February 14, 2007

President & CEO　Takashi Shoda

Index

DAIICHI SANKYO CO., LTD.

1 Summary of 1st Mid-term Business Management plan

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1-1. Process and Result of the Management Integration

2005					2006												2007				2008
8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4～12	1~3

Inauguration of Daiichi Sankyo Company Limited

Complete business integration

Planning Phase → Design Phase → Transition Preparation Phase → Transition Phase → Stabilization Phase

Daiichi Sankyo Company Limited

Sankyo Co., Ltd.

Daiichi Pharmaceutical Co., Ltd.

Organization, personnel system
Appropriate allocation of personnel and personnel costs
System Integration

1st Mid-term business management plan

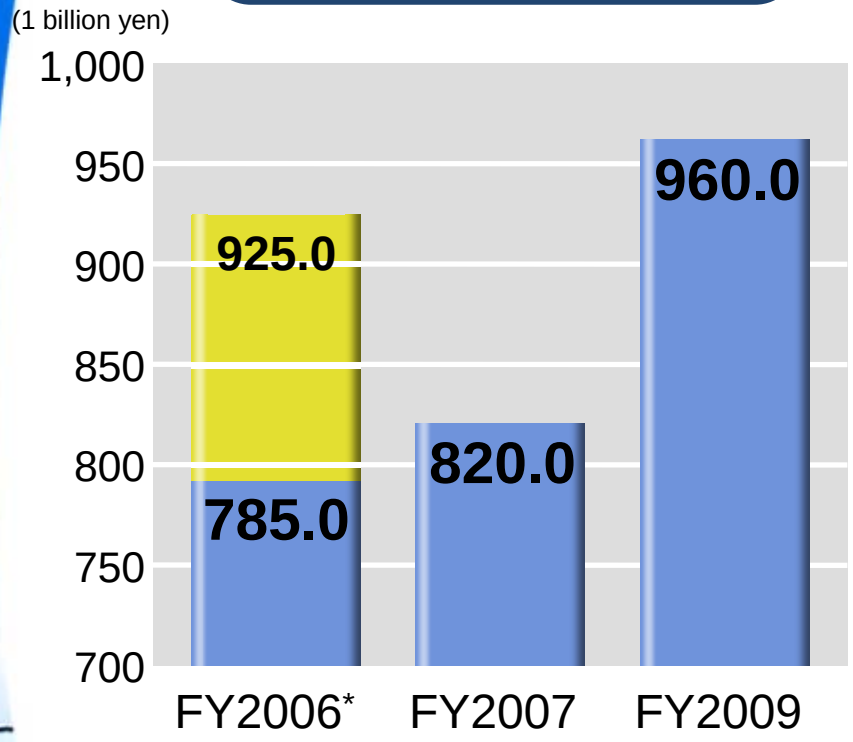
Domestic Sales and Marketing	Domestic Sales and Marketing	November 2005, Start of Co-promotion in Olmetec April 2006, Start of Co-promotion in Cravit	**Daiichi Sankyo Company Limited**
R & D	R & D	Unification of the pipelines	
			Reorganized new company
Healthcare	Healthcare	April 2006, Inauguration of Daiichi Sankyo Healthcare Inc.	**Daiichi Sankyo Healthcare Inc.** **Zepharma Inc.**
		April 2007, Integration of Daiichi Sankyo Healthcare and Zepharma	
Overseas group companies	Overseas group companies	April 2006, Start of Sales and Marketing of U.S. Daiichi Sankyo Inc. July 2006, Name change of a European subsidiary to Daiichi Sankyo Europe GmbH	**Overseas Group Companies**
Pharmaceutical Affiliate companies	Pharmaceutical Affiliate companies		**Asubio Pharma Inc.**
Non-pharmaceutical businesses	Non-pharmaceutical businesses	April 2006, Application for TOB of Wakodo by Asahi Breweries Ltd. October 2006, Transfer of Daiichi Kagaku and Daiichi Radioisotope's stocks March 2007, Transfer of stocks of Sankyo Aguro KK and Sankyo Lifetech Co., Ltd. etc.	

1-2. Mid-term Business Management Plan Core Messages

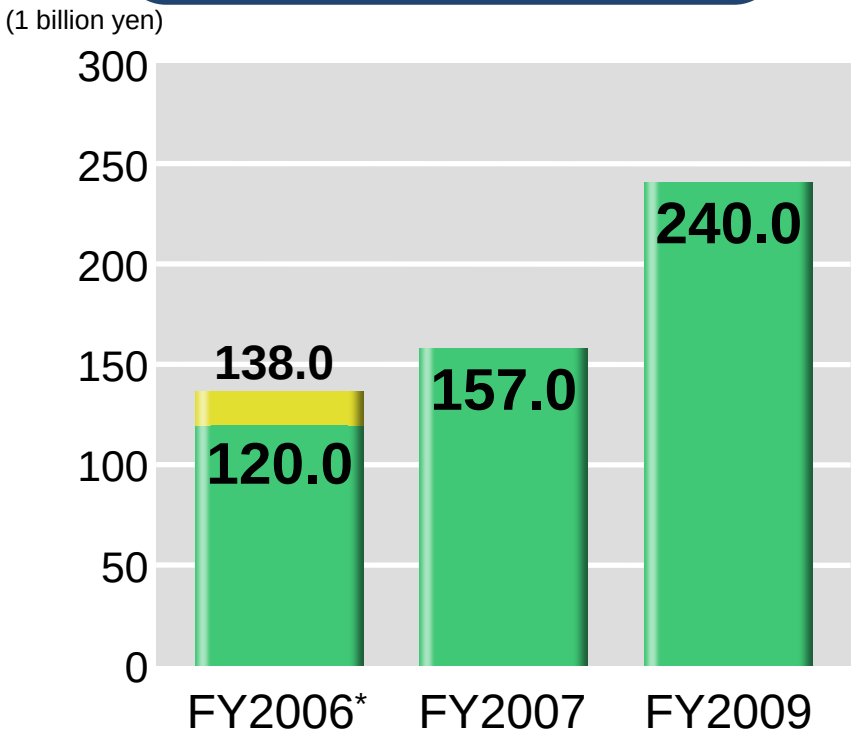
- **Improvement and expansion of the growth foundation toward achieving the vision for 2015**
- **Maximization of synergy by management integration**
  - Strengthening of new-drug discovery ability and improvement of the R&D pipeline
  - Building up of domestic sales structure which boosts the profitability of the group as a whole
  - Maintenance and expansion of the major products such as Olmesaltan and Levofloxacin
  - Improvement of business efficiency by appropriate staff allocation and establishment of functional subsidiaries within the group
- **Drastic expansion of sales force in U.S. (2.5 times)**
- **Target for FY 2009** :
  Operating profit ratio 25%　Overseas sales ratio 40% or more
- **Active stockholder return**
- **Business expansion through strategic investment**

1-3. Numerical target from FY 2007 to FY 2009

Sales



Operating Profit



Exchange rate for overseas business
1 $ =115¥, 1Euro＝140¥

(Note)

* As for FY 2006, figures are quoted from the released account settlement

- Based on the figures for U.S. subsidiaries (DSI, LPI) where 15 months were reported due to the change of settlement period, accounts from January 2006 to March 2006 were deducted.
- Figures for all non-pharmaceutical businesses were deducted.

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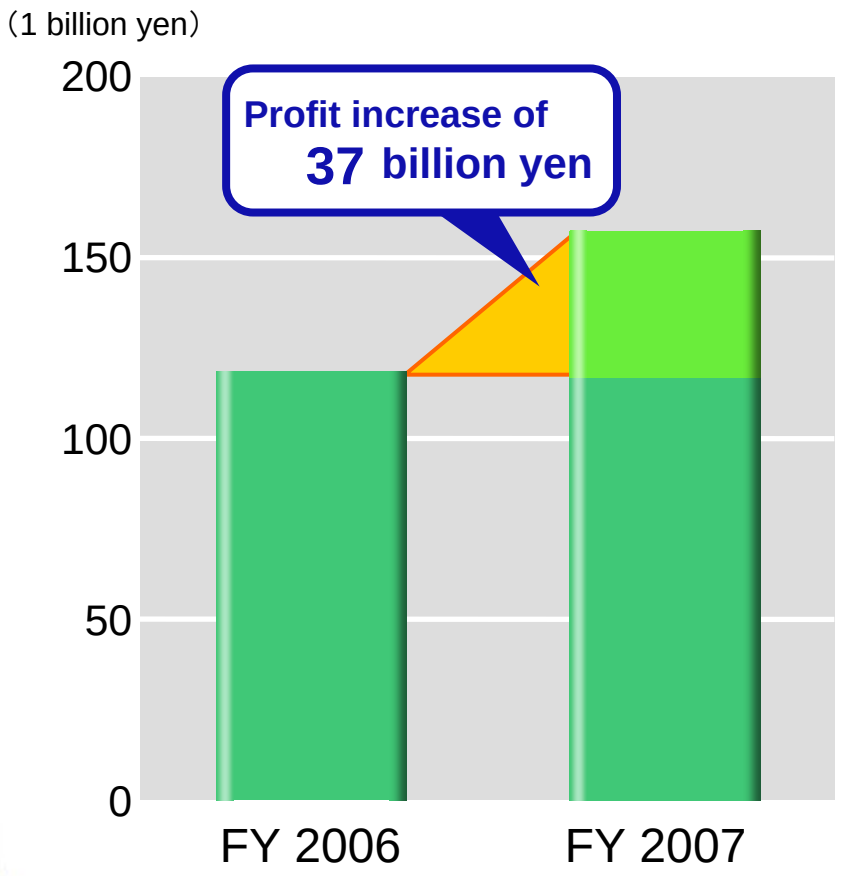
1-4. Creation of cost synergy by integration

Trend of operating profit



Indication of integration synergy **55 billion yen**

- **Decrease of cost rate**
- **Decrease of SGA rate**
  - Appropriate domestic staff-allocation
  - Integration of domestic bases
  - Reduction of IT-related operation cost, etc.

Prior investment for overseas business expansion

- **Prior investment for overseas business expansion**
  - Strengthening of sales force at DSI
  - Strengthening of R&D and sales force at LPI
  - Strengthening of sales force at DSE
- **R&D investment for developing projects**

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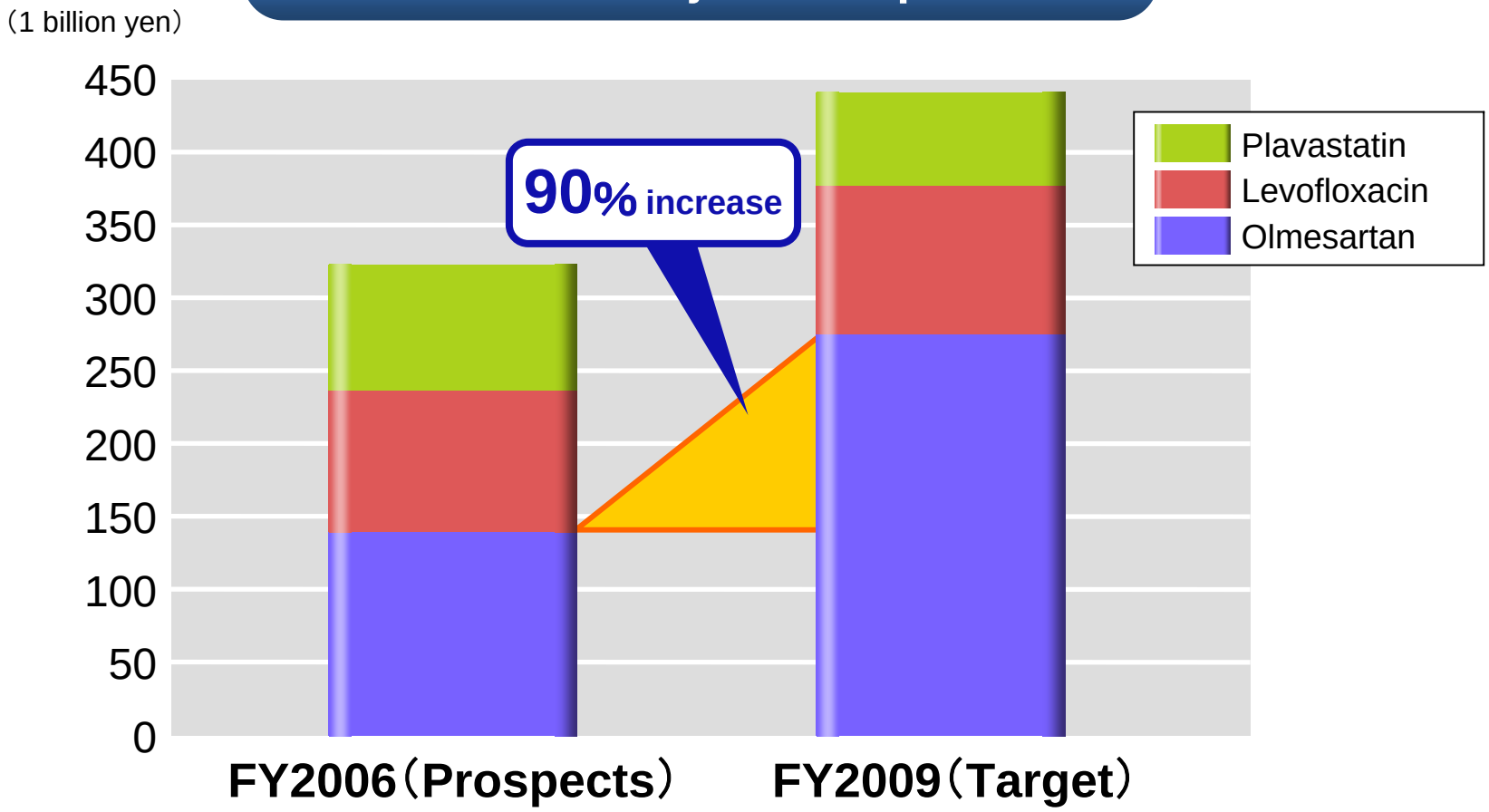
1-5. Olmesartan is the growing driver for the midterm account settlement

Sales trend of major three products



∗ For sales figures of Olmesartan for FY 2006, those from January to March in U.S. are deducted .

∗ Sales figures of Olmesartan for FY 2009 include those of CS-8663.

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1-6. Target of Profits and losses

■Target for FY 2009：Operating profit ratio of 25%

Product Name	FY2006(Prospects)		FY2007（Target）		FY2009（Target）	
	（billion yen）	（%）	（billion yen）	（%）	（billion yen）	（%）
Sales	785	100.0	820	100.0	960	100.0
Cost+SGA	665	84.7	663	80.8	720	75.0
R&D cost	160	20.4	155	18.9	165	17.2
Operating profit	120	15.3	157	19.1	240	25.0

（Note）*As for FY 2006, figures are quoted from the released account settlement

- As for figures for U.S. subsidiaries (DSI, LPI) where 15 months were reported due to the change of settlement period, those from January to March were deducted
- Figures for all non-pharmaceutical businesses were deducted.

1-7.1 2015 Vision

“Global drug-discovery-oriented company”
Realization of Global Pharma Innovator

Global

- Company conducting business from major bases around the world.

Drug-discovery oriented company

- Company continuously focusing on pharmaceutical business and the creation of innovative pharmaceutical products

1-7.2 2015 Vision

Pursuit of achievements worthy of a global company

Target figures for FY 2015

- Sales 1.5 trillion yen
- Operating profit margin 25% or more
- Overseas sales ratio 60% or more

Priority diseases in research and development

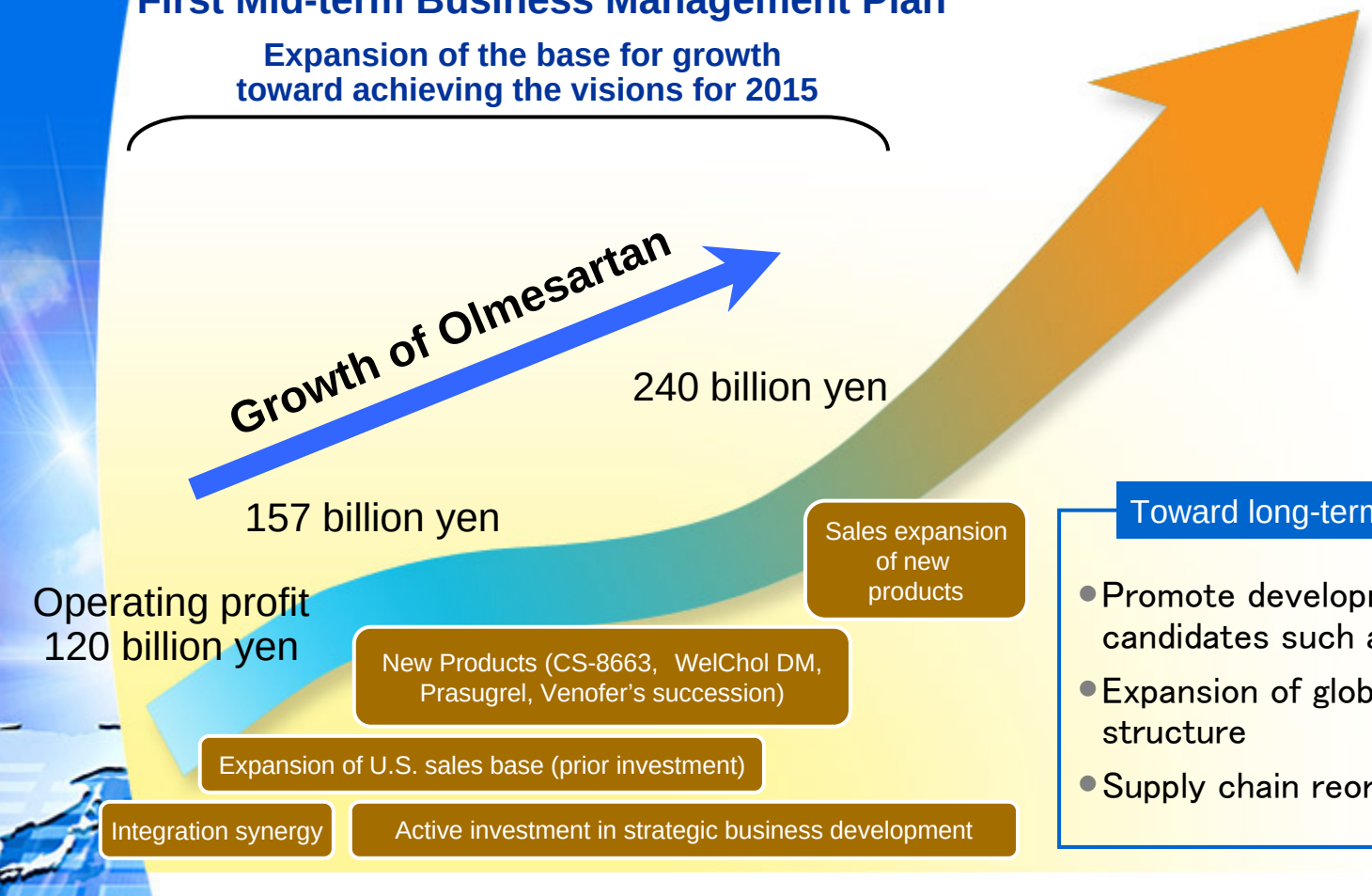
- **Thrombosis,Diabetes, cancer, autoimmune disease/ rheumatoid arthritis**

  Establish a pipeline among the global top class

1-7.3 Process toward the a goal of 2015 vision

First Mid-term Business Management Plan

Expansion of the base for growth toward achieving the visions for 2015



2015

Sales
1.5 trillion yen

Sales profit margin
25% or more

Overseas sales ratio
60% or more

Toward long-term growth after FY2010

- Promote development of large-scale candidates such as DU-176b, DZ-697b
- Expansion of global tetra-polar structure
- Supply chain reorganization

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2 Research and Development Strategies

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2-1. Research and development , interim target

- Establish a global R&D development system
- Improvement of R&D pipeline
- Make a R&D development foundation by strategic investment

2-2. Items scheduled for application during this term

Region	Under application	Items scheduled for application
Japan Asia	DU-6859a（Gracevit） CS-1401E（Fentanest for pediatric use） LX-P（Loxonin tape）	CS-866AZ　CS-8958 SUN Y7017（Memantin）　DS-992（HGF） Cravit high-dose　Kremezin（China） KMD-3213（Urief　China）　CS-866HCTZ（China） Etc
U.S.	CS-8663 WelChol DM（Diabetes）	CS-747（Prasugrel） Etc
Europe		CS-8663 CS-747（Prasugrel） Etc

Novel component　Additional formulation and additional indication, etc.

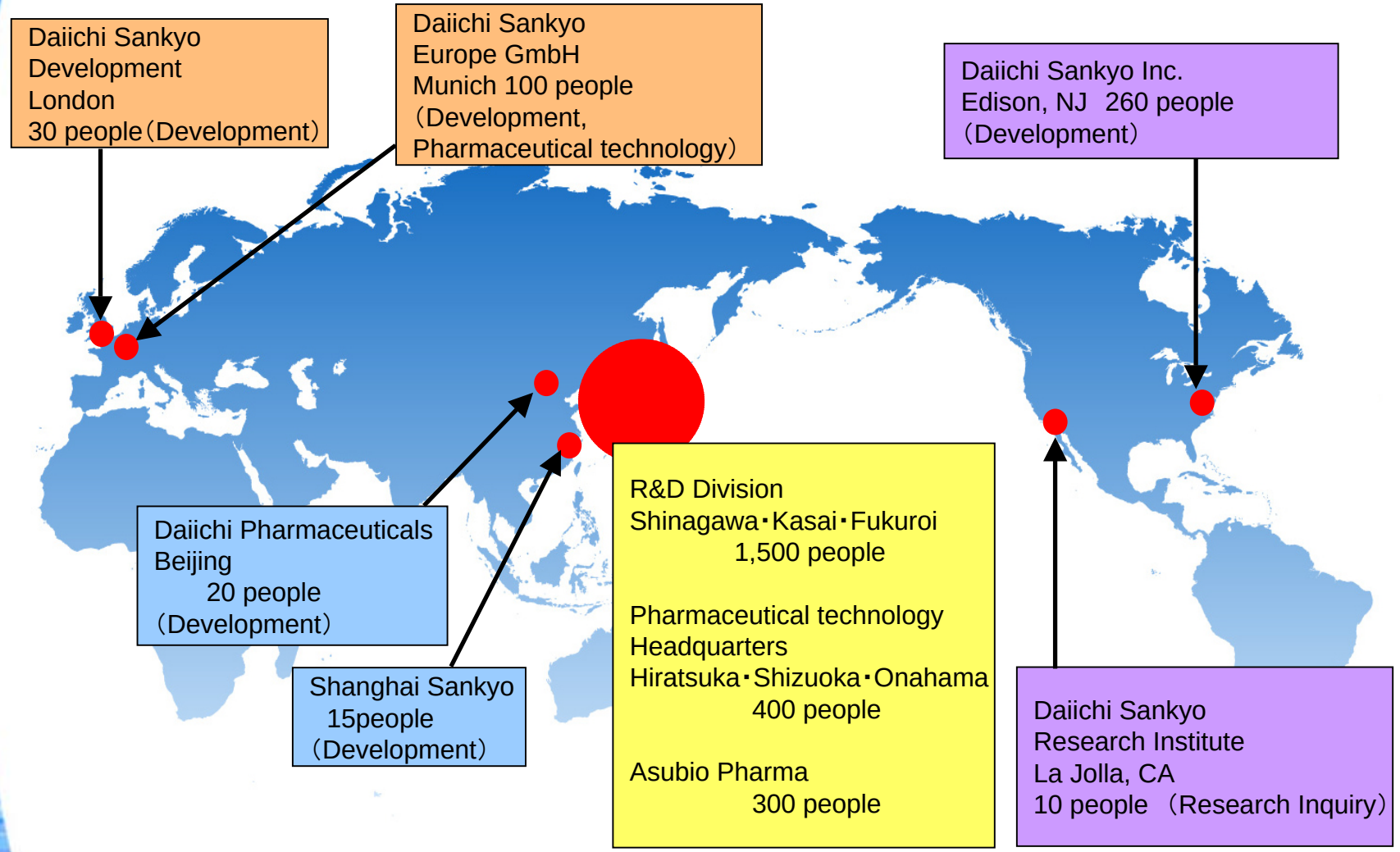
2-3. Major new products scheduled for release during this term

Region	Items	
Japan Asia	DU-6859a（Gracevit）	HIB Vaccine
	Cravit high-dose	LX-P（Loxonin tape）
	KMD-3213（Urief　China）	Kremezin（China）
	CS-866HCTZ（China）	Sunrhythm（Korea）
U.S.	CS-8663	WelChol DM（Diabetes）
	CS-747（Prasugrel）	
Europe	CS-8663	CS-747（Prasugrel）

Novel component

Additional formulation and additional indication, etc.

2-4. Global R&D bases



（As of April 2007）

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3 Domestic Business Strategies

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3-1. Ethical drug business, Gist of the midterm strategies

- Sales synergy by the new domestic sales structure
- Input sales and marketing resources into the priority product group (Olmetec, Cravit, Mevalotin, etc.) prefenratially
- Place Olmetec and Cravit as growth driver
- Improvement of the product value by reinforcing the lifecycle management

Target for FY 2009 Sales **470** billion yen

3-2. Indication of integration synergy and productivity improvement

Start-up with top speed through the new domestic sales structure

- Unification of Sales formation and development of marketing and wholesale strategies from the first year of integration in order to maximize the sales synergy
- Staffing of 2,300 MRs

  Promote the dissemination activities of the domestic top-level academic information both in quality and quantity
- Collaboration between the “site MR” line and “area MR”line

Improvement of the productivity of MRs(based on the current NHI price)

- Target for FY2007: Increase of sales productivity per person by 25%（compared with FY 2006)
- Target for FY 2009：Sales per person exceeding 250 million yen

3-3. Sales target for the priority product field

Field	Product	Prospect for FY 2006	Target for FY 2009
Cardiovascular disease-related field	10 products including Olmetec, Artist, Calblock, Mevalotin, Livalo, Kremezin, Fastic	185 billion yen	230 billion yen
Infectious diseases/ bone/joints/ Immune system/allergy/ urology	Cravit, Loxonin brand, Mobic, Zyrtec, Urief	105 billion yen	120 billion yen
Contrast agents/cancer/ gastrial diseases	Omnipaque, Omniscan, Topotecin, Krestin, Feron	50 billion yen	50 billion yen

3-4. Midterm plans of Daiichi Sankyo Healthcare (DSHC)

Strategies

- Building-up the franchise in the field of expertise where several brands including “general cold remedy” and “gastrointestinal drugs” are offered
- Establishment of the new growth foundation by undertaking the new business development and collaboration and the active development of the new field (functional skin-care, functional food)
- Improvement of business management efficiency by implementing cost operation

New products scheduled for release

- Windom（athlete’s foot remedy）, Skin-care related products, etc.

Number of employees

- 390 people structure（reduction by approximately 25% compared to the previous year*） Staffing of 150 MRs

Target for FY 2009：Sales of 58 billion yen
Operating profit 10% or more

* Daiichi-Sankyo Healthcare + Zepharma

4 Overseas Business Strategies

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4-1. Gist of the overseas business strategies

- **Enhancement of the sales foundation toward the sales expansion of Olmesartan and the marketing of new products around Europe and U.S.**
- **Securing of the profit foundation by exporting drug substances including Levofloxacin**
- **Expansion of the business foundation in Asian and Latin American regions**

4-2.1 Midterm plans of Daiichi Sankyo Inc.(DSI)

Strategies

- Continuing strong growth of already-marketed products
- Achievement of the effective sales force expansion
- Preparation of a structure for the release of new products

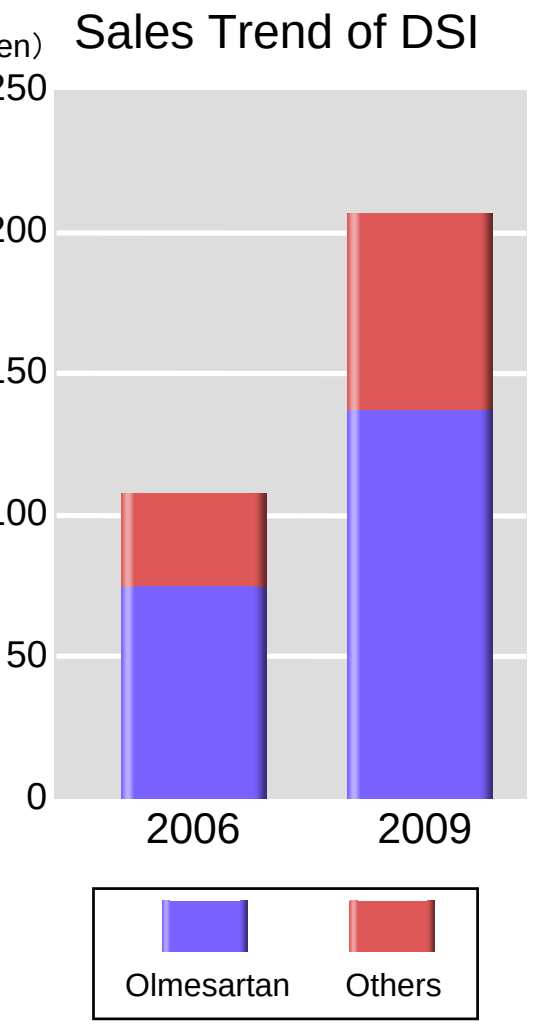
New products marketing plan

- CS-8663 (combination preparation of Olmesartan and Amlodipine)
- WelChol DM (additional indication for Type 2 diabetic treatment)
- Prasugrel (antiplatelet agent)

Progressive enhancement of the sales personnel

900 people structure⇒2,300 people structure（FY 2009）

Target for FY2009：Sales of 200 billion yen or more



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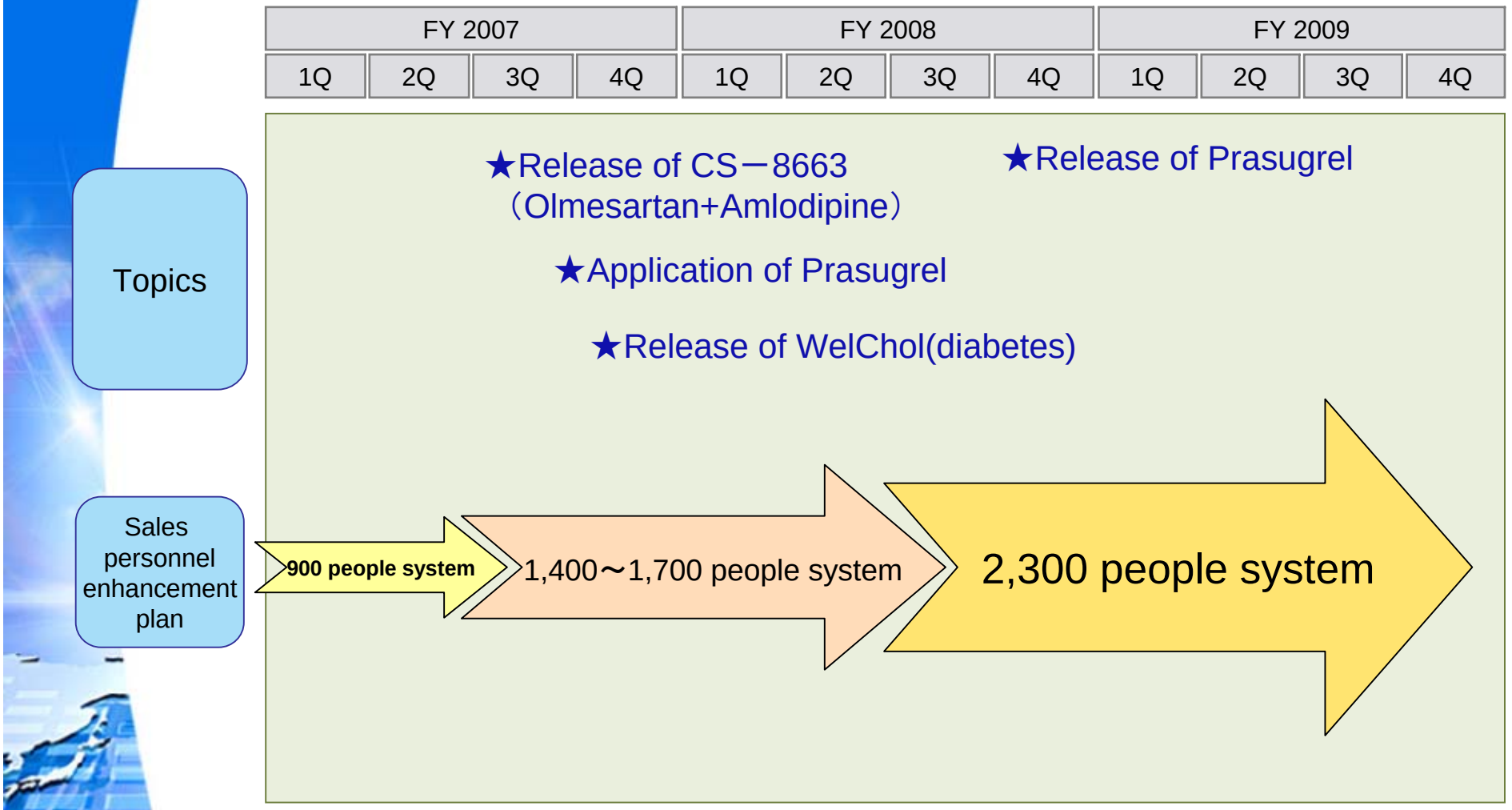
4-2.2 Expansion of the sales force toward the rapid growth in U.S.



※1Q of FY 2007 means the months form April to June and it's the same for other fiscal years

4-2.3 Midterm plans of Luitpold Inc. (LPI)

Strategies

- Maintaining of the sales of Venofer (therapeutic agent for anemia)
- Enhancement of the sales force toward the release of new products such as VIT-45（Venofer's succession)（Prior investment from 2007 to 2008）
- Reinforcement of the Osteohealth sector（business sector handling dental materials)

Enhancement of the sales personnel

- 50 people structure ⇒ 350 people structure（2009)

Target for FY 2009：Sales of 60 billion yen or more

4-3. Midterm plans of Daiichi Sankyo Europe(DSE)

Strategies

- Enhancement of the sales force for the release of new products
- Establishment of the specialist team in the cardiovascular area toward the release of Prasugrel

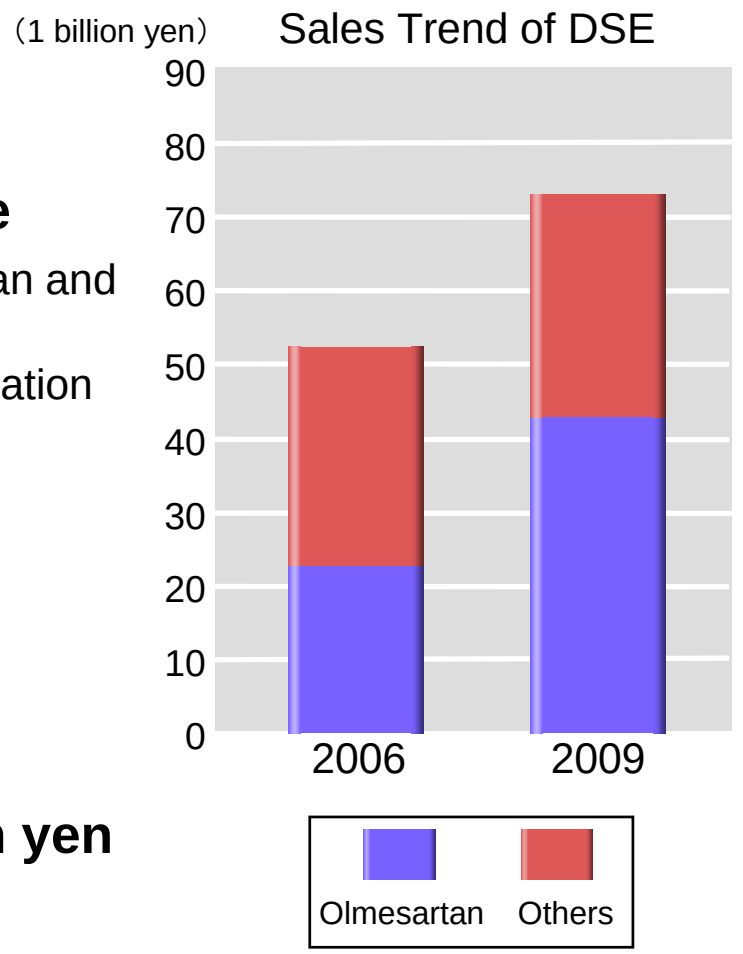
New products scheduled for release

- CS-8663 (combination preparation of Olmesartan and Amlodipine)
- High-dose preparation of Olmetec Plus (combination preparation of Olmesartan and diuretic)
- Prasugrel (antiplatelet agent)

Progressive enhancement of the sales personnel

800 people ⇒1,000 people structure (2009)

Target for FY2009：Sales of 70 billion yen or more



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4-4. Asian and Latin American businesses Gist of the midterm plans

Deploy the expansion strategy focused on Olmesartan in respective countries

- China　Synergy by collaboration of 2 companies (Daiichi Pharmaceuticals Beijing and Shanghai Sankyo)
- Taiwan　Expansion of the already-marketed products by the integrated new company, release of new products such as CS-8663
- Korea　100% subsidiary company since October 2006 Build up the foundation in the cardiovascular area
- Brasil・Venezuela　Olmesartan（single agent, combination preparation of Olmesartan and diuretic), Sales expansion of CS-8663

Maintenance and expansion of Levofloxacin in Asia

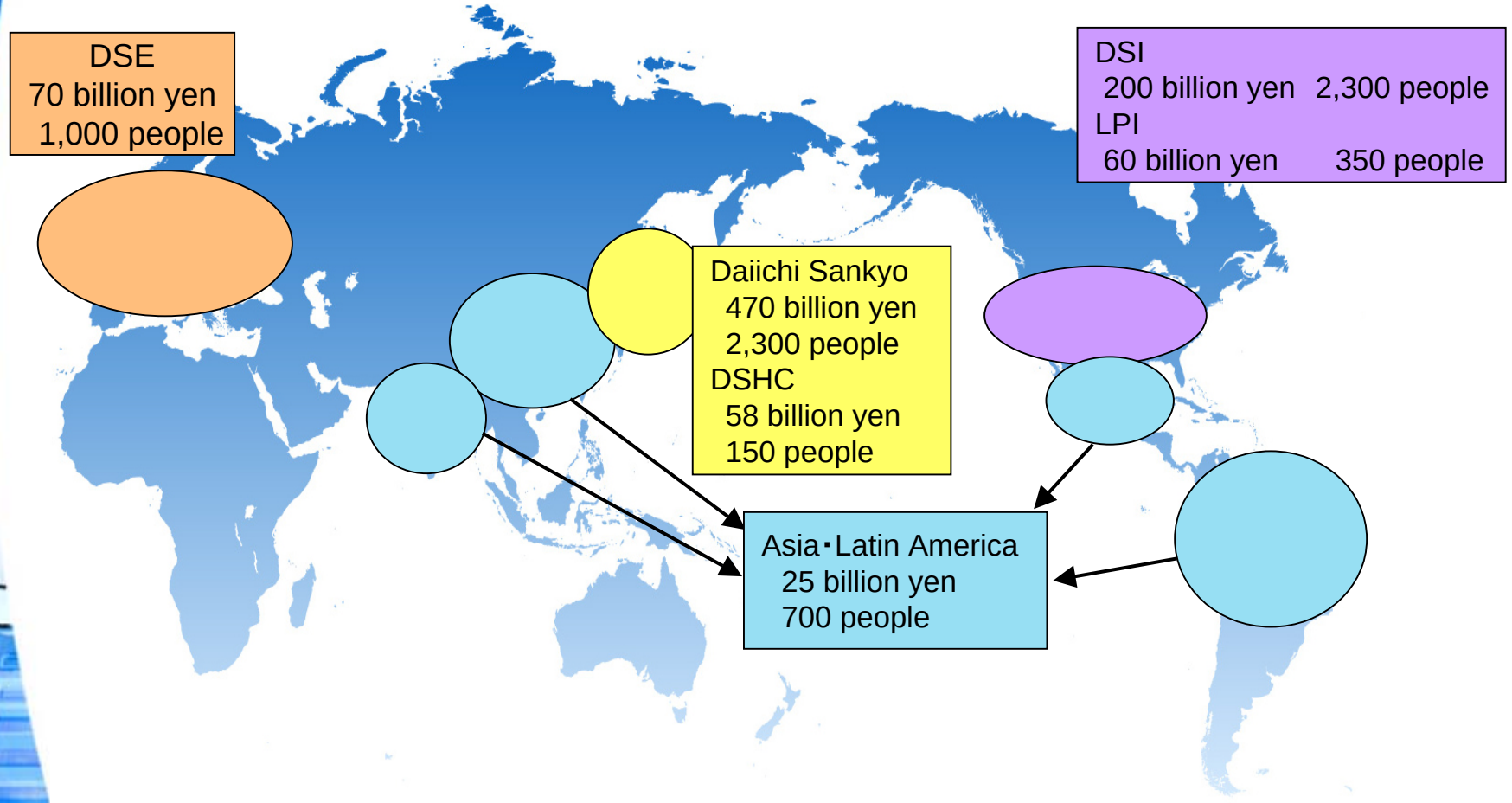
Establishment of the new company in India （scheduled during 2007)

- Strengthening of collaboration with Uni-Sankyo (local joint venture, 39.99% investment)

Target for FY 2009：Sales of 25 billion yen

4-5. Establishment of the sales foundation based on the global tetra-polar structure

FY2009 Sales and MR (sales representative) workforce planning



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5 Shareholder Return

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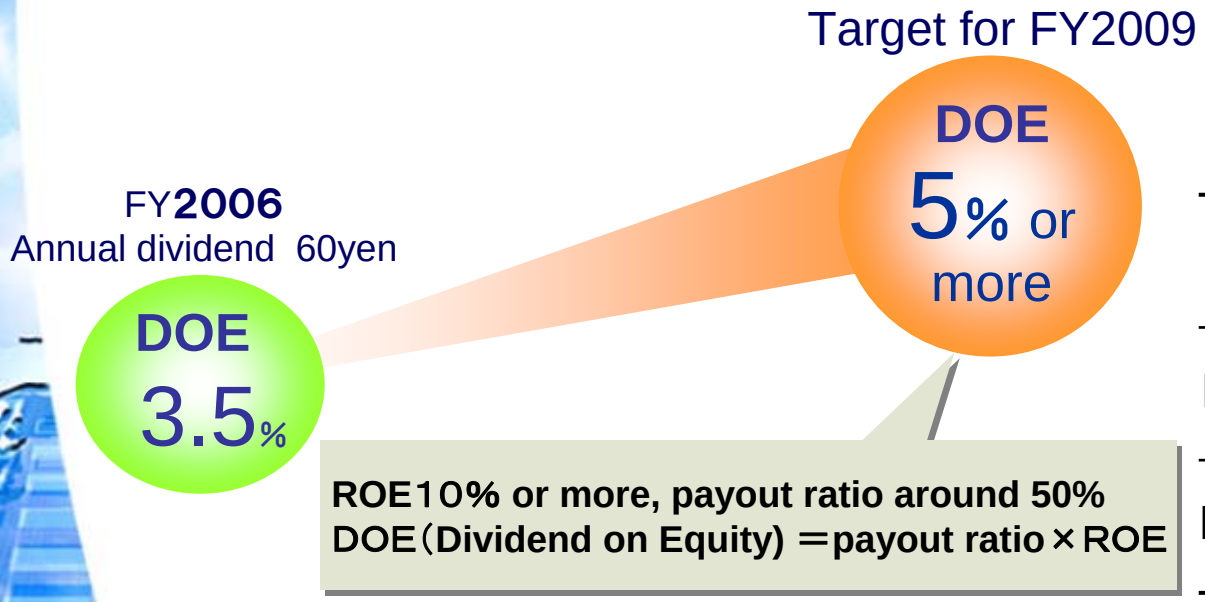
5-1. Shareholder Return

Midterm policies

- Free cash flow for the term will be appropriated to shareholder return (dividends + share buy back)
  ⇒"Total Return Ratio" target: 100%
- Early achievement of DOE 5% and implementation of stable increase in capital
- Share buy back will be conducted flexibly based on the resolutions at the board of directors' meeting



	FY 2006 (Prospects)	FY 2009 (Target)
EPS	97 yen	More than doubled
ROE	5.7%	10% or more

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6 Summary

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6-1. Summary

- Maximization of synergy (sales, cost) by the management integration
- Strengthening of R&D capability toward achieving the vision for 2015 and prior investment to the U.S.
- Improvement of the pipelines
- Accomplishment of the operating profit ratio of 25% and the overseas sales ratio of 40% or more
- Active shareholder return

7 The current situation of Main Development Items

GEMRAD chairman
John C. Alexander

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7-1. R&D Integration

- GEMRAD (R&D management meeting) began in Oct. 2005
- US/EU integration completed in April 2006
- Global R&D Strategy meeting in Jan. 2007
- Full R&D integration in April 2007

7-2. List of major developed items

	Candidate for development	Phase 1	Phase 2	Phase 3	Under application
Cardiovascular disease		DZ-697b	DU-176b CS-866RN(#) CS-866CMB(#) SUN 4936h	CS-747 HGF CS-866DM (#) CS-866AZ (#)	CS-8663
Glucose metabolism		SUN E7001 (#) AJD101	CS-011 CS-917		WelChol DM
Infectious diseases		DX-619 CS-758 CS-8958 DC-159a	〔CS-023〕		DU-6859a DF-098 (#) 〔SUN A0026〕
Cancer	DE-766(#)	CS-7017 CS-1008			
Immunity・allergy		CS-0777	CS-712 (#)		
Bone･joints	OCIF		CS-706 SUN E3001 (#)	CS-600G (#)	LX-P (#)
Other	CS-011 (#) （dry eyes）	SUN N8075	SUN N4057 CS-088 KMD-3213 SUN11031	SUN Y7017 (#) DL-8234(#) 〔SUN0588r〕	CS-1401E (#) DL-404 (#)

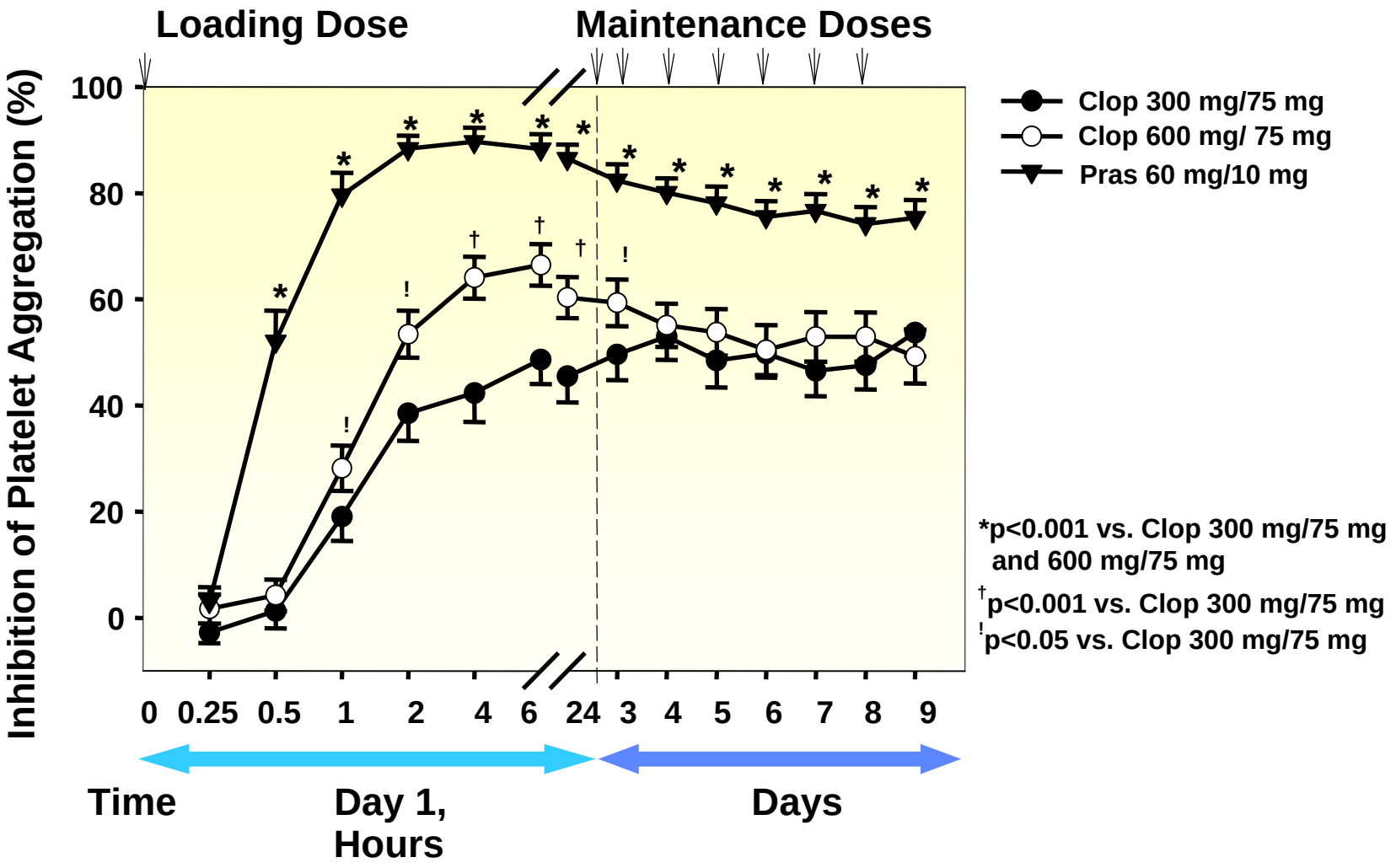
- #：Developed only in Japan
- 〔 〕: Derivation

- For items that are being developed on a global basis (outside of Japan), the most advanced stage is described.
- The underlined items are the current projects with the highest priority.

7-3.1 Prasugrel （CS-747）

- **Co-developing & co-commercializing with Eli Lilly and Co.**
- **Platelet aggregation inhibitor**
  - Initial submission for acute coronary syndromes (ACS)
- **Phase 1 studies suggest prasugrel may have superior profile**
  - Higher inhibition of platelet aggregation (IPA)
  - Faster onset of IPA
  - More consistent IPA
- **Phase 2 safety study indicated acceptable bleeding profile**

7-3.2 Prasugrel - Higher IPA than High Loading Dose of Plavix -



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7-3.3 Prasugrel - Summary of Phase3 (TRITON) Study -

TRITON study background

- Superiority head-to-head vs. Plavix
- Event-driven trial
- Hope to demonstrate faster onset, higher IPA, more consistent response yields improved clinical outcomes versus Plavix

TRITON update

- Completion of enrollment in January with 13,600 patients

Tracking for mid year study completion;
NDA filing by end 2007

7-4. CS-8663

- **A fixed dose combination of two antihypertensives, amlodipine (most widely used CCB) and olmesartan medoxomil (fastest growing ARB)**
  - ARBs continue to be the fastest growing anti-hypertensive class
  - Life cycle management strategy to grow Benicar(US) / Olmetec(Europe) franchise
- **Target indication : second line therapy for hypertensive patients who fail monotherapy**
  - Over 120 million hypertensive patients in the US/EU and still growing
  - Only 40 - 50% of hypertensive patients are being treated, and only about half of them achieving target blood pressure goals
  - Addresses unmet medical need, getting more patients to treatment goals recommended by the guidelines
- **NDA in the US, November 2006**
  - NDA target in EU, autumn 2007

7-5.1 DU-176b - Unmet Medical Needs for Oral Anticoagulants -

- **Consistent drug response (No monitoring required)**
- **Improved risk/benefit in DVT and NVAF**

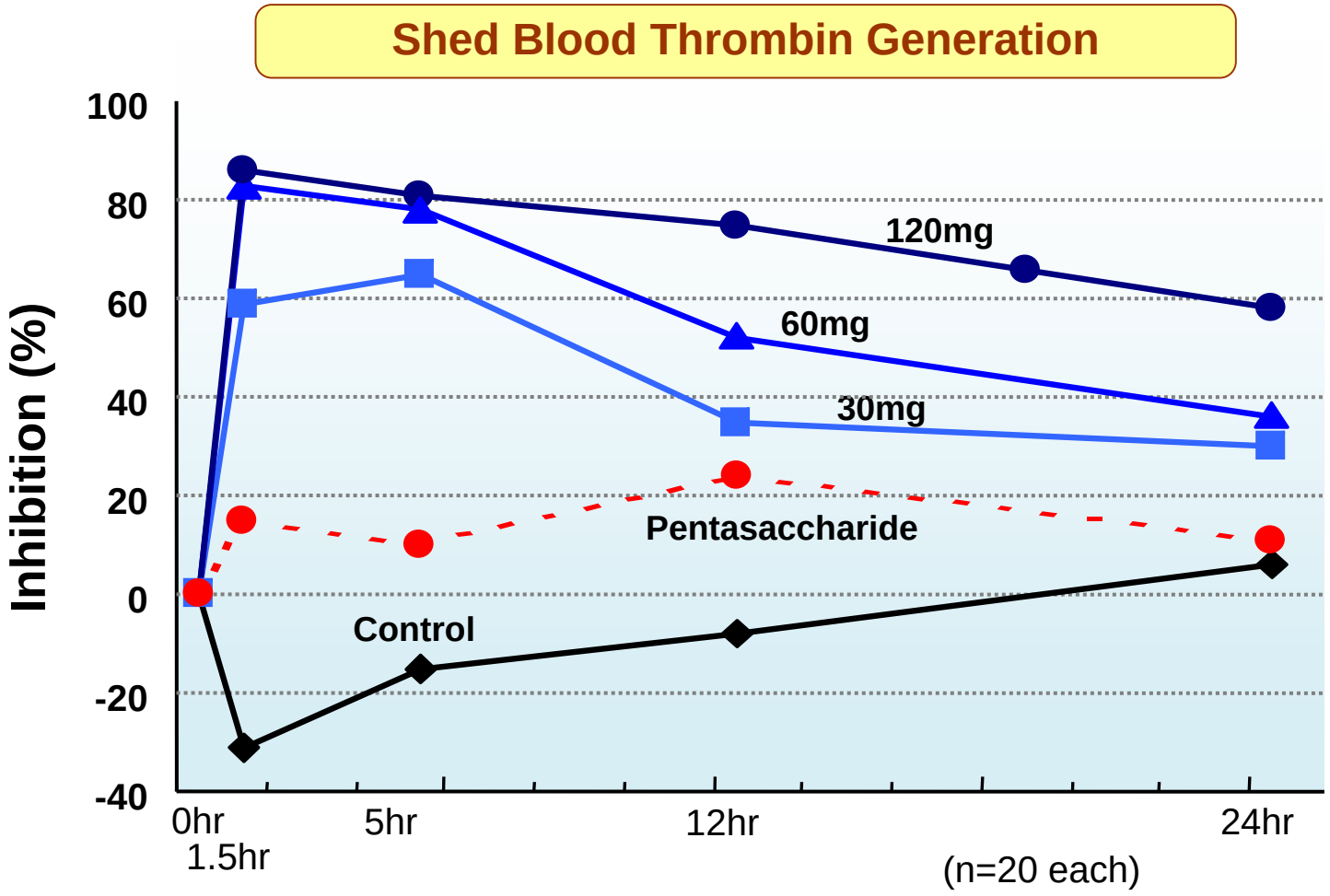
  DVT: deep venous thrombosis, NVAF: nonvalvular atrial fibrillation

- **Faster onset of action**
- **No drug-drug interactions**
- **No drug-food interactions**

7-5.2 DU-176b

- Best in class inhibitor of blood coagulation factor Xa
- No hepatotoxicity signals in pre-clinical including toxicogenomics and clinical studies
- Phase 2b studies in patients with total hip replacement and total knee replacement are on going
- Phase 2b study in NVAF is under preparation
- Significant market opportunity but with competitors

7-5.3 DU-176b *Ex vivo* Study in human



Once a day dosing was suggested in human volunteers.

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7-5.4 Profile and Positioning of DU-176b

Attributes	DU-176b
Dosage Regimen	Once a day dosing
Efficacy	Not inferior to warfarin in DVT and NVAF
Safety and tolerability	
- Bleeding	Not inferior to warfarin
- Liver Toxicity	No hepatotoxicity (superior to competitors)
Indications	DVT NVAF
Food Effects	No
Monitoring	No

7-6. DZ-697b

First in class anti-platelet agent

- Inhibit high-shear stress induced platelet aggregation
- Inhibition is reversible
- Little inhibition on aggregation at low-shear stress, suggests lower bleeding risk

Phase 1 study

- Rapid onset and prolonged inhibition
- Inhibit platelet aggregation induced by shear stress
- Excellent PK profiles in oral absorption and AUC, not influenced by food intake or ethnicity
- Less safety concern in combination with aspirin
- Inhibit *ex vivo* Badimon chamber thrombosis model in human

Phase 2a studies are under preparation

- Phase 2a study is to initiate in 2007
- Targets: Stroke/TIA, ACS

Potential Indications

Stroke, ACS, Microcirculation disorders

7-7.1 Diabetes Franchise

WelChol DM (Expansion of indication for diabetes in the US)

- WelChol contains colesevelam hydrochloride, a non- absorbed, polymeric, lipid-lowering agent intended for oral administration
- The result of three Phase 3 studies concomitant with other hypoglycemic agents indicates that WelChol is effective for inadequately controlled type 2 diabetes patients with the existing treatments
- Supplemental NDA submission made on December, 2006

CS-011 rivoglitazone

- Potent selective PPAR-gamma agonist for treatment of diabetes
- Goal is to achieve superior glycemic control and safety compared to pioglitazone (Best in Class)
- Dose-dependent efficacy on plasma glucose and lipid parameters superior to pioglitazone were demonstrated in Phase 2b study
- Carcinogenicity studies are on-going
- Discussion with FDA for Phase 3 studies

7-7.2 Diabetes Franchise

CS-917

- First in class, the fructose 1-6 bisphosphatase (FBPase) inhibitor
- FBPase is a rate-limiting enzyme that regulates hepatic glucose production
- Potential to treat a majority of type 2 diabetic patients as monotherapy or in combination with other therapies
- Proof of concept was established with reduction in fasting plasma glucose
- Phase 2b study with low dose range for safety has completed enrollment with no evidence of lactic acid level increase to date

AJD101

- Licensed from Ajinomoto Co., Inc. in August, 2006
- Anti-diabetic agent with new mechanism
- Four Phase 1 trials completed in EU and AJD101 was well tolerated and safe for healthy volunteers and patients
- Phase 2a study is planned in Japan and mechanistic study planned in EU
- Development exclusively outside Japan, co-development with Ajinomoto in Japan

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Numerical values for future projections in this material are derived from our judgments and assumptions based on the currently available information and they include risks and uncertainty. For this reason, the actual results may differ from the projected numerical values.