

Results Presentation Reference Material

Earnings Overview and Management Policy

Results for FY2005

(April 1, 2005—March 31, 2006)

May 15, 2006

Takashi Shoda,
President and Representative Director



DAIICHI SANKYO CO., LTD.



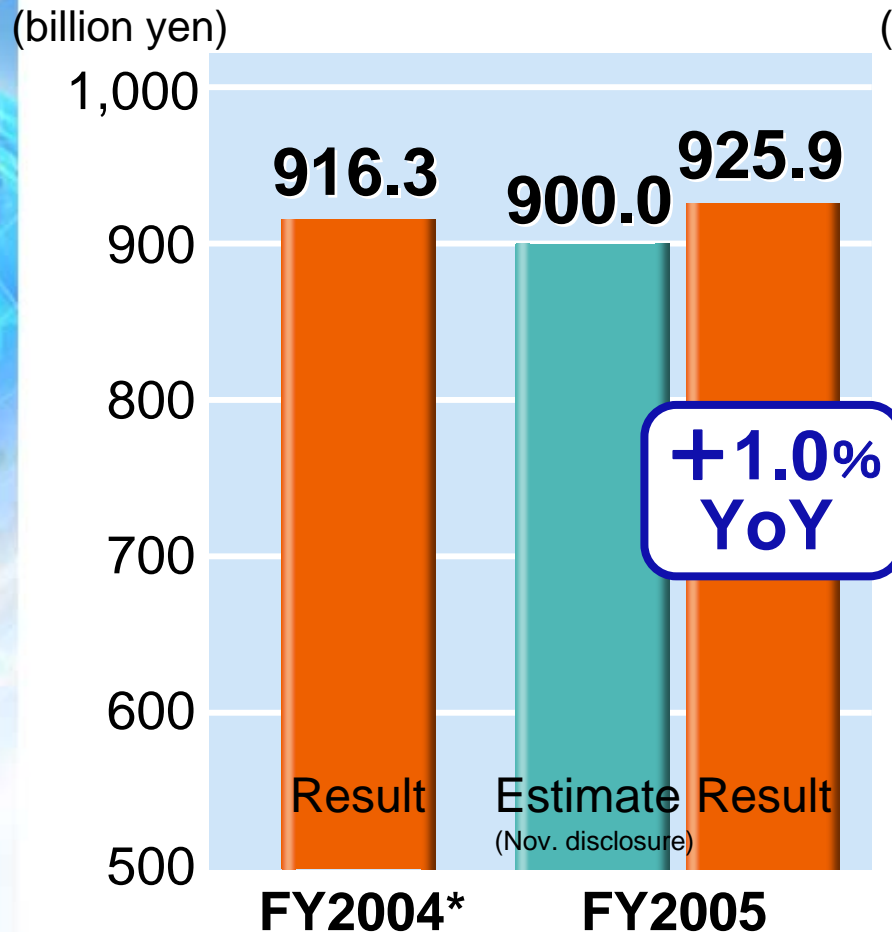
Results Overview

FY2005 Results

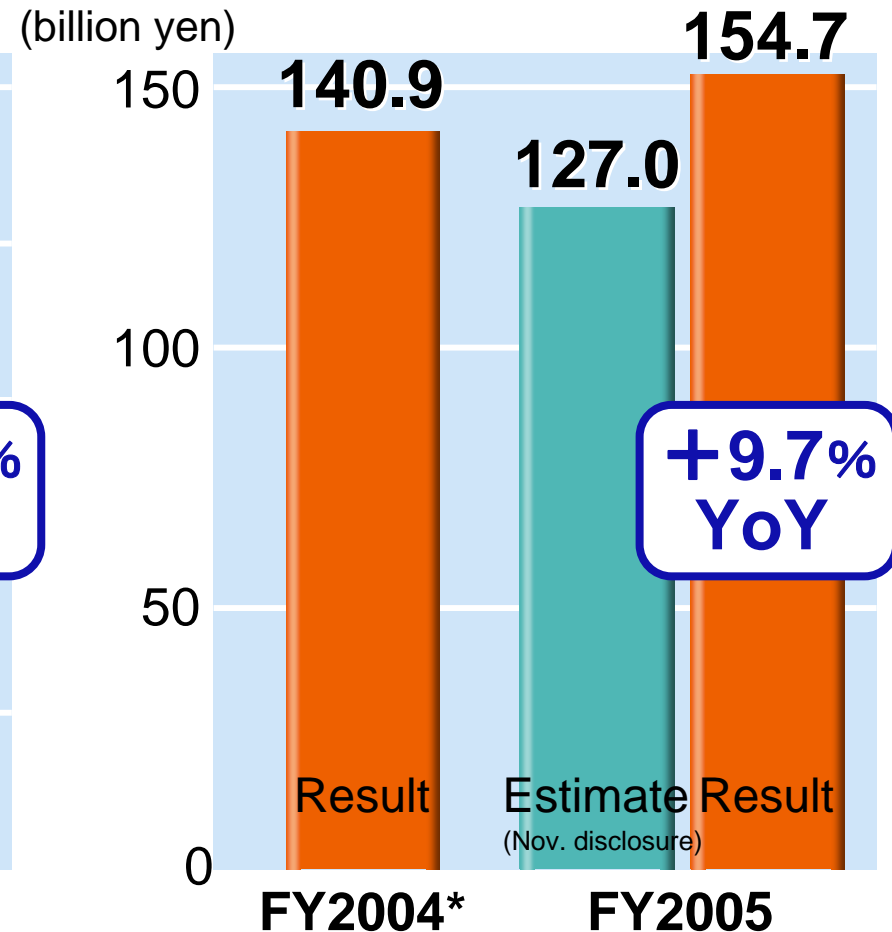


Daiichi Sankyo FY2005 Results Overview

Sales



Operating Income



* Simple totals of both companies' figures



DAIICHI SANKYO CO., LTD.

Main Product Sales Trends

(billion yen)

Product name	FY2004	FY2005		
	Full-term Results(1)	Estimate (Nov. disclosure)	Results (2)	+/- (2) - (1) (YoY)
Mevalotin	166.7	140.1	143.2	- 23.5
Japan	82.5	75.9	75.2	- 7.3
Exports	77.0	59.7	64.5	- 12.5
Cravit	90.3	95.8	97.6	7.3
Japan	47.1	50.2	50.2	3.1
Exports	24.2	29.2	29.5	5.3
Olmetec	45.6	88.3	92.4	46.8
Japan	9.0	24.0	25.6	16.6
US	30.3	47.7	50.3	20.0
Europe	5.8	14.9	14.7	8.9
Omnipaque	34.2	34.1	34.7	0.5
Panaldine	28.6	28.1	28.3	- 0.3
Loxonin	28.6	28.7	29.0	0.4
Venofar	19.4	21.0	22.6	3.2

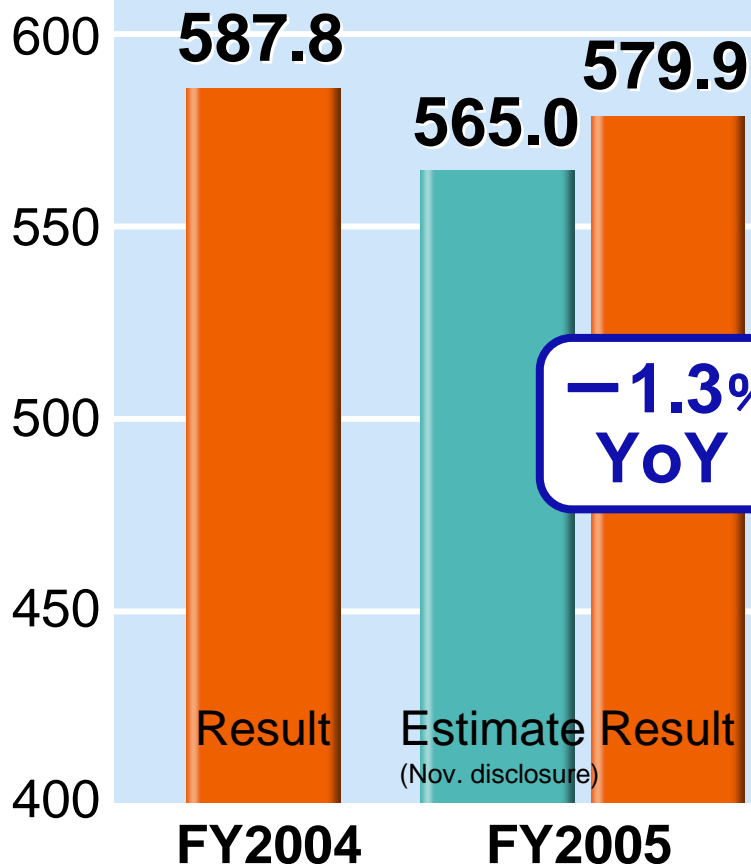


DAIICHI SANKYO CO., LTD.

Sankyo Group FY2005 Consolidated Results Overview

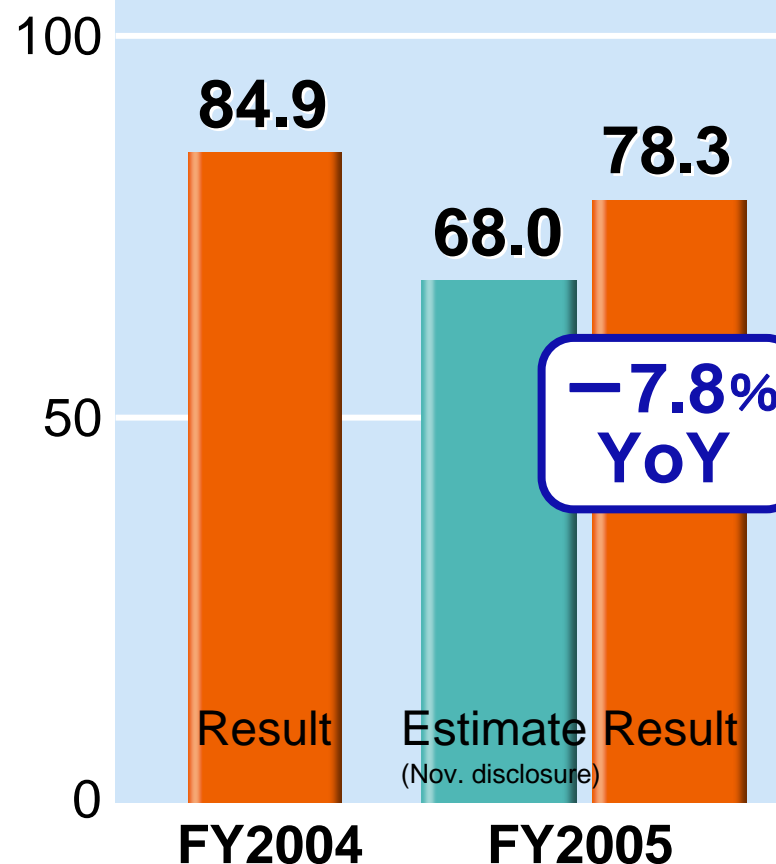
Sales

(billion yen)



Operating Income

(billion yen)



Reasons for Differences between Consolidated FY2005 Results and Company Estimates for Sankyo Group (vs. Nov. Estimate)

1. Consolidated Sales 579.9 billion yen (+ 14.9 billion yen)

- **Japan: Olmetec** (growth through co-promotion with Daiichi Pharmaceutical)
- **Exports: Mevalotin** (higher bulk exports to Europe)
- **Overseas:**
 - Benicar** (higher volume and share through shift to strong markets)
 - Venofer** (price negotiations with dialysis centers postponed in 2006, volume and share up)
- **Other:** foreign exchange differences + 2.5 billion yen

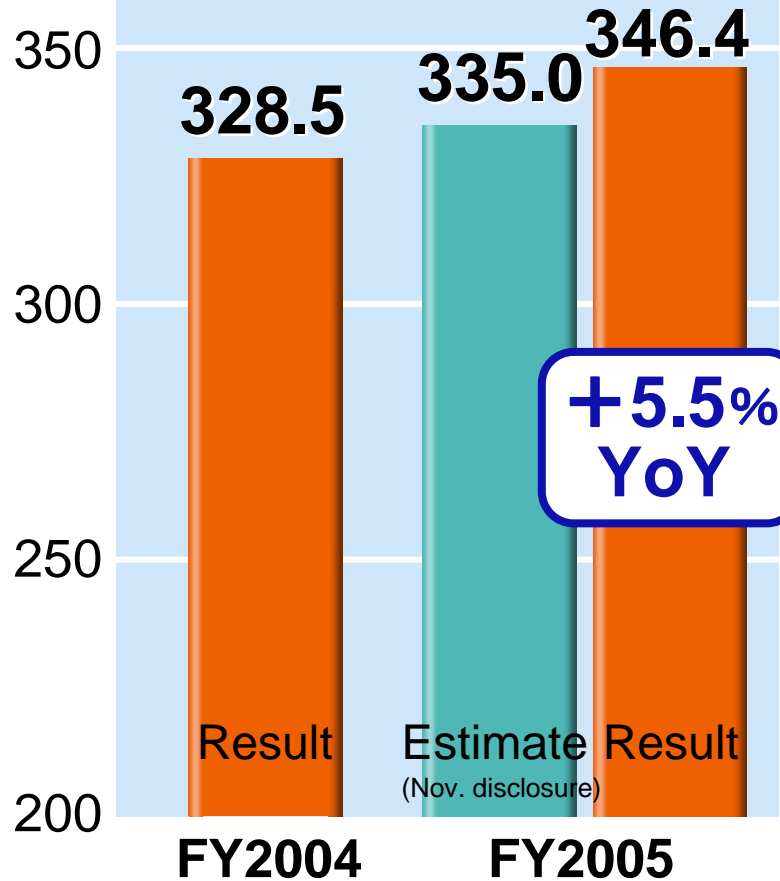
2. Consolidated Operating Income 78.3 billion yen (+ 10.3 billion yen)

- **Cost ratio improves**
 - estimate 35.2% → result 34.2%
 - higher Sankyo product share of sales mix
 - lump-sum sales of former Luitpold business in Europe was recorded (cost-free)

Daiichi Pharmaceutical Group FY2005 Consolidated Results Overview

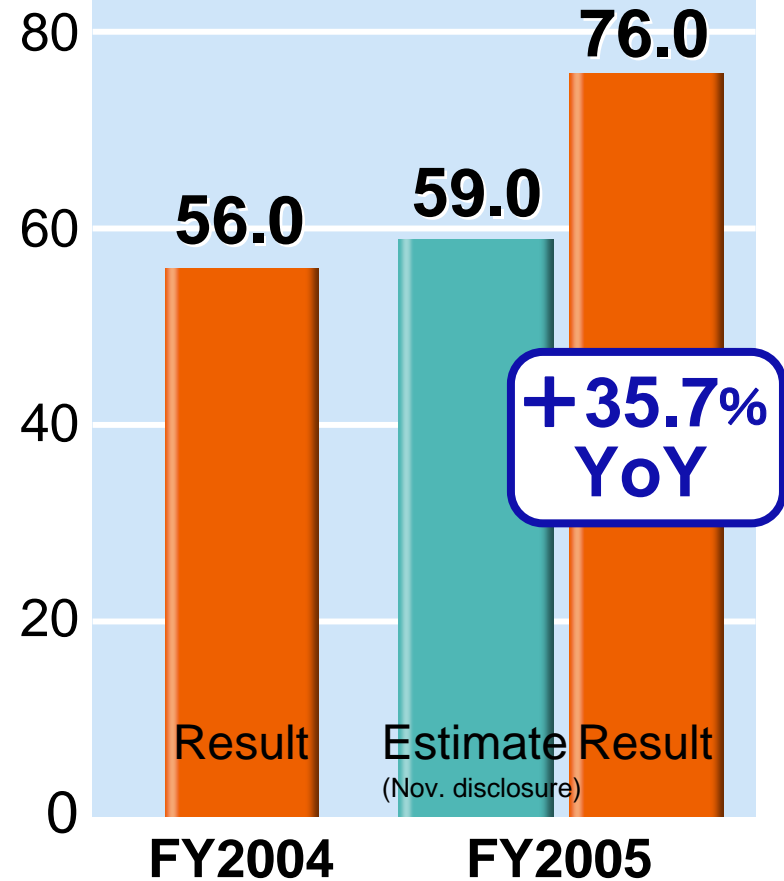
Sales

(billion yen)



Operating Income

(billion yen)



Reasons for Differences between Consolidated FY2005 Results and Company Estimates for Daiichi Pharmaceutical Group (vs. Nov. Estimate)

1. Consolidated Sales 346.4 billion yen (+ 11.4 billion yen)

- Japan: One-off income from recognition of production and sales rights for Plavix
- Foreign exchange differences + 3.0 billion yen

2. Consolidated Operating Income 76.0 billion yen (+ 17.0 billion yen)

- Cost ratio improves
estimate 28.3% → result 26.6%
reflecting one-off income from Plavix
overall reductions in cost of sales
- R&D costs about 2.0 billion yen shortfall
- Exchange profits



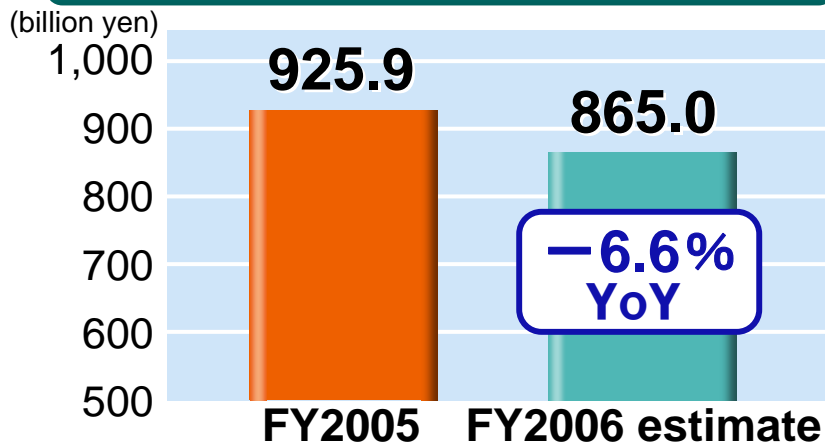
Results Overview

FY2006 Forecast

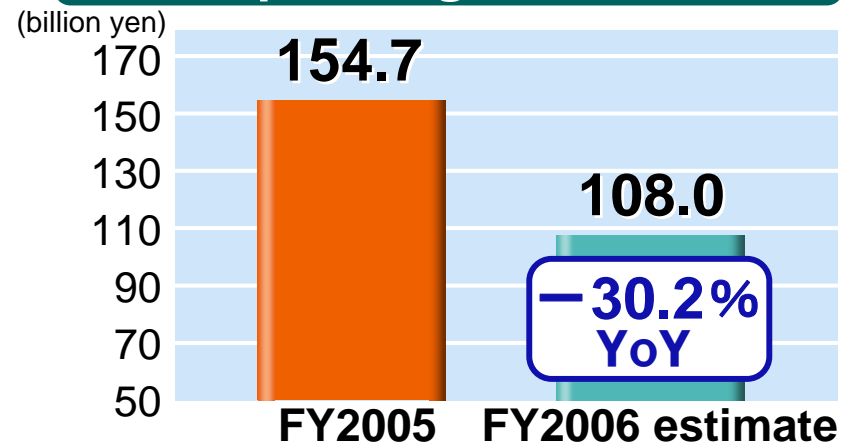


FY2006 Performance Projections

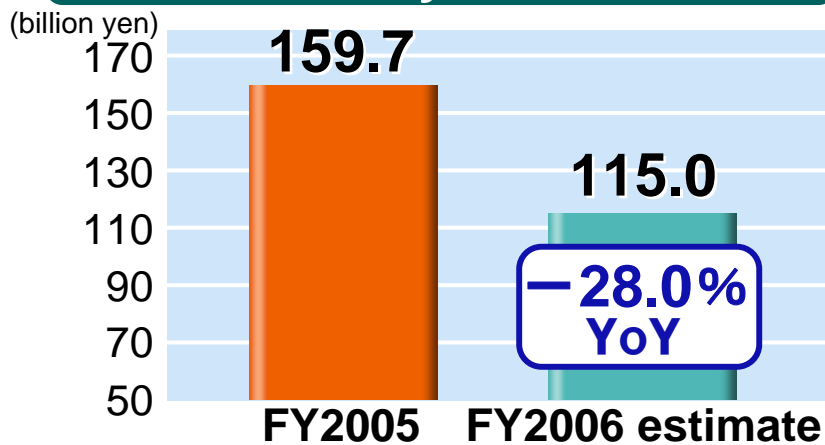
Sales



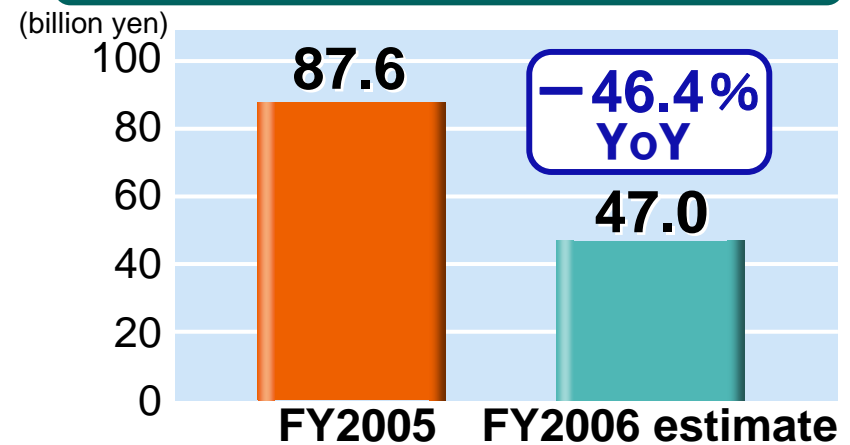
Operating Income



Ordinary Income



Net Income



Assumption: One-half of annual sales and profits recorded in non-pharmaceuticals businesses

For two US companies (DSI, LPI), 15-month fiscal year covering January 2006 to March 2007 due to change in fiscal year-end



DAIICHI SANKYO CO., LTD.

Focus of Daiichi Sankyo FY2006 Consolidated Earnings Forecast

1. Consolidated Sales 865.0 billion yen(– 60.9 billion yen)

■ Pharmaceuticals business

Ethical drugs: Domestic collaboration, launch of new drugs—URIEF and LOXONIN PAP
Exports: Lower bulk sales of Pravastatin due to patent expiration in US

Overseas subsidiaries:

Daiichi Sankyo Inc. and Luitpold Pharmaceuticals Inc.

with 15-month fiscal year (Jan. 2006 to Mar. 2007) from accounting change

Benicar sales rising sharply

Healthcare business: Zepharm joining group

■ Non-pharmaceuticals businesses

Recording one-half of sales in year

2. Consolidated Operating Income 108.0 billion yen (– 46.7 billion yen)

■ Pharmaceuticals business

Expiration of patent on Pravastatin in US cutting export sales

R&D, other SG&A costs rising (R&D cost 158.7 billion yen → 167.0 billion yen)

■ Non-pharmaceuticals businesses

Recording one-half of operating income in year

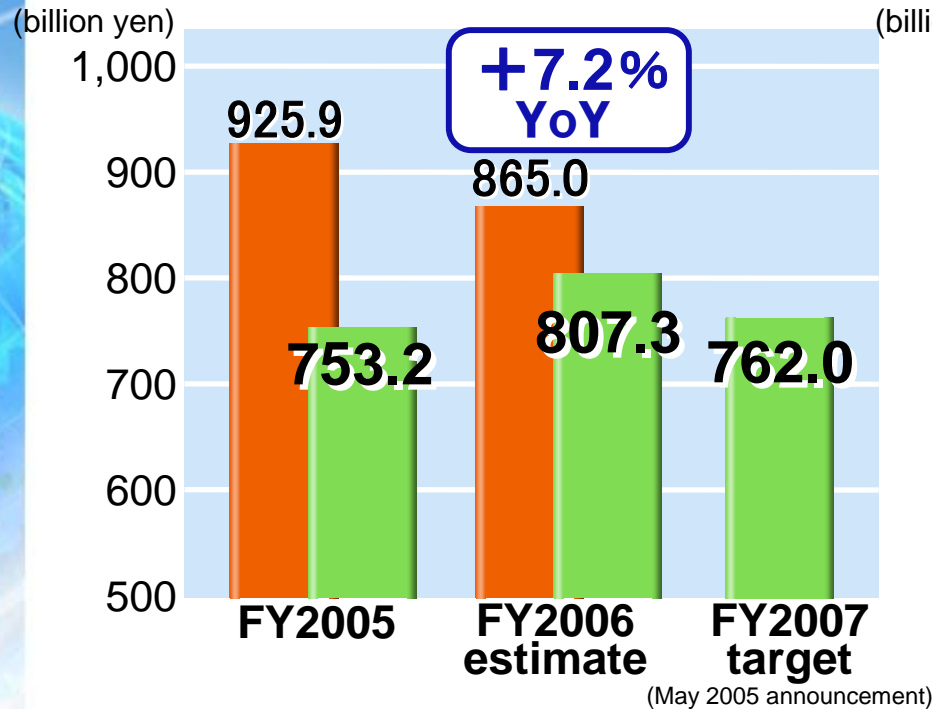
3. Net Income 47.0 billion yen (– 40.6 billion yen)

■ **Extraordinary income:** Assumption of profits on sale of Wakodo, etc.

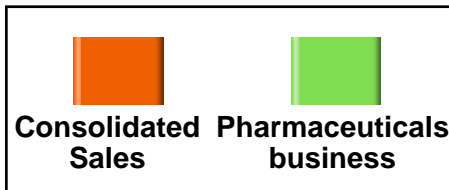
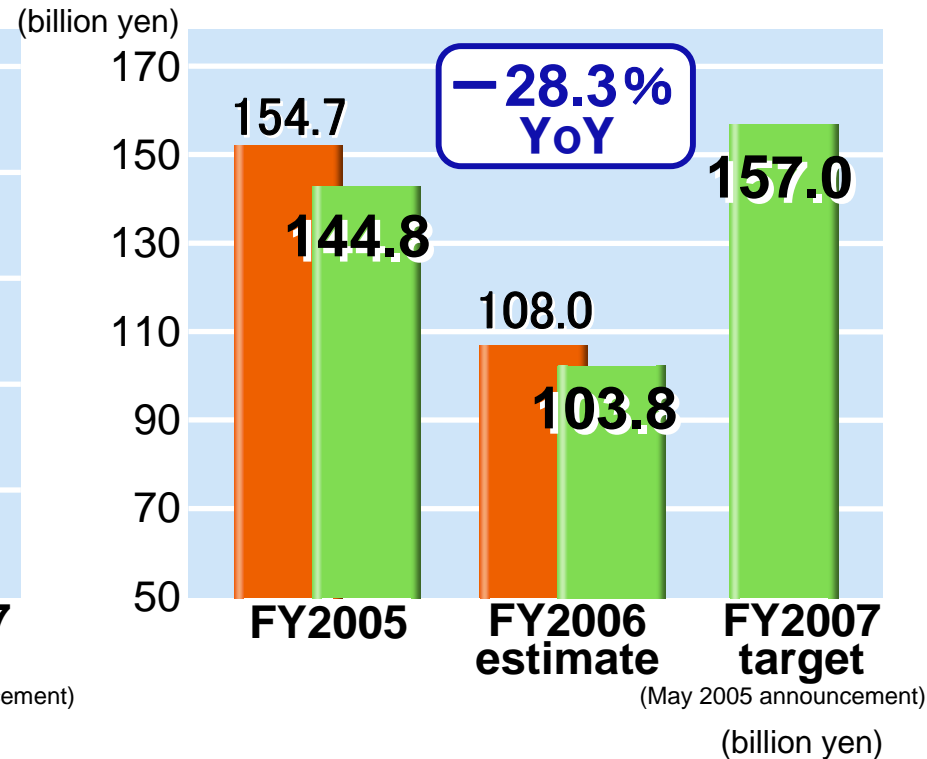
■ **Extraordinary losses:** Integration-related

Overview of Pharmaceuticals Business

Sales



Operating Income



	FY2005	FY2006 estimate	FY2007 target
Net Sales	753.2	807.3	762.0
Operating Income	144.8	103.8	157.0

FY 2006: DSI (US) and LPI (US) have 15-month fiscal term, including Zepharma



DAIICHI SANKYO CO., LTD.

Olmetec / Benicar (Olmesartan) Sales Trends

Currently sold in 35 countries and regions

(billion yen)

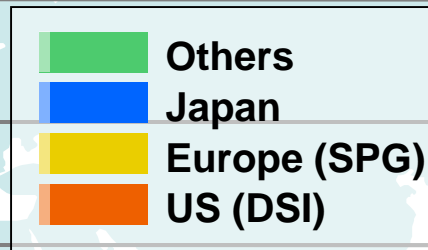
200

150

100

50

0



Strengthening sales capabilities (Japan, US)
CS-8663 development (Europe, US), etc.

(billion yen)

	FY2003	FY2004	FY2005	FY2006 estimate
Total	16.5	45.6	92.4	145.3
Japan	0	9.0	25.6	35.4
US (DSI)	13.2	30.3	50.3	87.0*
Europe (SPG)	2.4	5.8	14.7	20.6
Others	0.9	0.5	1.8	2.3

* DSI fiscal year covering 15 months

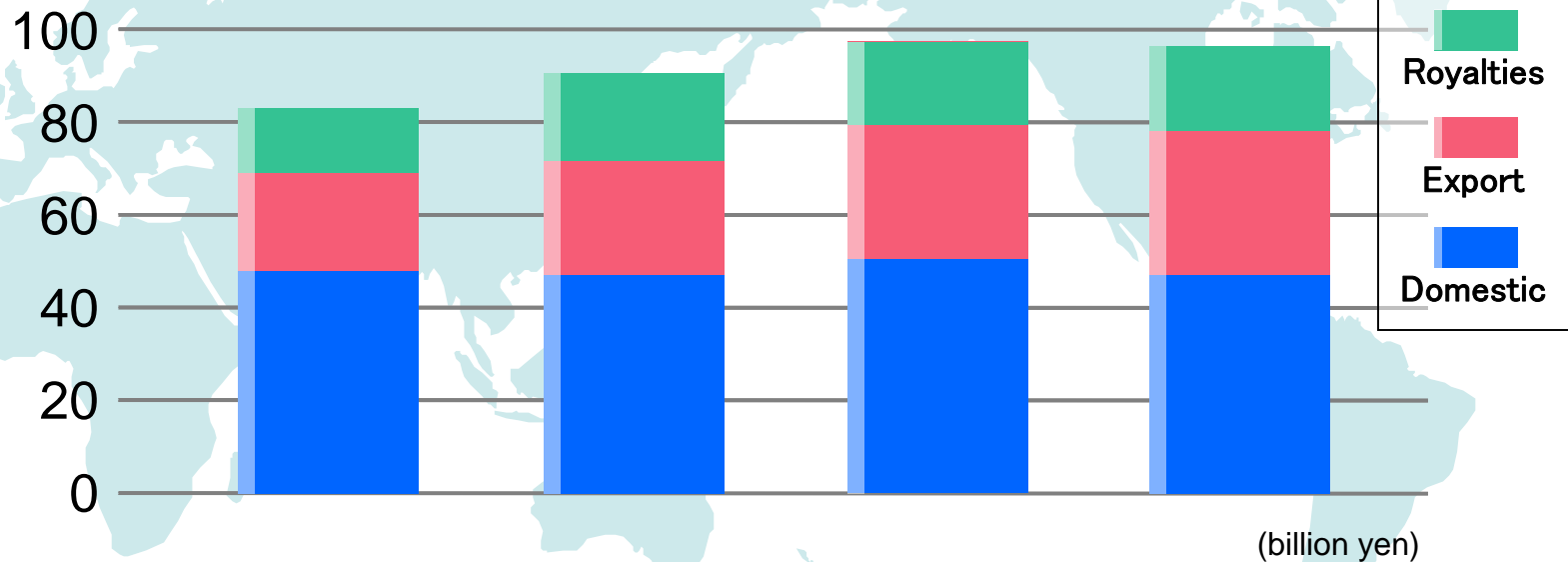


DAIICHI SANKYO CO., LTD.

Cravit (Levofloxacin) Sales Trends

Strengthen lifecycle management going forward

(billion yen)



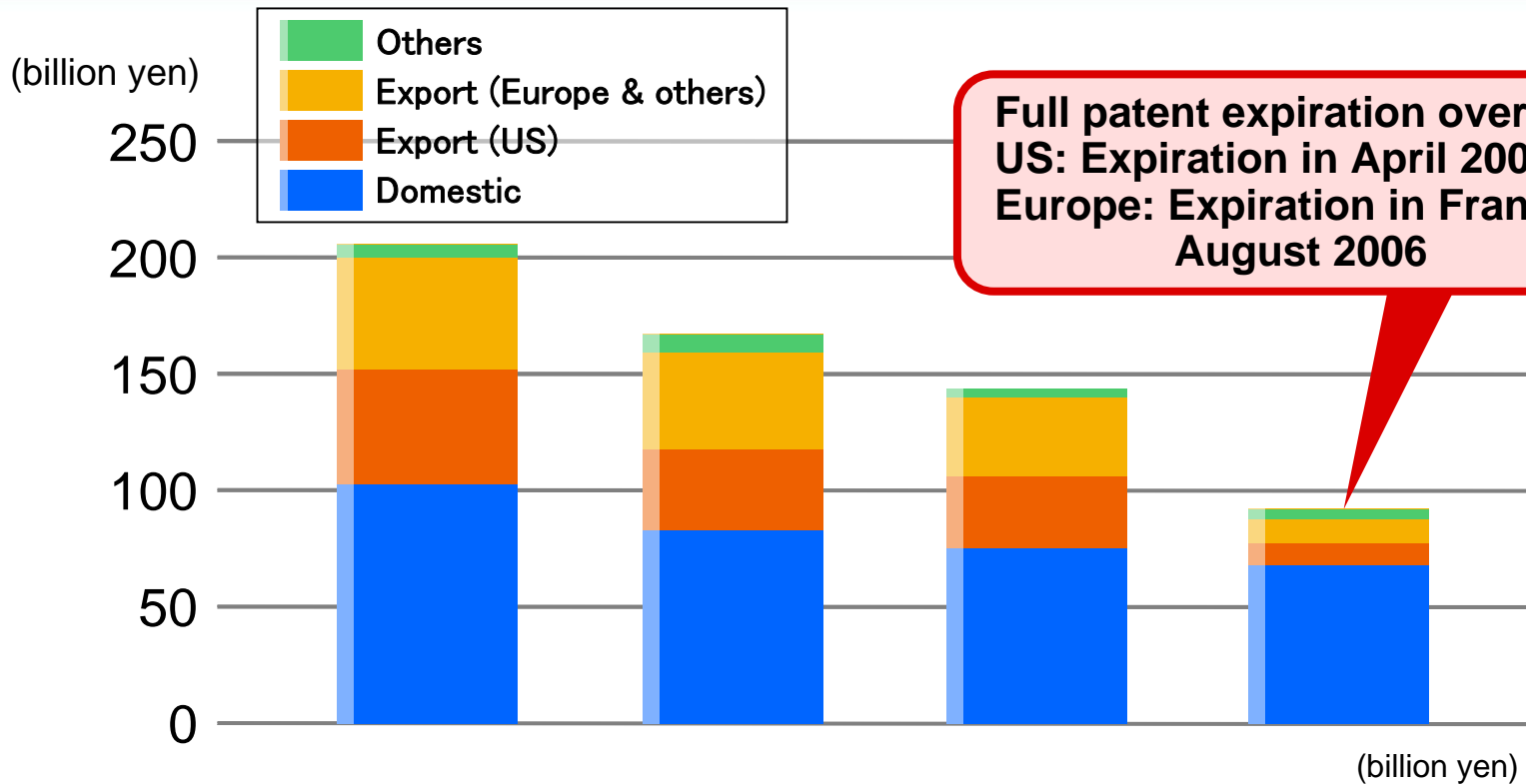
	FY2003	FY2004	FY2005	FY2006 estimate
Total	82.4	90.3	97.6	95.9
Royalties	14.2	19.0*	17.9	18.0
Export	20.8	24.2	29.5	30.3
Domestic	47.4	47.1	50.2	47.6

* As accounting term of royalty from US market in FY2004 had been changed, it was included for 15 months.



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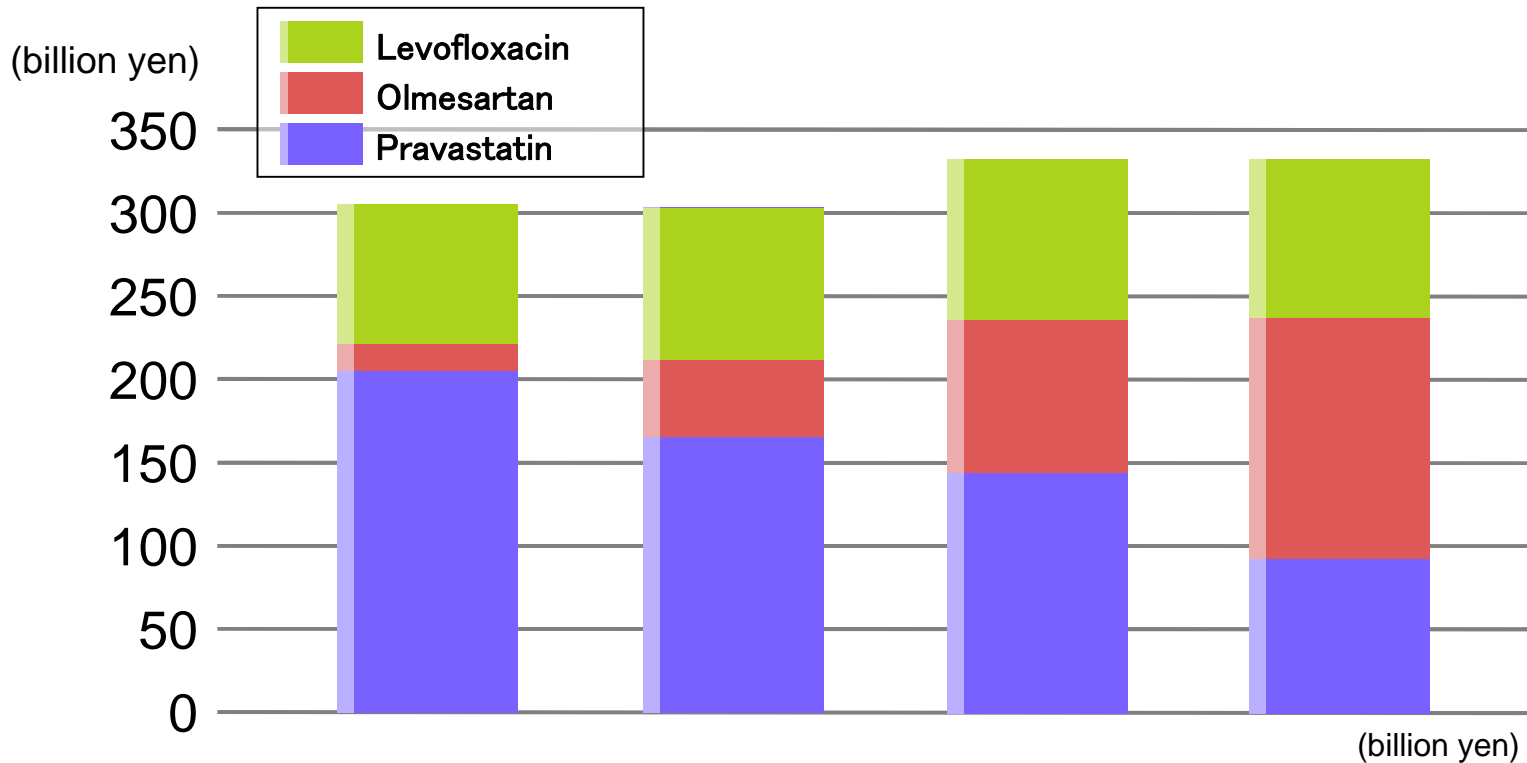
Mevalotin (Pravastatin) Sales Trends



	FY2003	FY2004	FY2005	FY2006 estimate
Total	205.4	166.7	143.2	92.0
Export	98.3	77.0	64.5	19.2
Domestic	101.8	82.5	75.2	68.2
Others	5.3	7.2	3.5	4.6



Trends of Daiichi Sankyo Group 3 Major Products

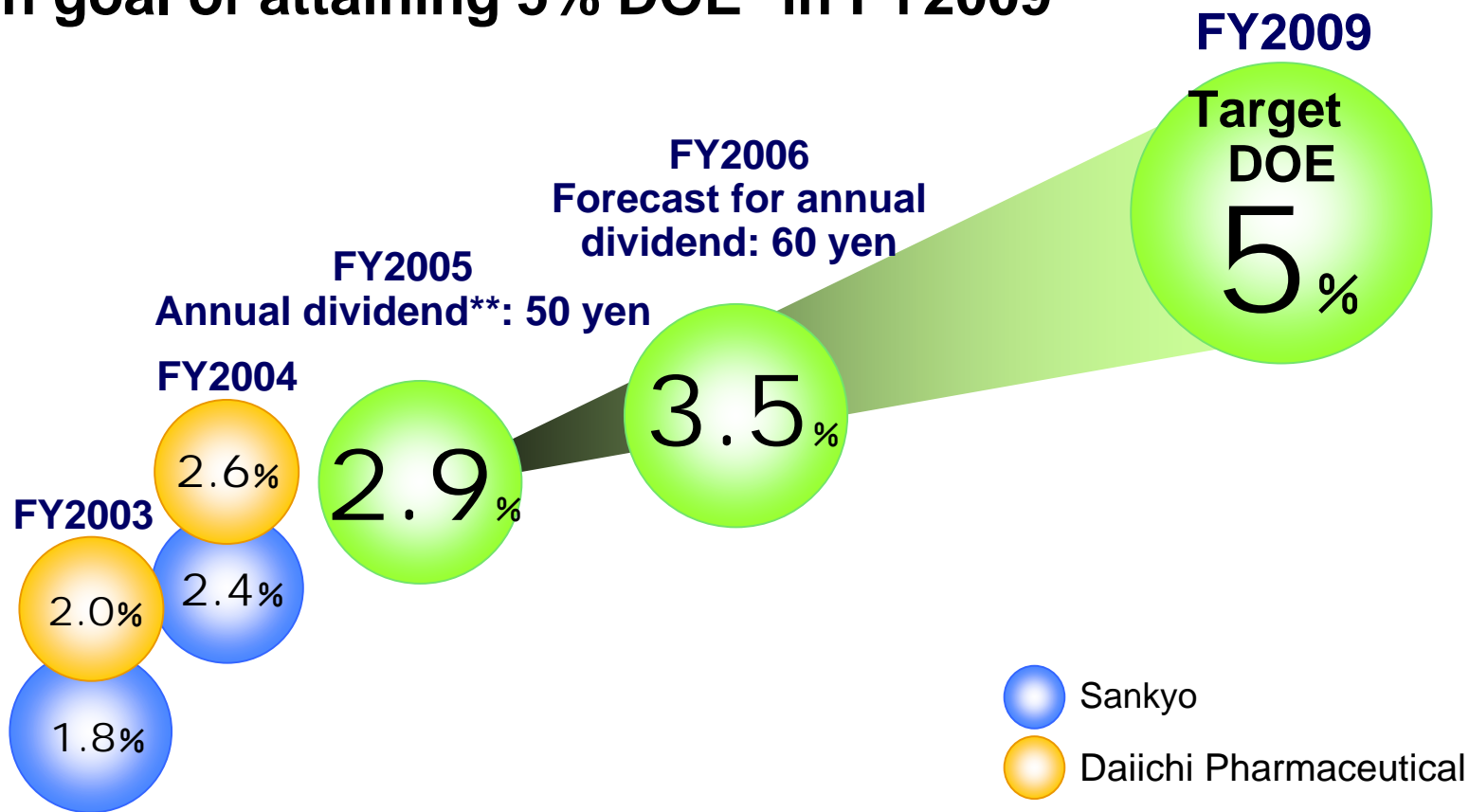


	FY2003	FY2004	FY2005	FY2006 estimate
Total	304.3	302.6	333.2	333.2
Levofloxacin	82.4	90.3	97.6	95.9
Olmesartan	16.5	45.6	92.4	145.3
Pravastatin	205.4	166.7	143.2	92.0



Opinion on Dividends

Continuing to raise dividend per year going forward with goal of attaining 5% DOE* in FY2009



* DOE is the dividends to shareholders equity ratio and denotes dividends to shareholders' equity per share.
 DOE = dividend payout ratio x ROE

** Companies provided share transfer grants in lieu of interim FY2005 dividends



Results Overview

Initiatives for Business Integration



Business Portfolio of Daiichi Sankyo Group Businesses

Current

April 2007

**Sankyo:
Pharmaceuticals business**

**Daiichi Pharmaceutical:
Pharmaceuticals business**

Sankyo Group: Pharmaceutical subsidiaries

Daiichi Group: Pharmaceutical subsidiaries

**Sankyo Group:
Non-pharmaceuticals
businesses**

**Sankyo Group:
Overseas subsidiaries**

**Daiichi Group:
Non-pharmaceuticals
businesses**

**Daiichi Group:
Overseas subsidiaries**



Daiichi-Sankyo

Functional companies

Production	Management support	R&D support	Distribution
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第一三共ヘルスケア
ZEPHARMA
ゼファーマ

第一アスピオファーマ

Overseas group companies

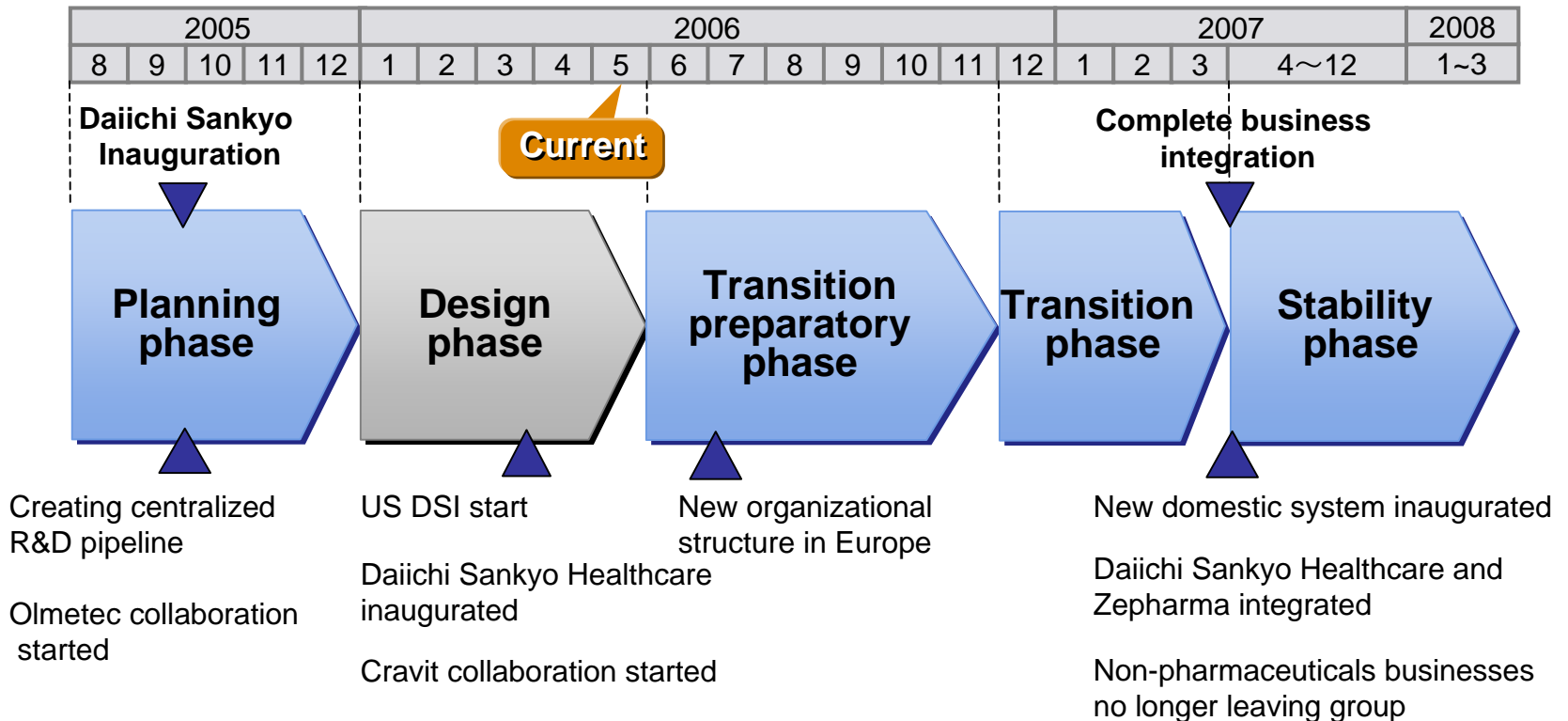
US : DSI, LPI

Europe	Asia	South America
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Forging self-reliance by March 2007

Progress in Business Integration

- More than 20 task forces and teams (ie, Marketing Task Force, Global R&D Task Force, Personnel Task Force) making preparations for integration
- Five-phase preparatory work toward integration, design phase drawing to close



Integrated US Organizations

■ Two companies' marketing and development bases (SPI, DPC, DMR) integrated, Daiichi Sankyo, Inc. founded

- Marketing base: Parssipany, New Jersey
- Development base: Edison, New Jersey
- R&D center: La Jolla, California

■ FY2006 estimate (Jan. 2006 to Mar. 2007)

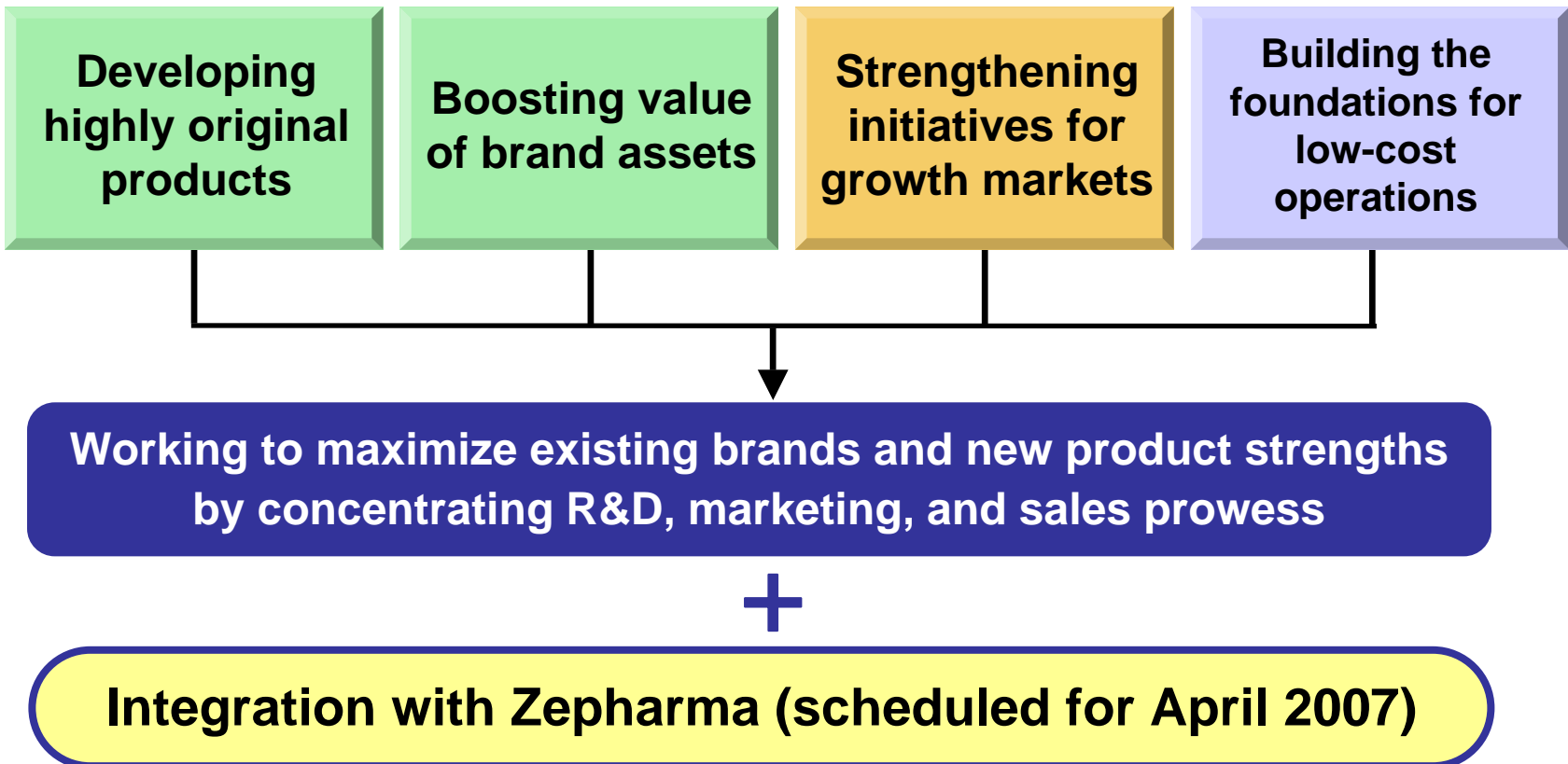
Sales: \$1,058 million

(Benicar: \$757 million, WelChol: \$180 million
Floxin Otic: \$67 million, Evoxac: \$23 million)



Healthcare Business Strategies in Daiichi Sankyo Group

- Sales of 54.2 billion yen initially (Daiichi Sankyo Healthcare + Zepharma), with goal of 100 billion yen over medium and long term



Non-Pharmaceuticals Working Autonomously Outside of Group

■ Initiatives predating integration

● Sankyo Group

Sales of shares in Sankyo Trading (May 2004)

Transfer of Sankyo Food's operations and shares in Nippon Daiya Valve (February 2005)

● Daiichi Pharmaceutical Group

Transfer of animal drug operations to Meiji Seika Kaisha, Ltd. (June 2004)

Partial sales and deconsolidation of Tokyo Iyaku Shiki and Nishimura Shiki (September 2005)

■ Initiatives following integration

(scheduled for completion by the end of March 2007)

● Sale of shares in FP Kako (January 2006)

● Deconsolidation from merger of Fuji Flour Milling and Nitto Flour Milling (April 2006)

● Shares in Wakodo sold to Asahi Breweries in response to TOB (April 2006)



Priority of Development Project

5 priority projects steadily progress.

Project Name	Class
Prasugrel (CS-747)	Antiplatelet
DU-176b	Factor Xa inhibitor (anticoagulant)
CS-8663	Olmesartan&Amlodipine Combination
DJ-927 oral	Taxane antineoplastic agent
DZ-697b	Antiplatelet

Current R&D Pipeline

Main developments since March 28 R&D meeting

■ Sales

- DL-404 (Intrathecal Gabalon, Japan) Antispastic
- KDM-3213 (URIEF, Japan) Treatment of dysuria
- LX-A (LOXONIN PAP, Japan) Antiphlogistic

■ Approval

- DL-8234 FERON
(additional indication for hepatitis C liver cirrhosis, Japan)

■ Proceeded to phase II

- CS-866AZ, Olmesartan&Azelnidipine combination (Japan)

■ Proceeded to Phase I

- CS-0777, immunomodulator (US, Europe)
- SUN-11031, ghrelin (US, Europe)



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