

Results Briefing

**Performance Overview
& Management Strategy**

Results of FY2009

(April 1, 2009 – March 31, 2010)

May 13, 2010

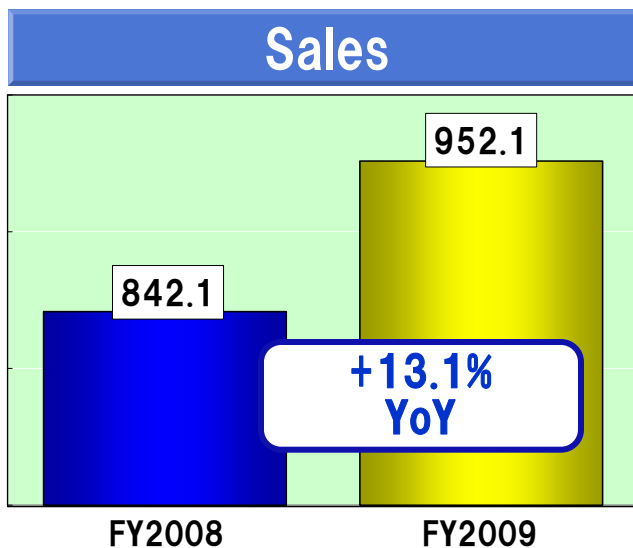
Takashi Shoda, President & CEO



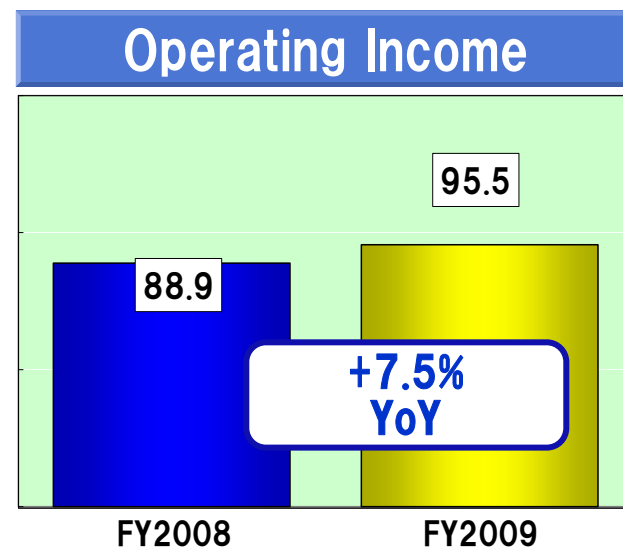
Results Overview

Overview of FY2009 Results

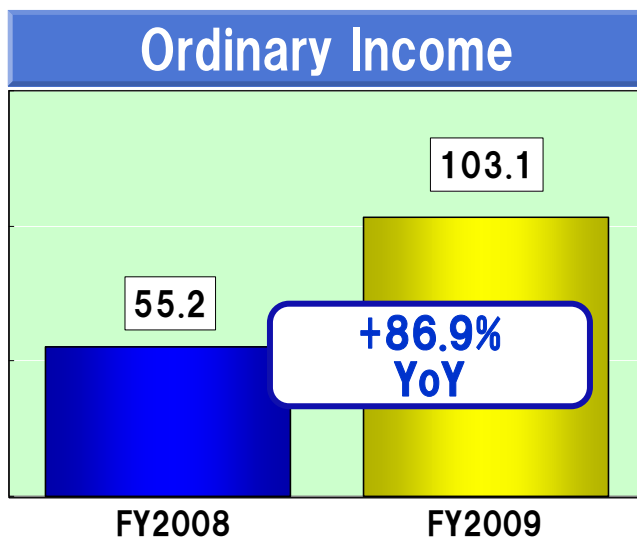
(Billions of yen)



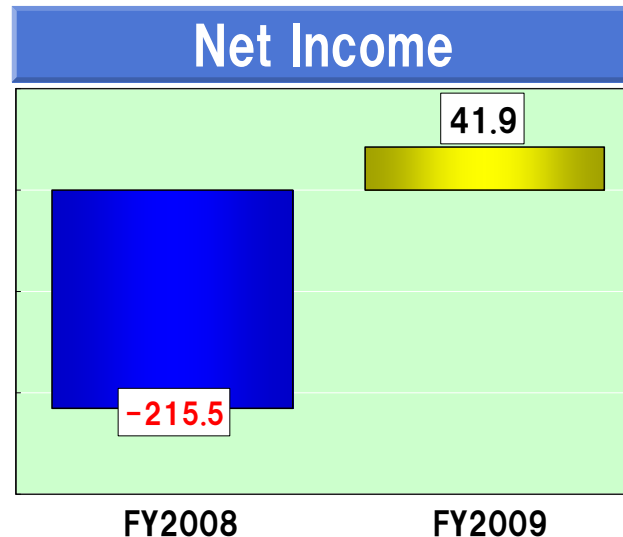
(Billions of yen)



(Billions of yen)



(Billions of yen)



Overview of FY2009 Results – compared with FY2008 results –

	FY2008 Results		FY2009 Results		
	(1)	Ranbaxy (Oct-Dec) Results	(2)	Ranbaxy (Jan-Dec) Results	Difference (2)-(1)
Net Sales	100.0% 842.1	100.0% 38.6	100.0% 952.1	100.0% 146.7	110.0
Cost of Sales	25.5% 214.4	57.8% 22.3	29.2% 278.0	51.4% 75.4	63.6
SG&A expenses	42.1% 354.3	65.3% 25.2	40.1% 381.8	41.3% 60.6	27.4
R&D expenses	21.9% 184.5	24.6% 9.5	20.7% 196.8	7.0% 10.3	12.3
Total Expense	64.0% 538.9	90.9% 35.1	60.8% 578.6	48.3% 70.9	39.7
Operating Income	10.6% 88.9	-48.4% -18.7	10.0% 95.5	0.2% 0.3	6.6
Ordinary Income	6.6% 55.2	-111.9% -43.2	10.8% 103.1	4.8% 7.0	47.9
Net Income	-25.6% -215.5	-687.6% -265.4	4.4% 41.9	4.8% 7.0	257.4

Consolidated Year-on-Year Comparisons

1. Net Sales ¥952.1 billion (+¥110.0 billion, +13.1%)

- Ranbaxy-related (+¥108.0 billion)
 - Ranbaxy FY2009 results: (¥146.7 billion)
North America (26.1%), India (19.3%), Europe (17.1%), Other regions (36.9%)
- Sales from continuing operations (+¥1.9 billion) (including forex impact of approx. ¥-25.0 billion)
 - Gains: Olmesartan franchise (+¥27.2 billion), Loxonin (+¥8.3 billion)
 - Declines: Levofloxacin (-¥10.5 billion), Pravastatin (-¥5.8 billion),
Azor (one-time payment received in 2008; -¥4.6 billion)

2. Operating Income ¥95.5 billion (+¥6.6 billion, +7.5%)

- Ranbaxy-related (+¥19.0 billion)
 - Reflecting full-year contribution in FY2009 (+¥5.7 billion)
 - Decrease in Goodwill amortization, etc. (+¥13.3 billion)
- Operating income from continuing operations (-¥12.4 billion)
 - Gross profit (-¥8.5 billion)
Higher cost of sales ratio, reflecting greater unit sales and lower yen
 - SG&A expenses (-¥7.7 billion)
Mainly because of lower expenses at US/EU subsidiaries
 - R&D expenses (+¥11.4 billion)
Higher spending on Edoxaban and other projects

Consolidated Year-on-Year Comparisons

3. Ordinary Income ¥103.1 billion (+¥47.9 billion, +86.9%)

- Non-operating income (+¥15.9 billion)
 - Ranbaxy-related: (+¥19.7 billion) Gain on valuation of forex derivatives, etc.
 - Unrelated to Ranbaxy: (-¥3.8 billion) Decrease in interest income, etc.
- Non-operating expenses (-¥25.4 billion)
 - Ranbaxy-related: (-¥11.5 billion) Loss on valuation of forex derivatives in FY2008
 - Unrelated to Ranbaxy: (-¥13.9 billion)
Lower forex losses (-¥6.8 billion) and valuation losses on synthetic stock options (-¥5.2 billion)

4. Net Income ¥41.9 billion (+¥257.4 billion)

- Extraordinary income (+¥2.1 billion)
 - Increases in gain on sales of fixed assets and in gain on sales of investment securities
- Extraordinary losses (-¥355.6 billion)
 - ¥351.3 billion one-time write-down of goodwill associated with Ranbaxy investment in FY2008
- Income taxes (+¥129.2 billion)
 - Amendment of income taxes for the previous fiscal year (¥7.5 billion) and non-application of R&D tax credits on parent led to a high tax rate of 51.4%
- Minority interests (+¥19.1 billion)

Overview of FY2009 Results – comparison with Jan-10 forecast –

(Billions of yen, ratio to sales)

	Forecast As of May	Forecast As of Jan	FY2009 Results (Apr-Mar)		
	(1)	(2)	(3)	Difference (3)-(2)	Reference
Net Sales	100.0% 960.0	100.0% 960.0	100.0% 952.1	-7.9	Japan -2.7, OTC -4.3
Cost of Sales	29.0% 278.0	29.7% 285.0	29.2% 278.0	-7.0	
SG&A expenses	40.8% 392.0	40.1% 385.0	40.1% 381.8	-3.2	cost containment
R&D expenses	20.2% 194.0	20.2% 194.0	20.7% 196.8	2.8	
Total Expense	61.0% 586.0	60.3% 579.0	60.8% 578.6	-0.4	
Operating Income	10.0% 96.0	10.0% 96.0	10.0% 95.5	-0.5	
Ordinary Income	7.2% 69.0	10.4% 100.0	10.8% 103.1	3.1	
Net Income	4.2% 40.0	4.7% 45.0	4.4% 41.9	-3.1	

Memo



Sales of Major Products

(Billions of yen)

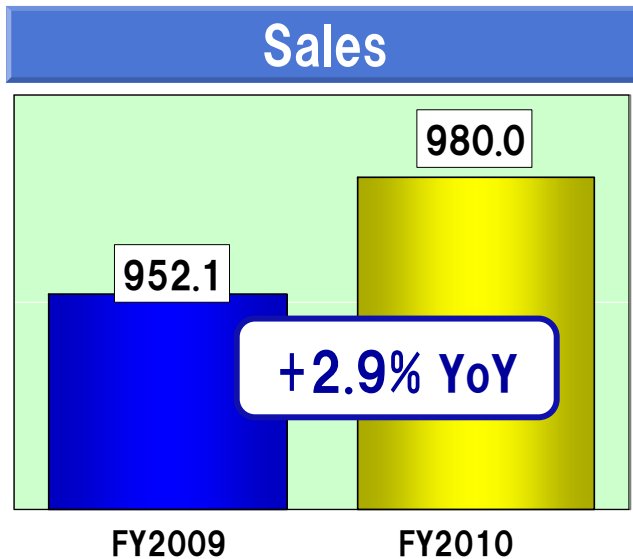
		FY2008 Results	FY2009	
			Results	YoY Change
GLOBAL	Olmesartan antihypertensive	211.1	238.3	27.2
	Levofloxacin synthetic antibacterial agent	97.7	87.2	-10.5
	Pravastatin antihyperlipidemic agent	60.8	55.0	-5.8
	Prasugrel antiplatelet * alliance revenue	—	0.5	0.5
Japan	Calblock antihypertensive	12.1	13.7	1.6
	Artist antihypertensive	21.9	23.3	1.4
	Kremezin treatment for chronic renal failure	12.8	13.3	0.6
	Loxonin anti-inflammatory analgesic	38.7	47.0	8.3
	Omnipaque contrast agent	28.3	27.3	-1.0
	Urief treatment for dysuria	7.9	9.0	1.1
U.S.	Venofer treatment for iron deficiency anemia	32.0	32.2	0.1
	Welchol antihyperlipidemic agent / treatment for type 2 diabetes	24.5	27.5	3.0

Sales of Major Products (Local Currency Basis)

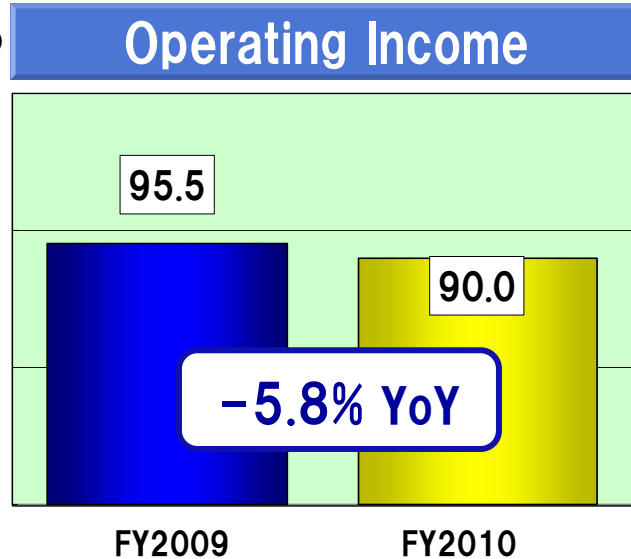
		FY2008 Results	FY2009 Results		
			Results	YoY Change	
				YoY Change	YoY ratio
Daiichi Sankyo, Inc. <US> (Mil \$)	Benicar/Benicar HCT	869	958	89	10.2%
	Azor	86	138	51	59.4%
	Welchol	244	296	53	21.7%
Daiichi Sankyo Europe GmbH (Mil euro)	Olmetec/Olmetec Plus	261	304	43	16.5%
	Sevikar	15	48	33	216.5%
Luitpold Pharmaceuticals, Inc. <US> (Mil \$)	Venofer	319	346	28	8.6%

Overview of FY2010 Forecast (1)

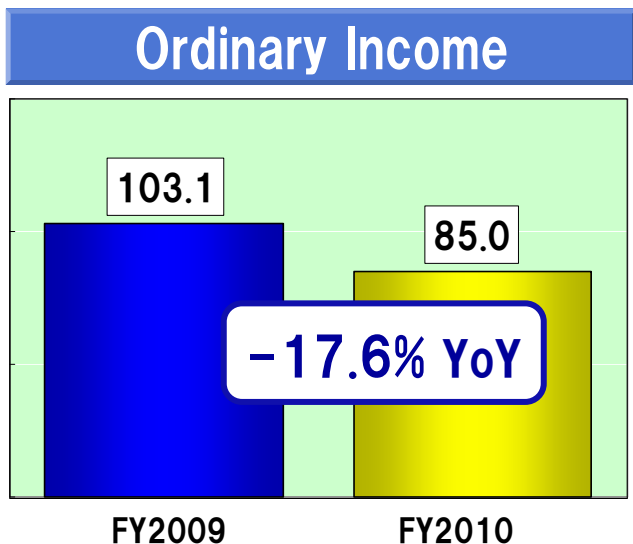
(Billions of yen)



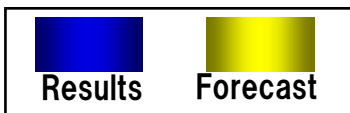
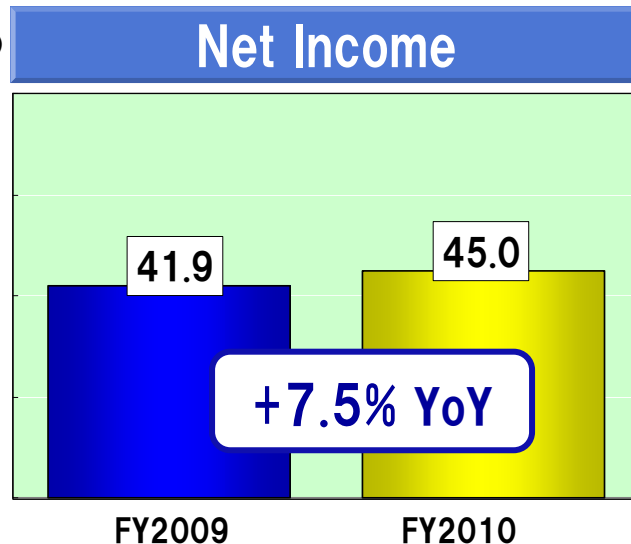
(Billions of yen)



(Billions of yen)



(Billions of yen)



Overview of FY2010 Forecast (2)

(Billions of yen, ratio to sales)

	FY2009 Results	FY2010 Forecast	
			YoY Change
Net Sales	100.0% 952.1	100.0% 980.0	27.9
Cost of Sales	29.2% 278.0	29.6% 290.0	12.0
SG&A expenses	40.1% 381.8	39.8% 390.0	8.2
R&D expenses	20.7% 196.8	21.4% 210.0	13.2
Total Expense	60.8% 578.6	61.2% 600.0	21.4
Operating Income	10.0% 95.5	9.2% 90.0	-5.5
Ordinary Income	10.8% 103.1	8.7% 85.0	-18.1
Net Income	4.4% 41.9	4.6% 45.0	3.1

Main Reasons for increasing or decreasing

Domestic Sales & Marketing	<ul style="list-style-type: none"> • Olmetec (+¥8.8 bil) • Loxonin (+¥4.0 bil) • New Products (+¥13.0 bil) • Mevalotin (-¥9.2bil) • Cravit (-¥10.6 bil) (Impact of NHI Drug price cut -¥30.0 bil)
Overseas Sales & Marketing	<ul style="list-style-type: none"> • Olmesartan (+¥8.0 bil) • Ranbaxy Sales (+¥18.4 bil) • Levofloxacin (-¥5.3 bil) (Forex Impact -¥15 bil)
Expenses	<ul style="list-style-type: none"> • Higher marketing expenses for core global products and new offerings etc. +¥8.2 bil • Increased R&D expenses for key development projects etc. +¥13.2 bil

Sales Targets of Major Products

(Billions of yen)

		FY2009 Results	FY2010 Forecast	
			Full year	YoY Change
GLOBAL	Olmesartan antihypertensive	238.3	260.0	21.7
	Levofloxacin synthetic antibacterial agent	87.2	70.0	-17.2
	Pravastatin antihyperlipidemic agent	55.0	44.0	-11.0
Japan	Calblock antihypertensive	13.7	14.0	0.3
	Artist antihypertensive	23.3	22.5	-0.8
	Kremezin treatment for chronic renal failure	13.3	13.0	-0.3
	Loxonin anti-inflammatory analgesic	47.0	51.0	4.0
	Omnipaque contrast agent	27.3	23.0	-4.3
	Urief treatment for dysuria	9.0	11.5	2.5
U.S.	Venofer treatment for iron deficiency anemia	32.2	27.0	-5.2
	Welchol antihyperlipidemic agent / treatment for type 2 diabetes	27.5	28.5	1.0
Ratio of Long Listed Drugs in Japan		about 55%	about 40%	

Note: Olmesartan includes combination drugs such as Azor, Sevikar, Rezaltas etc.

Key Performance Indicators

	Unit	FY2008 Results	FY2009 Results	FY2010 Forecast
Earnings per share (EPS)	Yen	-304.22	59.45	63.93
Annual dividends per share	Yen	80	60	60
Payout ratio	%	-	100.9	93.9
Number of shares issued at the end of period	million shares	709	709	709
Total asset	billions of yen	1,494.6	1,489.5	
Net asset	billions of yen	888.6	889.5	
Equity ratio	%	57.7	57.4	
Dividend on equity (DOE)	%	5.4	4.9	
Return on equity (ROE)	%	-	4.9	

R&D Pipeline Update

Development Pipeline

	Phase 1	Phase 2	Phase 3	Application
Cardiovascular diseases	- DB-772d		- Prasugrel (ACS-MM) - Edoxaban(AF/VTE)	- Edoxaban (#) - CS-8635
Glucose metabolic disorders		-CS-1036		
Malignant neoplasm	- U3-1287	- Tigatuzumab - Nimotuzumab (#) - ARQ 197 - CS-7017		
Infectious diseases	-CS-4771			- Levofloxacin inj (#) - Laninamivir
Bone / joint diseases			- Denosumab (#)	- Loxonin gel (#)
Immunological allergic diseases	- CS-0777	- SUN 13834		
Others		- DD-723-B (#)	- Human ghrelin	- Silodosin (China) - Memantine (#)

- Only the most advanced stages are described for the projects under global development
- # : Developed only in JPN

Fiscal 2009 Milestones

- Effient approved and launched in United States
- Cravit 500mg, 250mg, and 10% fine granular preparation approved and launched in Japan
- U.S. and European applications for CS-8635, a triple combination antihypertensive incorporating Olmesartan, Amlodipine, and Hydrochlorothiazide
- Rezaltas approved in Japan, launched on April 16, 2010
- Laninamivir: NDA filed in Japan for the treatment of influenza
- Memantine: NDA filed in Japan for the treatment of Alzheimer's type dementia
- Edoxaban: Started HOKUSAI VTE multi-national study for the prevention of venous thromboembolism (VTE)
- Edoxaban: NDA filed in Japan for the prevention of VTE after orthopedic surgery

- Progress from January 2009 (FY2009 Q3 results announcement)
 - New Additions
 - Edoxaban, prevention of VTE (Global): P3
 - CS-7017, anti-tumor PPAR-gamma activator (Japan/Asia): P1
 - CS-4771, sepsis treatment: P1
 - Development Stage changes
 - Edoxaban, prevention of VTE after orthopedic surgery (Japan):
P3 → Application
 - Laninamivir, treatment of influenza (Japan): P3 → Application
 - Memantine, treatment of Alzheimer's type dementia (Japan):
P3 → Application
 - CS-1036, glucose absorption inhibitor (Japan/Asia): P1 → P2

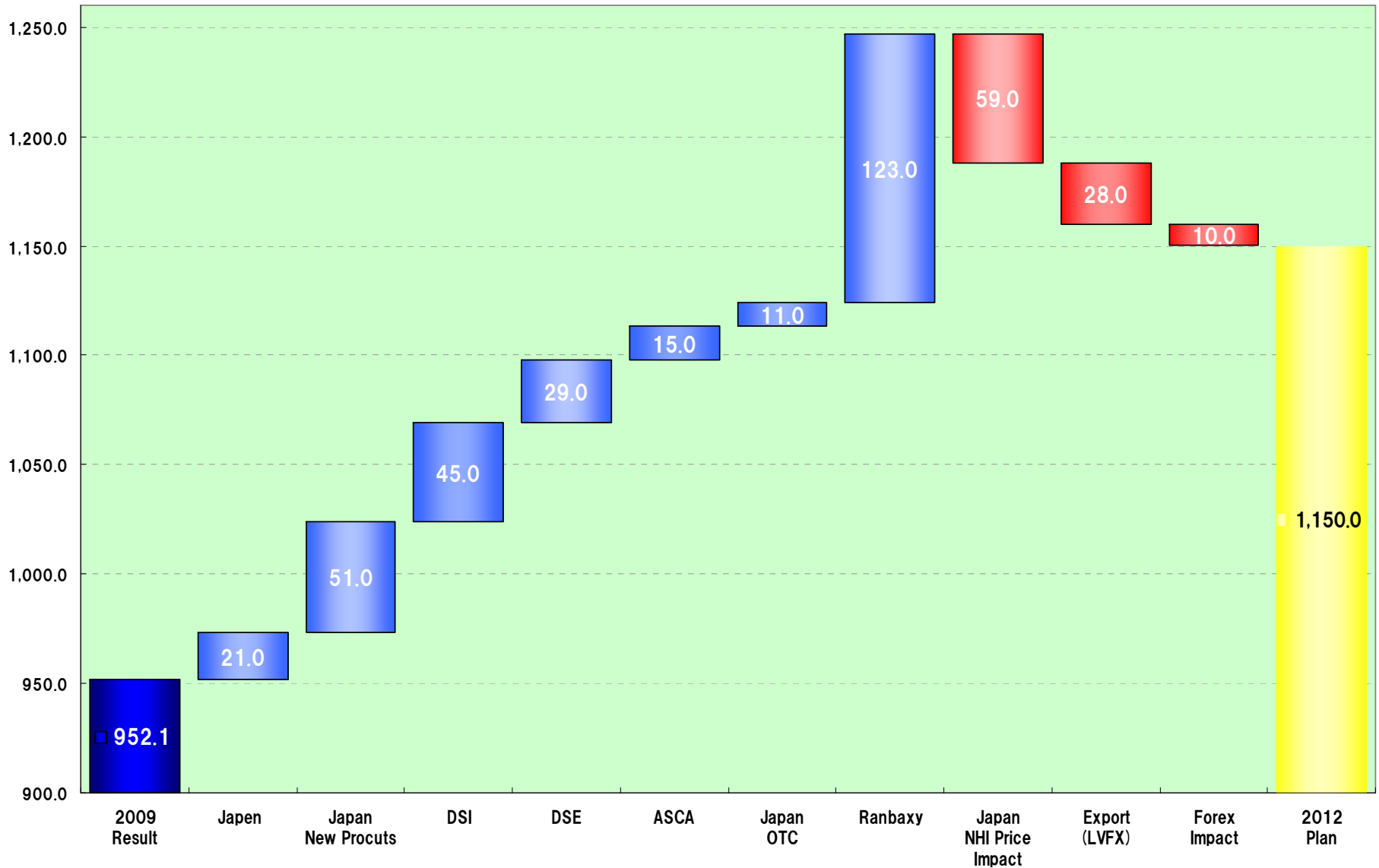
**Supplemental information on
2nd Mid-term Business Management Plan**

Numerical Targets for 2nd Mid-term Plan

		Fiscal 2009 Results		Fiscal 2012 Target	
		billion yen	%	billion yen	%
Net Sales		952.1	100.0	1,150.0	100.0
Contribution from Ranbaxy		146.7	—	270.0	—
COG + SG&A		856.6	90.0	970.0	84.3
R&D expenses		196.8	20.7	200.0	17.4
Operating Income		95.5	10.0	180.0	15.7
Overseas Sales		482.3	50.7	650.0	56.5
Forex Assumption	USD/JPY	92.9		90.0	
	EUR/JPY	131.2		130.0	

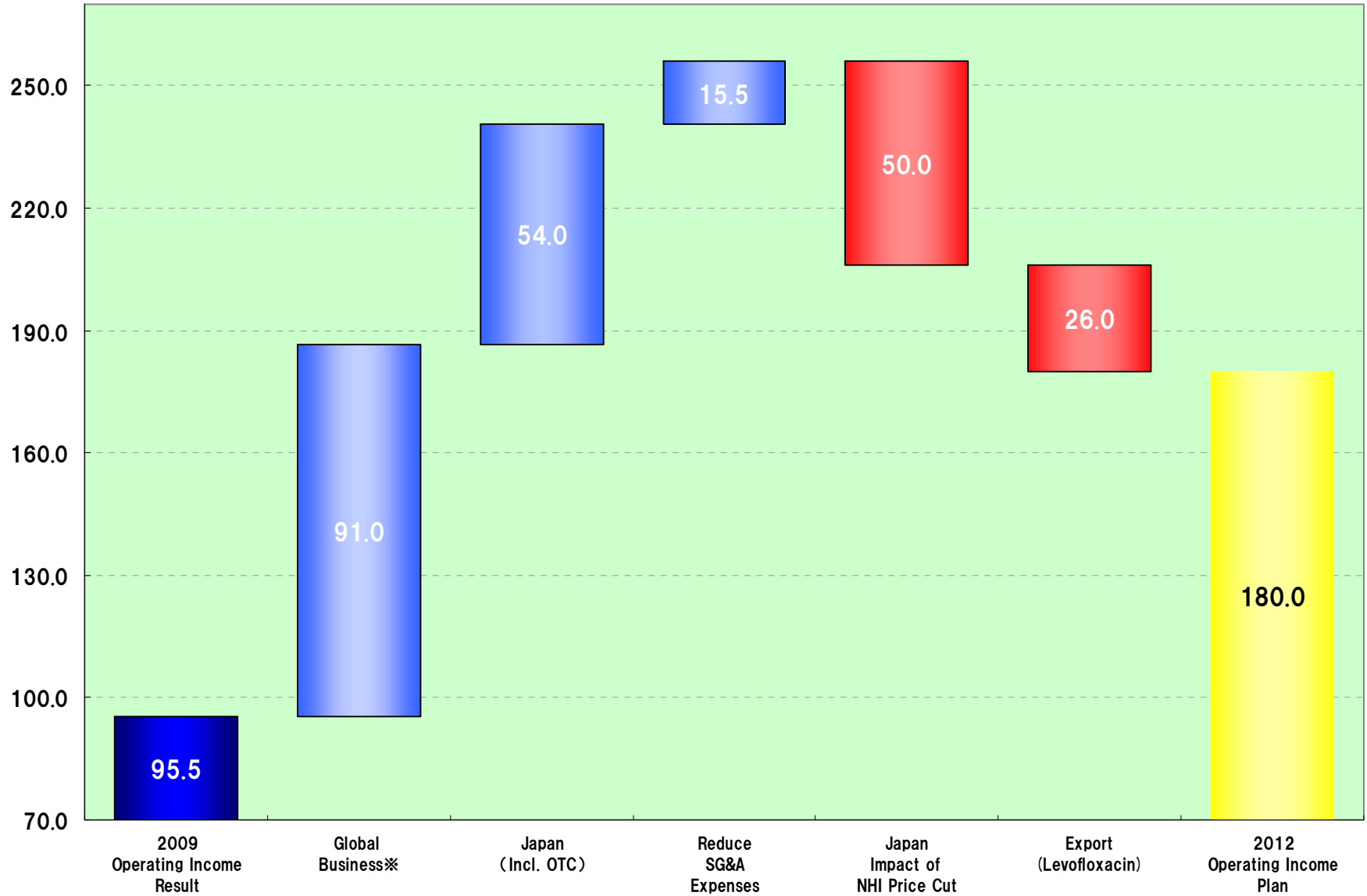
Factors affecting Net Sales (FY09-12)

(Billions of yen)



Factors affecting Operating Income (FY09-12)

(Billions of yen)



FY2010 Daiichi Sankyo Briefings

	Date (JST)
FY2010 Q1 Financial Results	July 30, 2010
FY2010 Q2 Financial Results	October 29, 2010
R&D Meeting	November or December, 2010
FY2010 Q3 Financial Results	January 31, 2011

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