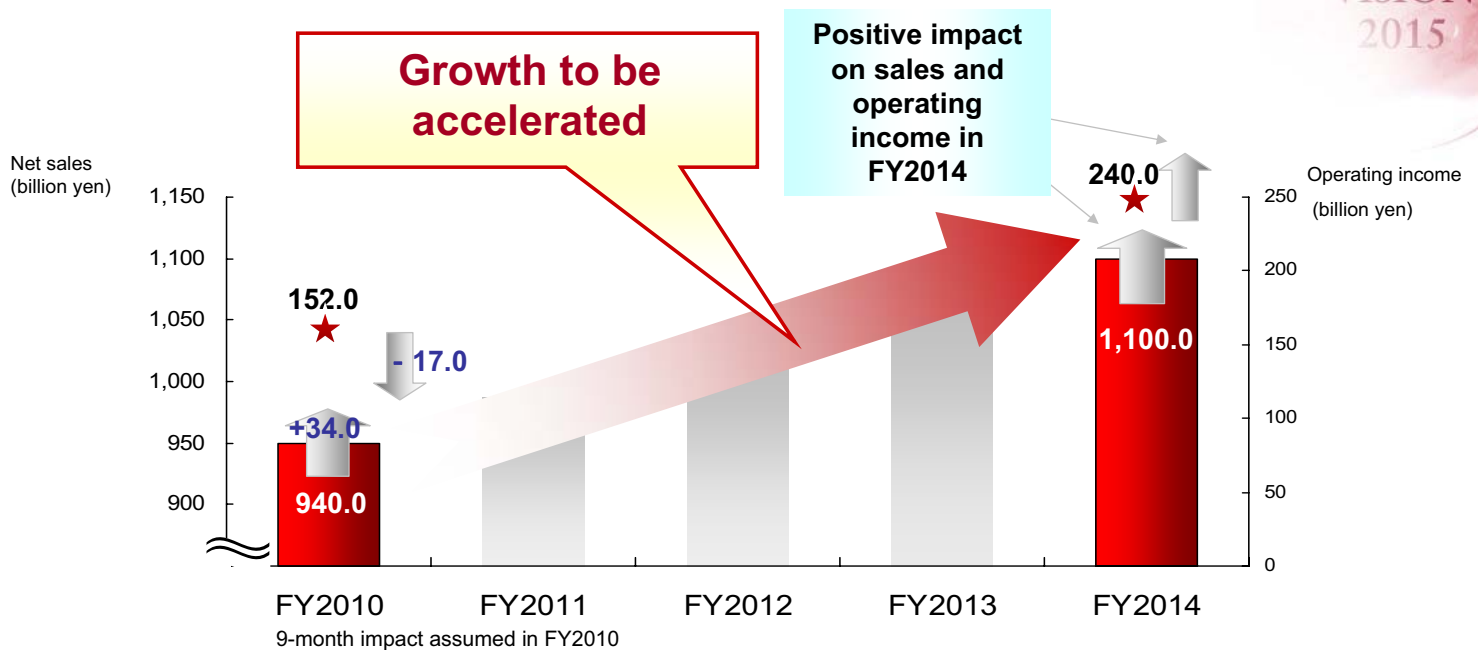
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OSI Acquisition: Financial Impact on Sales and Earnings*

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■ Operating income before amortization estimated to be accretive from Year 1

*Subject to completion of OSI acquisition

Financial impact related to OSI acquisition was estimated based on currently available information



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Key Message for MTP14: One to Five

Yesterday
Today
Tomorrow

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2015

Growth strategy for becoming Global Category Leader

Realization of No. **1**
market share in Japan

Maximization of existing
2 GCL areas



Upgrade of oncology
to **3**rd GCL

Well-balanced
globalization
in **4** regions

Enrichment of pipeline
in **5** focused research areas



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Yesterday
Today
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Changing tomorrow

明日は変えられる。

