



R&D Objectives of the Daiichi Sankyo Merger

This integration is on an equal footing, based on mutual respect for each other's history, traditions and corporate culture

All operational processes, functions and organizational structure will

- Leverage the strengths of each company
- Learn from each other with an open mind and objectively appraise and adopt the best of best
- Placing the interests of the integrated company first

The combined companies will create significant synergies in R&D with a product portfolio with market leading shares in Japan in several therapeutic areas

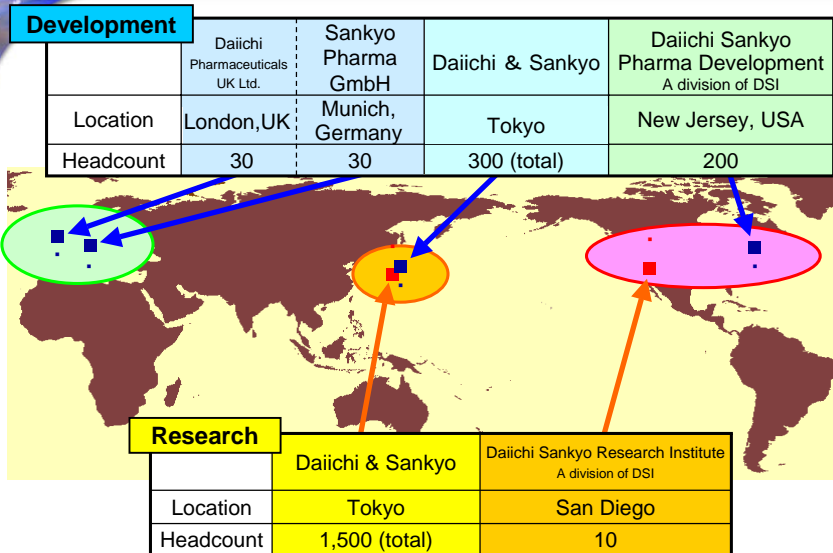
Enhanced financial strength will increase opportunities to acquire external resources, including acquisition through M&A activity

Daiichi Sankyo R&D Strategy

- To develop "best in class" and "first in class" products for unmet medical need.
- To be the "right size" global R&D organization balancing resources versus complexity.
- Scale to support innovative research in focus areas: cardiovascular, diabetes, oncology and infection.
- Resources to develop key pipeline products without need for partnering.
- Effective and efficient development pipeline management and timely decision making.
- Global development excellence and capability lead by empowered product teams.
- To be the partner of choice for global licensing deals.
- Emphasis on high quality in everything we do.
- To remember everyday that our patients are waiting.

***Achievement of true competitiveness as a Japan based
Global Pharma Innovator***

Global R&D Locations (2006.4)



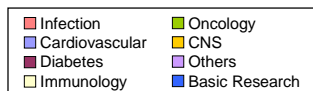
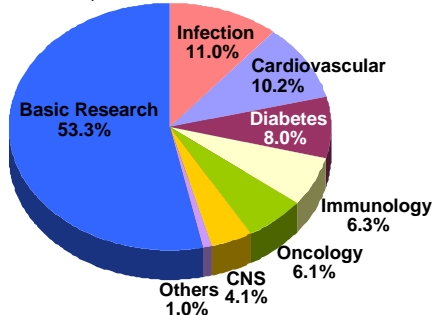
DAIICHI SANKYO CO., LTD.

3

Depth and Concentration on Key Research Areas

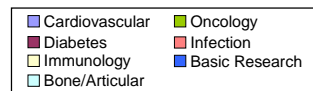
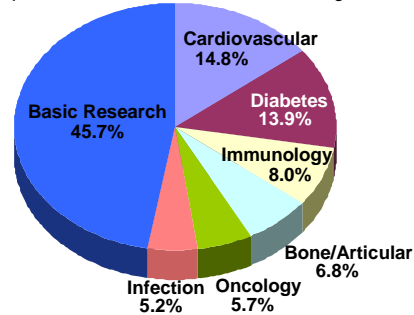
■ Daiichi Research

Daiichi:
Proportion of Man hour



■ Sankyo Research and Dev Research

Sankyo:
Proportion of Man hour for before PD1 Programs

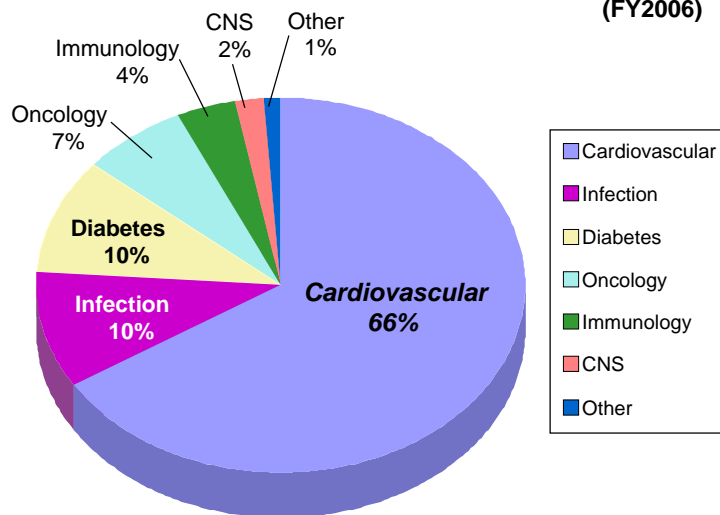


DAIICHI SANKYO CO., LTD.

4

Percentage of Budget by Therapeutic Area

(FY2006)



DAIICHI SANKYO CO., LTD.

5

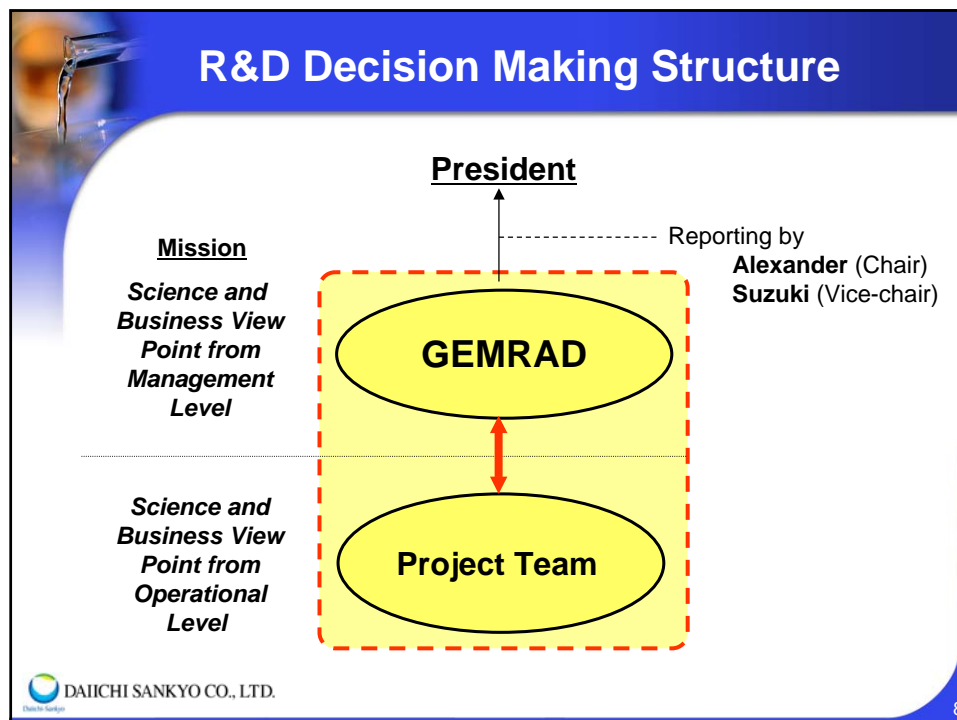
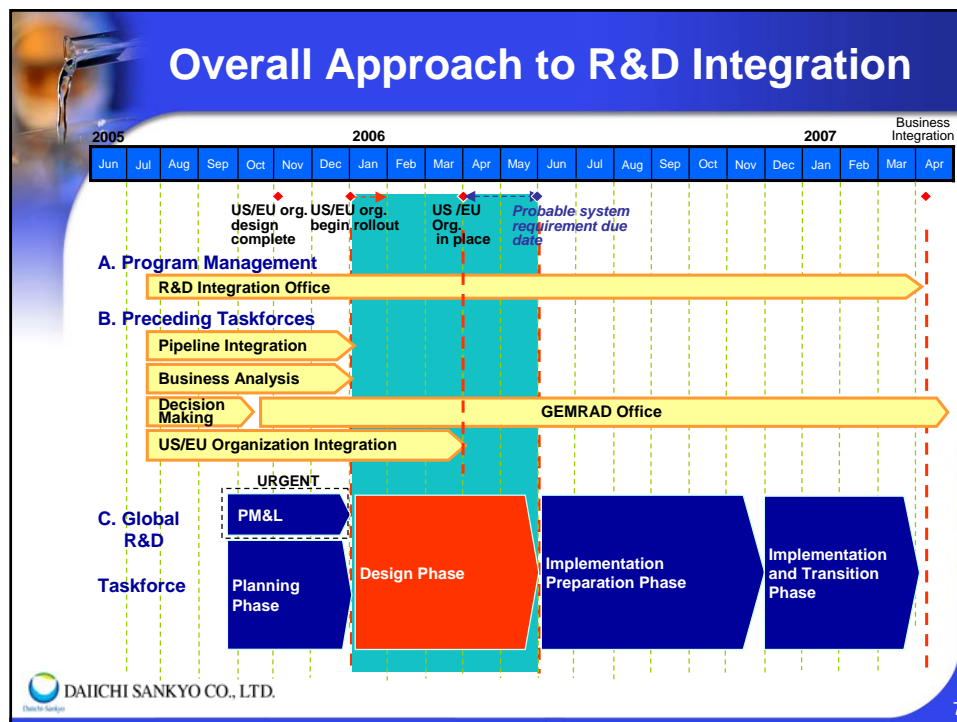
Progress of R&D Integration

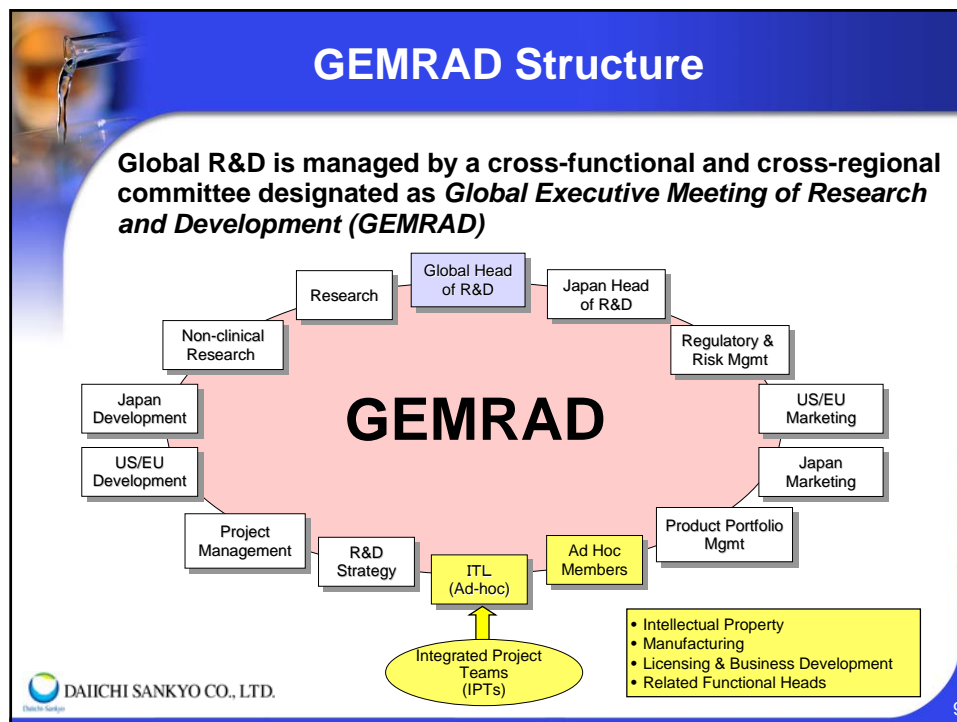
- We've established an executive-level, cross-functional and cross-regional decision making committee: GEMRAD
- The committee has successfully prioritized the pipeline
- High priority products will be fully supported by Integrated Global and Regional Project Teams and recent funding decisions
- The US/EU Organization will be established April 3, and we're on-target with Japan integration activities
- Unified R&D Budget created
- And, the R&D Leadership team has agreed to initiate a strategic planning effort to fully define the Daiichi Sankyo R&D Strategy

***Achievement of true competitiveness as a Japan based
Global Pharma Innovator***

DAIICHI SANKYO CO., LTD.

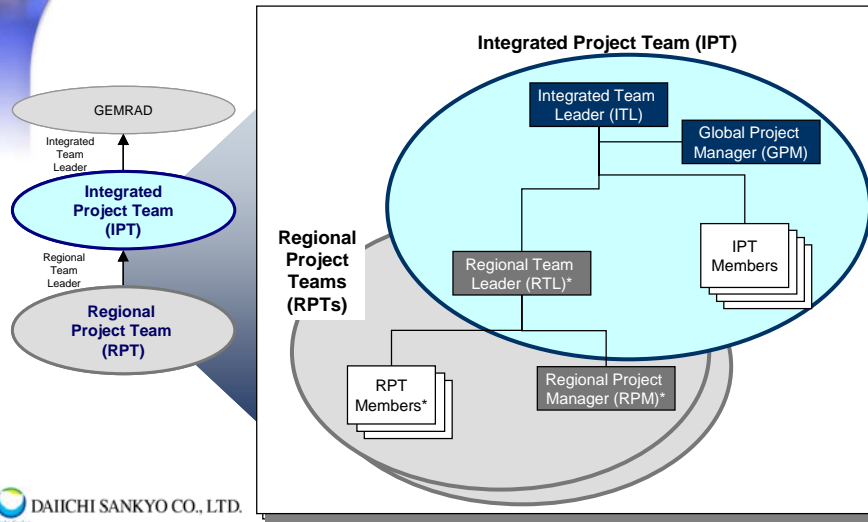
6





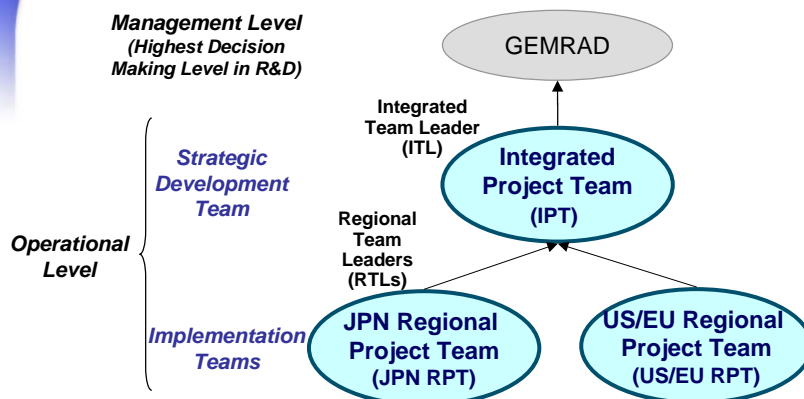
IPT / RPT Structure

The IPTs and RPTs will be the backbone of the team model in Daiichi Sankyo's drug development process for all global and regional projects.



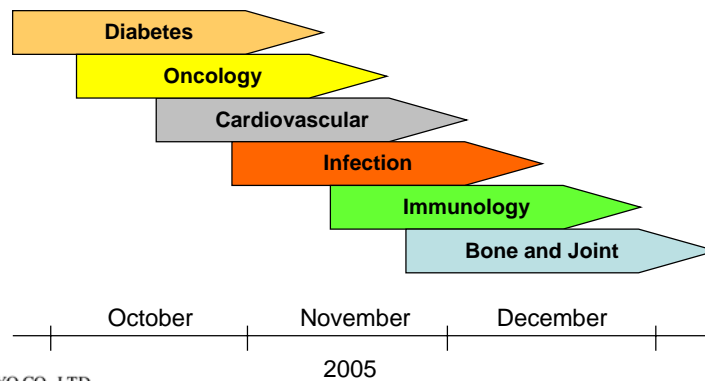
Development Team Structure

The IPTs and RPTs will be the backbone of the team model in Daiichi Sankyo's drug development process for all global and regional projects.



Pipeline Integration

- Pipeline integration was initiated with the understanding of mutual projects
- Several Project Review Meetings were held by therapeutic area in the US and Japan

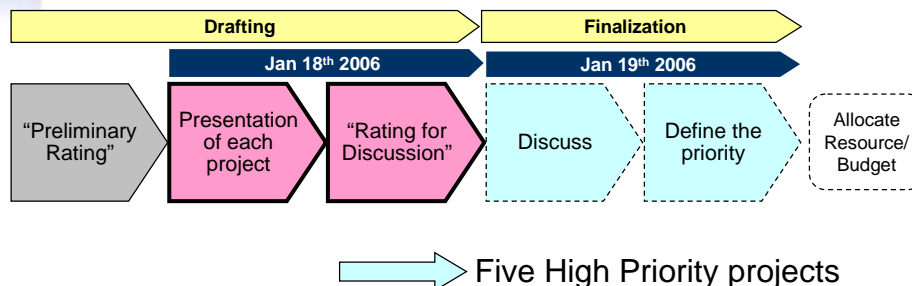


DAIICHI SANKYO CO., LTD.

13

Project Prioritization

GEMRAD members discussed the value of Daiichi-Sankyo's Global projects through a two-day meeting and defined five high priority projects



DAIICHI SANKYO CO., LTD.

14

GEMRAD Conclusion of Prioritization

The following five projects are highly prioritized after the prioritization discussion.

Project Name	Class
Prasugrel (CS-747)	Anti-platelet
DU-176b	Blood coagulation factor Xa inhibitor
CS-8663	Olmesartan & Amlodipine comb.
DJ-927 oral	Taxane antineoplastic agent
DZ-697b	Anti-platelet

IPT/RPT model, Project Management & Leadership function and Product Development Plan are designed to achieve Daiichi-Sankyo R&D Goals.

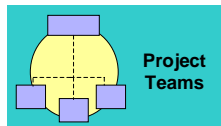
- **Daiichi Sankyo R&D Goals:**
- "Increase Speed"
- "Keep High Quality"
- "Getting to the Right Products"

Our Sub-Task Force Activities



Decision Making Process

- Streamlined decision making process to increase speed, quality, and get to the right products



Project Teams

- Consensus based team structure to provide the highest quality expert input



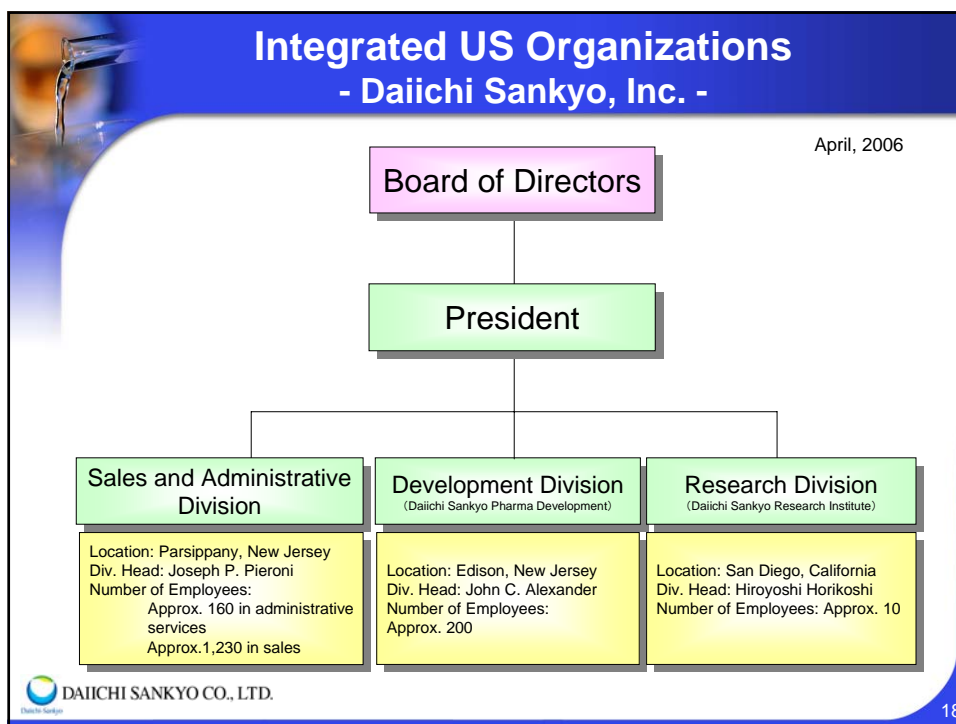
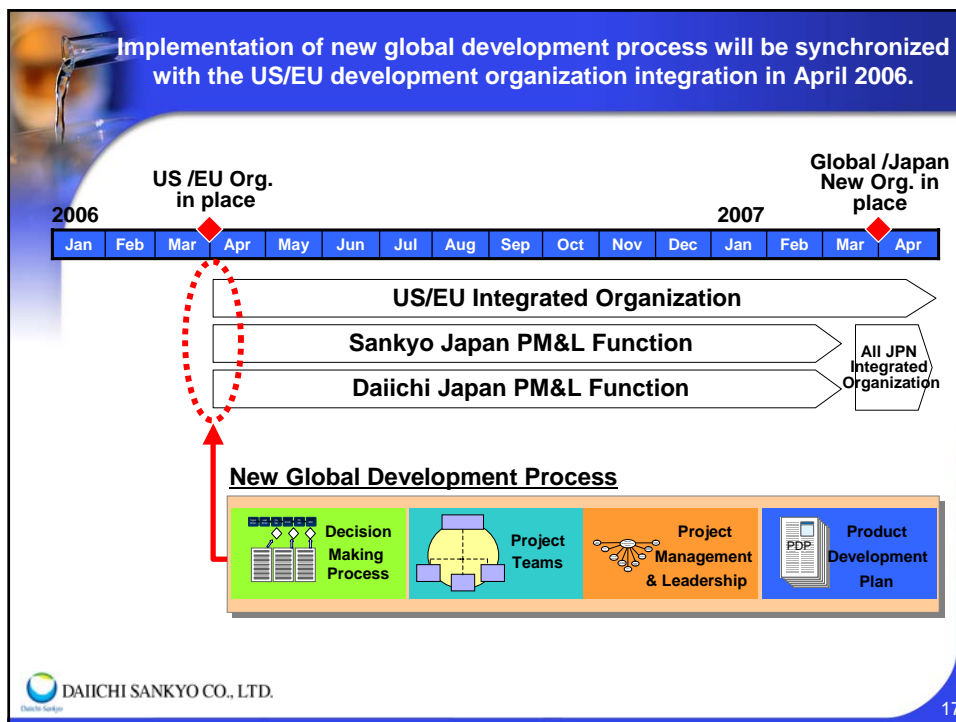
Project Management & Leadership

- Efficient management and leadership structure to support teams and Daiichi Sankyo R&D goals



Product Development Plan

- Strategic Planning document to effectively guide Daiichi Sankyo teams through the development process

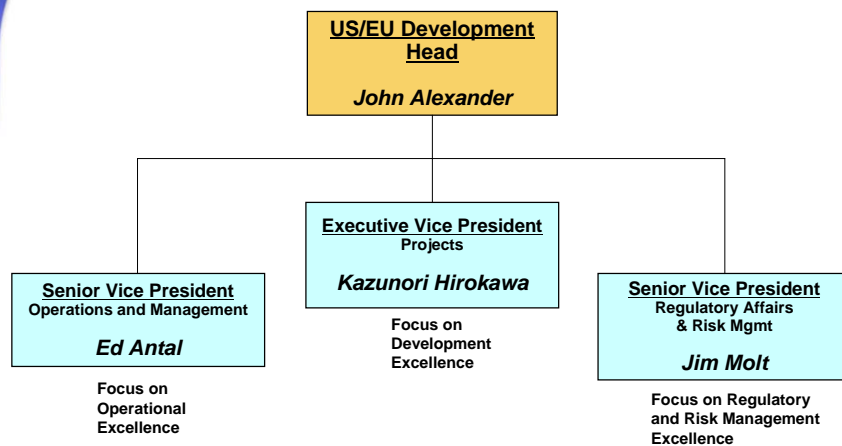


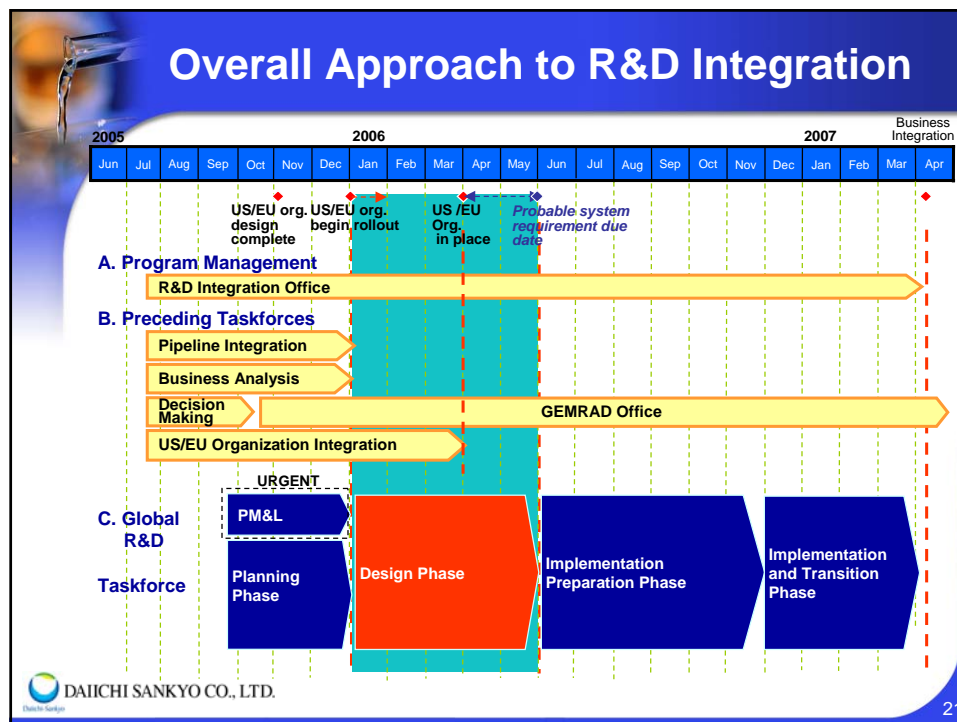
US/EU Development Integration Success

- **Minimized disruption to on-going projects during integration process**
- **Completed organizational structure, staffing and selection process**
 - Retained approximately 65% of Daiichi Medical Research personnel
 - Retained 100% of Sankyo Pharma Development personnel
 - Includes establishment of R&D Decision Analysis structure within US/EU Development
- **Identified governance structures to clarify roles and responsibilities, and ensure effective decision-making and information sharing**
 - Established Integration Planning Board
 - ➡ Daiichi Sankyo Pharma Development Executive Committee

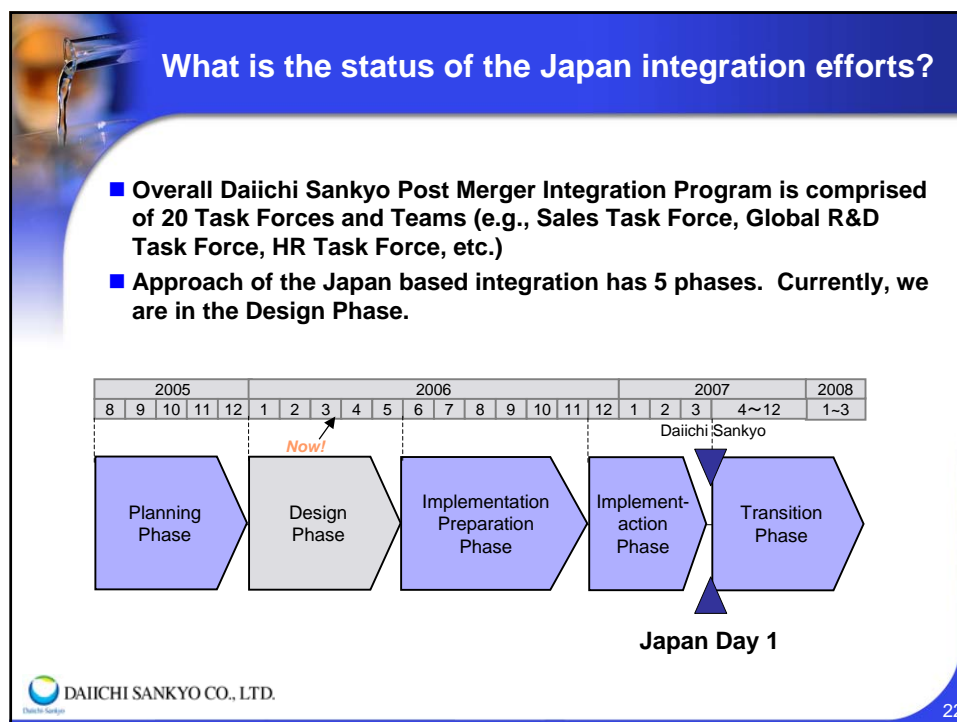
New US/EU Development Management Structure

- **The US/EU governance model should enable the new organization structure**





21



22

Conclusion

- We've established an executive-level, cross-functional and cross-regional decision making committee: GEMRAD
- The committee has successfully prioritized the pipeline
- The high priority products will be fully supported by Integrated Global and Regional Project Teams and recent funding decisions
- The US/EU Organization will be established April 3, and we're on-target with Japan integration activities
- Unified R&D Budget created
- And, the R&D Leadership team has agreed to initiate a strategic planning effort to fully define the Daiichi Sankyo R&D Strategy

***Achievement of true competitiveness as a Japan based
Global Pharma innovator***