

Results Briefing

Results for Q2 FY2010

(April 1 – September 30, 2010)

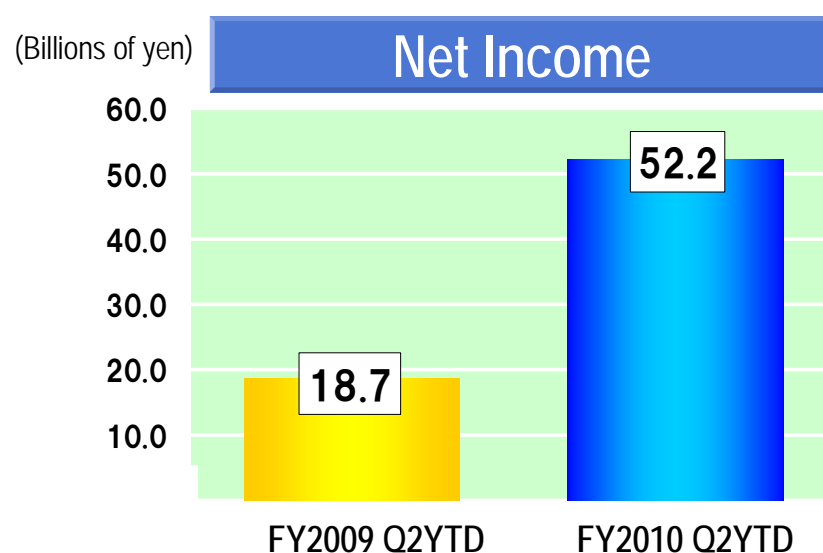
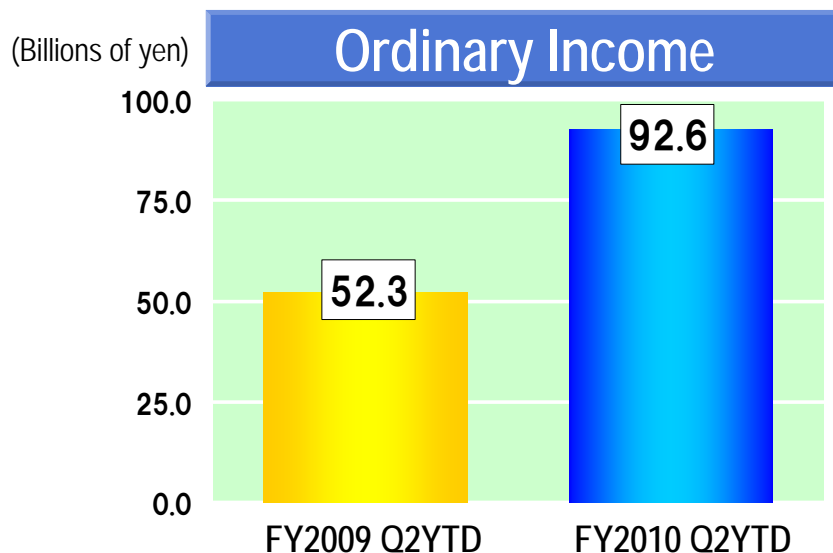
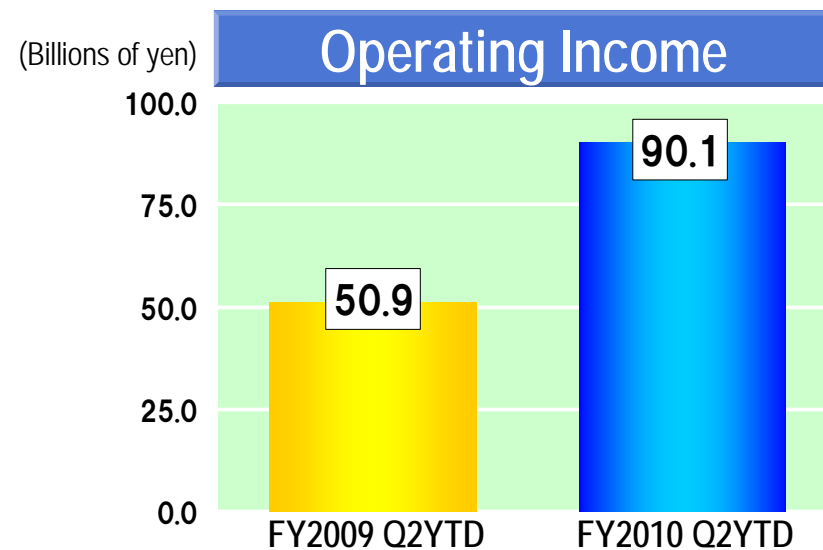
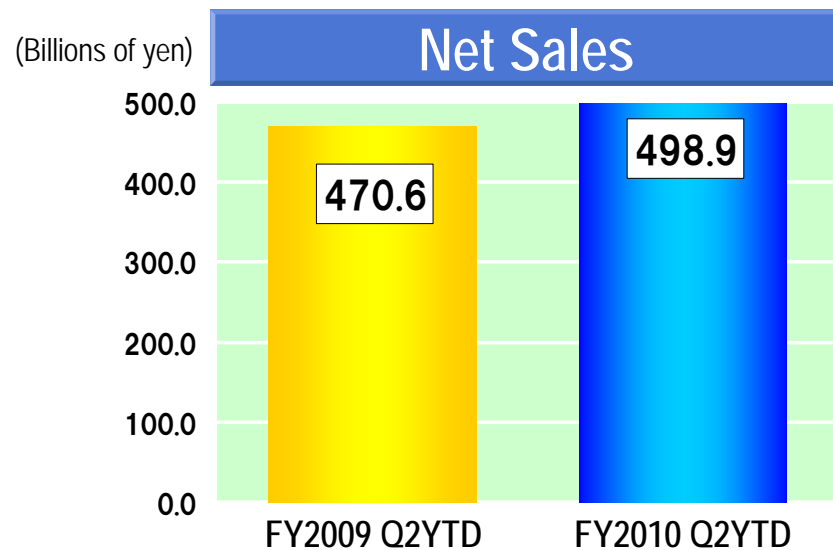
November 1, 2010

President and CEO Joji Nakayama



Results Overview

Overview of FY2010 Q2 YTD Results



Overview of FY2010 Q2 YTD Results - compared with FY2009 Q2 YTD -

(Billions of yen, ratio to sales)

	FY2009		YoY (2)-(1)	Ranbaxy		YoY (4)-(3)
	Q2 YTD Results (1)	Q2 YTD Results (2)		2009 Jan-Jun Results (3)	2010 Jan-Jun Results (4)	
Net Sales	100% 470.6	100% 498.9	28.3	100% 66.1	100% 98.7	32.5
Cost of Sales	29.2% 137.2	27.8% 138.5	1.2	57.7% 37.5	39.8% 39.2	1.7
SG&A expenses	40.0% 188.4	36.3% 181.0	-7.4	41.3% 26.6	27.5% 27.1	0.6
R&D expenses	20.0% 94.1	17.9% 89.3	-4.8	6.7% 4.4	6.4% 6.4	1.9
Total Expense	60.0% 282.5	54.2% 270.3	-12.2	48.4% 31.0	33.9% 33.5	2.5
Operating Income	10.8% 50.9	18.1% 90.1	39.3	-3.6% -2.4	26.3% 25.9	28.3
Ordinary Income	11.1% 52.3	18.6% 92.6	40.4	-79.2% -3.3	29.6% 29.2	32.5
Net Income	4.0% 18.7	10.5% 52.2	33.5	-57.0% -2.7	23.2% 22.9	25.6

Note: Figures of Ranbaxy are pre-adjusted before consolidation

Year-on-Year Comparisons

1. Net Sales ¥498.9 billion (+¥28.3 billion, +6.0%)

■ Positive factors

- Ranbaxy contribution centering on Valacyclovir (+¥32.4 billion)
- Olmesartan (+¥6.2 billion), Loxonin (+¥3.2 billion)
- Milestone payment received on the approval of Denosumab in Europe

■ Negative factors (including forex impact of around ¥14.0 billion)

- Levofloxacin (-¥9.4 billion)
- Pravastatin (-¥6.0 billion)

2. Operating Income ¥90.1 billion (+¥39.3 billion, +77.2%)

■ Factors (increased sales and lower SGA)

- Ranbaxy (+¥28.3 billion)
SGA (+¥2.5 billion)
- Daiichi Sankyo (+¥10.2 billion)
SGA (-¥13.8 billion)
- Consolidation adjustments and other factors (+¥700 million)

3. Ordinary Income ¥92.6 billion (+¥40.4 billion, +77.3%)

■ Non-operating income

- Ranbaxy-related loss on valuation of derivatives, etc. (-¥2.9 billion)

■ Non-operating expenses

- Ranbaxy-related forex losses, etc. (-¥7.1 billion)

4. Net Income ¥52.2 billion (¥33.5 billion, +179.0%)

■ Extraordinary income (+¥5.2 billion)

- Gains on sales of fixed assets and investment securities, etc.

■ Extraordinary losses (+¥5.1 billion)

- Loss on valuation of investment securities, etc.

■ Income taxes (-¥2.0 billion)

■ Minority interests (+¥9.0 billion) Ranbaxy-related

Outline of FY2010 Q2 YTD Results - compared with forecast -

(Billions of yen, ratio to sales)

	FY2010 Q2 YTD		
	Forecast (1)	Results (2)	(2)-(1)
Net Sales	100.0% 495.0	100.0% 498.9	3.9
Cost of Sales	28.1% 139.0	27.8% 138.5	-0.5
SG&A expenses	38.2% 189.0	36.3% 181.0	-8.0
R&D expenses	19.6% 97.0	17.9% 89.3	-7.7
Total Expense	57.8% 286.0	54.2% 270.3	-15.7
Operating Income	14.1% 70.0	18.1% 90.1	20.1
Ordinary Income	14.1% 70.0	18.6% 92.6	22.6
Net Income	6.7% 33.0	10.5% 52.2	19.2

FY2010 Revised Forecast

(Billions of yen, ratio to sales)

	Original Forecast (1)	Revised Forecast (2)	YoY (2)-(1)	Main Factors
Net Sales	100.0% 980.0	100.0% 980.0	0	Positive Factors:+18.0 Increased sales of Ranbaxy, Luitpold, and others Negative Factors: Forex impact -18.0
Cost of Sales	29.6% 290.0	29.8% 292.0	2.0	Forex impact:-2.0 Increased costs from higher sales:+4.0
SG&A expenses	39.8% 390.0	38.6% 378.0	-12.0	Forex impact:-9.0 Cost containment:-3.0
R&D expenses	21.4% 210.0	21.4% 210.0	0	Forex impact:-5.0 Cost containment etc.: -3.0
Total Expense	61.2% 600.0	60.0% 588.0	-12.0	
Operating Income	9.2% 90.0	10.2% 100.0	10.0	
Ordinary Income	8.7% 85.0	10.2% 100.0	15.0	
Net Income	4.6% 45.0	5.6% 55.0	10.0	



Second MTP: Regional Business Strategies

Japan

- Reinforce and expand innovative and established pharmaceuticals and vaccine businesses

United States

- Target sales of \$3.5 billion
(Secure 1% of prescription drugs market)

Hybrid Business Model

Europe

- Target sales of 1.2 billion euros

ASCA *

- Target sales of at least ¥150 billion
(grow faster than in Japan, Europe, and US)

* In-house term for markets outside Japan, US and Europe

Bolstering Our Domestic Presence to Become Japan's Top Company

■ Innovative Pharmaceuticals: Maximize New Products

New Domestic Prescription Pharmaceuticals in Fiscal 2010

Rezaltas	<Antihypertensive>	Launched on April 16, 2010
Loxonin Gel	<Anti-inflammatory and analgesic>	Launched on October 5, 2010
Inavir	<Anti-influenza virus treatment>	Launched on October 19, 2010
Cravit Injection	<Synthetic antibacterial agent>	Approved on October 27, 2010

Current Domestic Filings

Memantine	<Treatment of Alzheimer's type Dementia>	Submitted on February 5, 2010
Edoxaban	<Oral factor Xa inhibitor> Post-surgical venous thromboembolism	Submitted on March 29, 2010
Denosumab	<Anti-RANKL antibody> Bone metastases of cancer	Submitted on August 24, 2010

Domestic Product In Licensing

Esomeprazole	<Proton Pump Inhibitor>
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■ Established Pharmaceuticals

■ Launching Daiichi Sankyo Espha operations (October 1, 2010)

- Network of around 70 medical representatives in 12 areas nationwide
- Products: Long-listed, off-patent pharmaceuticals - 19 products consisting of seven long-listed compounds, transferred from Daiichi Sankyo
Generics - 43 products incorporating 24 generic compounds
- Sales target for October 2010 through March 2011: Around ¥5 billion (for generic and long-listed pharmaceuticals)



- Targeting ¥50 billion in generics sales by 2015, representing 5% of generic market

■ Vaccine Business

■ Building foundations for full-fledged vaccine business

Concluded a basic accord on July 30, 2010, to establish Kitasato Daiichi Sankyo Vaccine Co., Ltd.

To play a central role in cultivating our vaccine business through its production and R&D capabilities

- Late November 2010: Planning to conclude final agreement to establish the company
- April 1, 2011: Planned establishment and operational start of the company

■ Fiscal 2010 (plan): Launch of measles and rubella vaccines

Status of Major Business Units

(Billions of yen)

	FY2010 Sales		
	2Q YTD Results (1)	Full Year Forecast (2)	Progress (1)/(2)
Daiichi Sankyo Co., Ltd. Total Net Sales of Ethical Pharmaceuticals	208.3	415.0	50.2%
Daiichi Sankyo Healthcare Co., Ltd. (DSHC)	21.0	48.5	43.3%
Daiichi Sankyo, Inc. (DSI)	67.5	145.0	46.5%
Luitpold Pharmaceuticals, Inc. (LPI)	28.4	47.0	60.5%
Daiichi Sankyo Europe GmbH (DSE)	31.4	75.5	41.6%
Asia, South and Central America (ASCA)	13.0	28.0	46.4%
Ranbaxy Laboratories Limited	98.5	165.0	59.7%

Sales of Major Products

(Billions of yen)

			FY2010 Sales				
			Q2 YTD Results	Progress *1	YoY	Full Year Forecast	YoY
GLOBAL	Olmesartan	antihypertensive	121.6	48.2%	6.2	260.0	21.7
	Levofloxacin	synthetic antibacterial agent	33.9	48.9%	-9.4	70.0	-17.2
	Pravastatin	antihyperlipidemic agent	23.7	54.3%	-6.0	44.0	-11.0
	Prasugrel	antiplatelet alliance revenue *2	1.8	-	-	-	-
Japan	Calblock	antihypertensive	7.2	51.4%	0.2	14.0	0.3
	Artist	antihypertensive	12.0	53.2%	0.0	22.5	-0.8
	Kremezin	treatment for chronic renal failure	7.0	54.0%	0.2	13.0	-0.3
	Loxonin	anti-inflammatory analgesic	26.9	52.7%	3.2	51.0	4.0
	Omnipaque	contrast agent	13.0	56.6%	-1.7	23.0	-4.3
	Urief	treatment for dysuria	4.9	42.8%	0.5	11.5	2.5
U.S.	Venofer	treatment for iron deficiency anemia	16.1	60.5%	0.0	27.0	-5.2
	Welchol	antihyperlipidemic agent / treatment for type 2 diabetes	14.4	51.0%	1.0	28.5	1.0

Note: We do not revise forecast by product line.

*1 We have excluded forex factors from progress rates for global and overseas products.

*2 We do not disclose forecast of prasugrel.

R&D Pipeline Update

■ Stage progress

● Application → Approval

- CS-8958: Laninamivir, anti-influenza, treatment (JPN)
 - Brand name: Inavir® Dry Powder Inhaler 20mg
- Levofloxacin Injection: fluoroquinolone (JPN)
 - Brand name: Cravit® intravenous drip infusion

● Phase III → Application

- AMG 162: Denosumab, bone metastases of cancer (JPN)

● Phase II → Phase III

- AMG 162: Denosumab, breast cancer adjuvant (JPN)
- DD-723-B: Perflubutane, ultrasound contrast agent (JPN)

● Phase I → Phase II

- U3-1287: Anti-HER3 antibody (US/EU)
- CS-1008: Tigatuzumab, Anti-DR5 antibody (JPN)

● Phase I

- DS-5565: Chronic pain

Development Pipeline

	Phase 1	Phase 2	Phase 3	Application
Cardiovascular diseases	- DB-772d		- Prasugrel (ACS-MM) - Edoxaban (AF/VTE)	- Edoxaban (JPN) - CS-8635 (EU)
Diabetes mellitus		- CS-1036		
Malignant neoplasm		- ARQ 197 - Tigatuzumab - CS-7017 - Nimotuzumab (#) - U3-1287		
Infectious diseases	- CS-4771 - DS-8587		- Laninamivir	
Bone / joint diseases				- Denosumab (JPN)
Immunological allergic diseases	- CS-0777	- SUN 13834		
Others	- DS-5565		- Human ghrelin - DD-723-B (#)	- Silodosin (China) - Memantine (JPN)

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

	Date (JST)
Ranbaxy 2010 Q3 Financial Results	November 11, 2010
R&D Meeting	December 10, 2010 9:30- Keidanren Kaikan
FY2010 Q3 Financial Results	January 31, 2011 (Conference Call)

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