Acquisition of Majority Interest in Ranbaxy Laboratories Limited

June 12, 2008

President & CEO
Takashi Shoda

Statements contained in this presentation regarding the benefits of the acquisition, the business outlook, the demand for the products and services, and all other statements in this presentation other than recitation of historical facts are forward-looking statements. Words such as "expect", "estimate", "project", "budget", "forecast", "anticipate", "intend", "plan", "may", "will", "could", "should", "believes", "predicts", "potential", "continue", and similar expressions are intended to identify such forward-looking statements. Forward-looking statements in this presentation include, without limitation, forecasts of market growth, the evolution and future of the pharmaceutical industry, future revenues, payment of dividends, the expected timetable for the proposed acquisition, benefits of the proposed acquisition, expectations that the acquisition will be accretive to the results, future expectations concerning growth of business, cost competitiveness and expansion of global reach following the acquisition, and other matters that involve known and unknown risks, uncertainties and other factors that may cause actual results, levels of activity, performance or achievements to differ materially from results expressed or implied by this presentation. Such risk factors include, among others: difficulties encountered in integrating businesses; uncertainties as to the timing of the acquisition; approval of the preferential allotment/transaction by the shareholders of Ranbaxy; the satisfaction of the closing conditions to the transaction, including the receipt of regulatory approvals; whether certain market segments grow as anticipated; the competitive environment in the pharmaceutical industry and competitive responses to the proposed acquisition; and whether the companies can successfully develop new products and the degree to which these gain market acceptance. Actual results may differ materially from those contained in the forward-looking statements in this presentation.

Complementary business combination

	Proprietary drugs	Non-proprietary drugs
Developed countries	Daiichi-Sankyo	RANBAXY LABORATORIES LIMITED
Emerging countries		

Agenda

1. Transaction rationale
2. Ranbaxy profile
3. Financial overview and transaction structure
4. Summary

To become a Global Pharma Innovator

- Corporate vision for 2015
  - Daiichi Sankyo Group is securing its vision to be a **Global Pharma Innovator** in 2015 with an international scope of corporate activities and a productive pipeline of innovative drugs. Our goal for 2015 is to…
    - Operate pharmaceutical businesses in major countries
    - Consolidated sales: JPY1.5 trillion
    - Operating profit margin: 25% or more
    - Overseas sales ratio: 60% or more
- First mid-term business management plan (FY2007 – FY2009)
  - Maximization of synergy by management integration
  - Strengthening of new-drug discovery ability and improving the R&D pipeline
  - Improvement of business efficiency by appropriate staff allocation and establishment of functional subsidiaries within the group
  - Goal in FY2009
    - Consolidated sales: JPY960 billion
    - Operating profit: JPY240 billion (25% of sales)

Movement in global pharmaceutical industry

- Developed countries: Patent expiry of blockbusters, impact of pharmacoeconomics
- Emerging countries: Aspiration of better medical practice based on rapid economic growth

	Proprietary drugs	Non-proprietary drugs
Developed countries (Current market size: large) Low Growth rate	Daiichi Sankyo's core business Features: Blockbuster model, high profitability, slowing growth rate Opportunities: Antibody drugs, personalized medicine	Features: Low price, high growth rate Opportunities: Patent expiry of blockbusters, pharmacoeconomics, biosimilars
Emerging countries (Current market size: small) High Growth rate	Features: High growth rate Opportunities: Enhancement of IP protection, economic growth, population increase	Features: Low price, high growth rate, large volume Opportunities: Economic growth, population increase

Growing emerging markets

- Emerging markets have developed with double-digit growth rate for the last five years

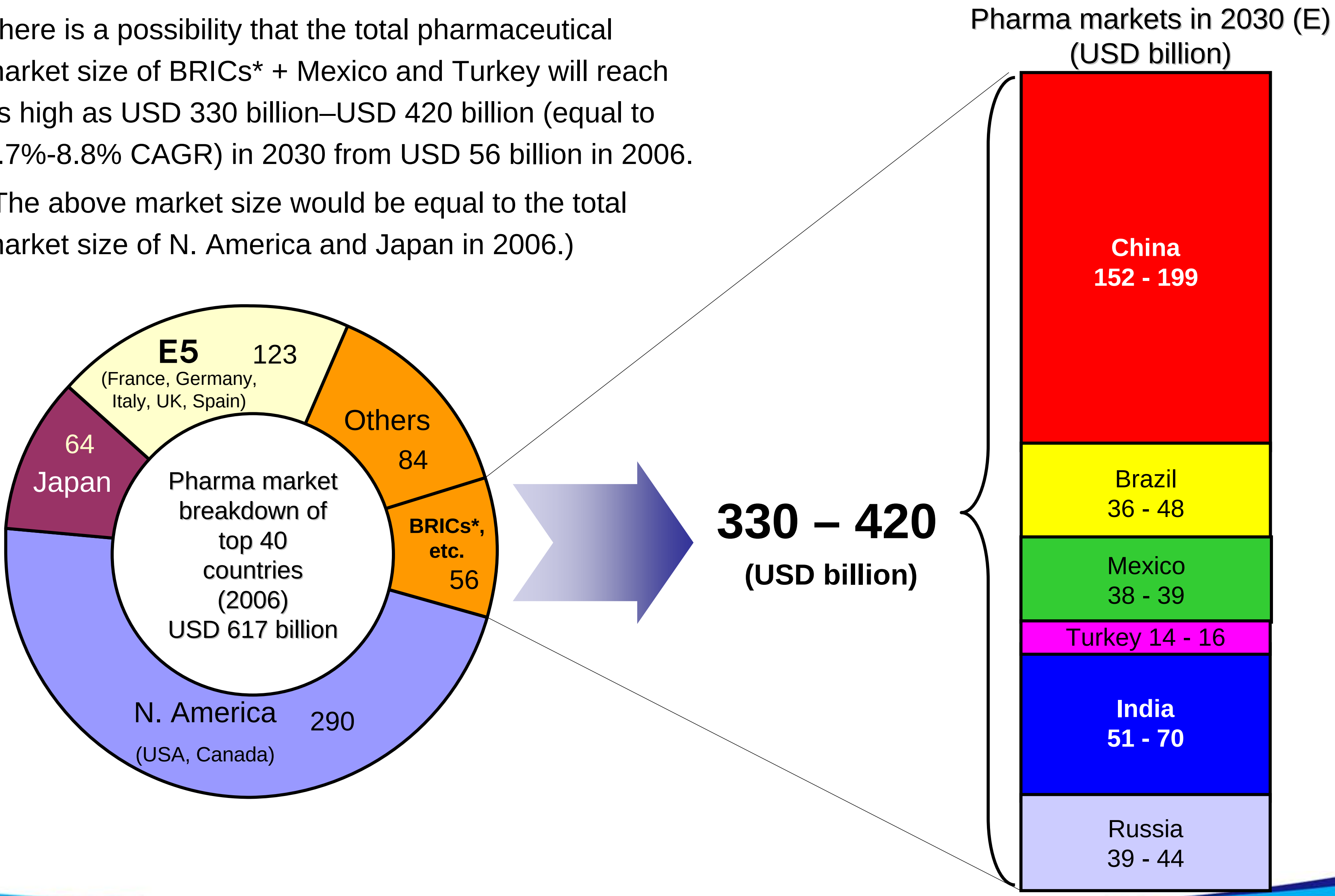
Name	Market size (USD billion)		CAGR (%, 02-07)
	2007	2002	
China	14.2	6.1	18.4
Brazil	10.3	5.1	15.4
Turkey	9.4	3.4	22.7
Mexico	8.7	8.0	1.7
India	7.4	4.6	10.1
Poland	5.8	3.0	14.3
Russia	5.5	1.5	28.8
Venezuela	3.3	1.5	17.1
Argentina	2.7	1.3	15.3
Hungary	2.7	1.2	17.3
Romania	2.4	0.6	30.3
Indonesia	2.3	1.4	11.1
South Africa	2.2	0.9	18.3
Sum of Top 13 countries	76.9	38.6	14.8

*Daiichi Sankyo currently does not have any subsidiaries in the countries colored in red

Source: IMS MIDAS, World Review

High potential in the emerging markets

- There is a possibility that the total pharmaceutical market size of BRICs* + Mexico and Turkey will reach as high as USD 330 billion–USD 420 billion (equal to 7.7%-8.8% CAGR) in 2030 from USD 56 billion in 2006.
  (The above market size would be equal to the total market size of N. America and Japan in 2006.)



* BRICs: Brazil, Russia, India and China
Source: IMS Strategic Management Review 2006, Goldman Sachs Economic Paper (2030 Pharmaceutical markets estimates), OECD Health Data, Company analysis

Rationale of the transaction

- Realization of sustainable growth by ‘complementary business combination’
- Dramatic enhancement of global reach by acquiring presence in emerging countries
- Acceleration of innovative drug creation by optimizing value chain efficiency

Complementary business combination

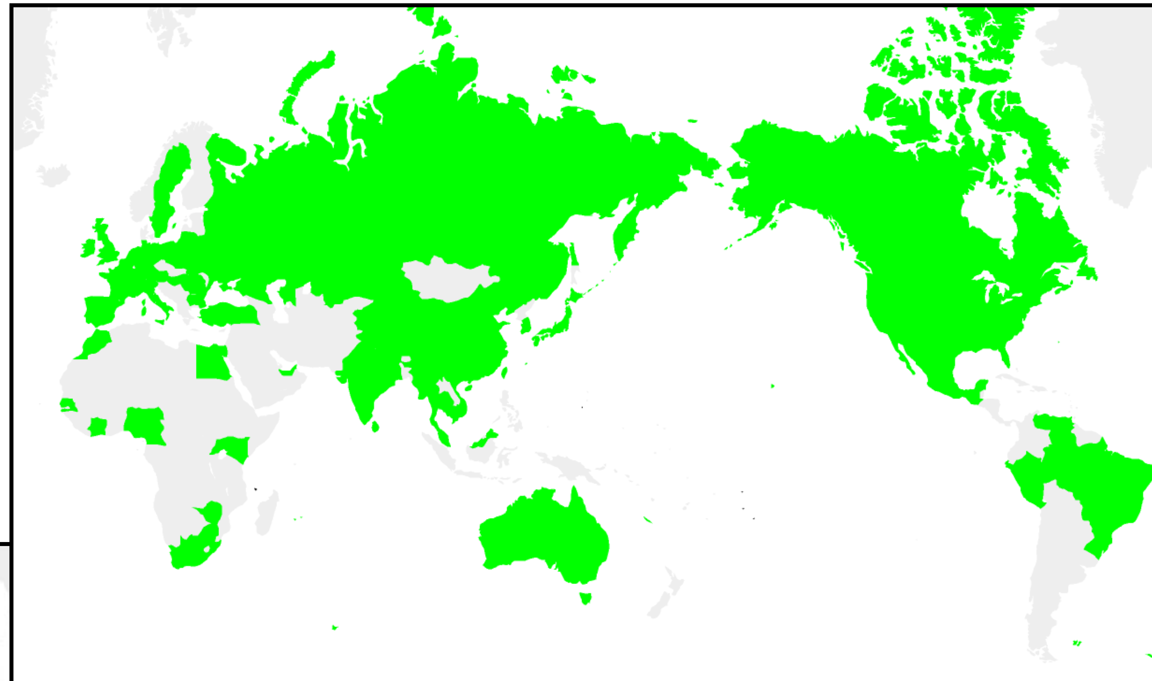
- Broad, multi-focus approach to the pharmaceutical business, spanning geographies and product portfolio
  - Developed countries + Emerging countries
  - Proprietary drugs + Non-proprietary drugs
- Realize sustainable growth by broadening our portfolio

	Proprietary drugs	Non-proprietary drugs
Developed countries	Daiichi-Sankyo	RANBAXY LABORATORIES LIMITED
Emerging countries		

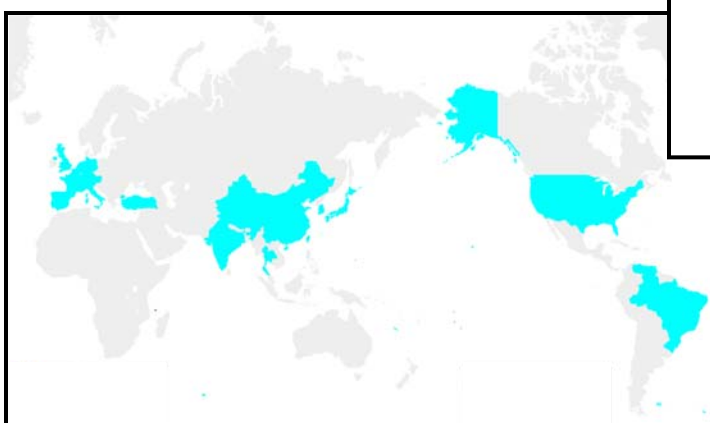
Dramatic enhancement of global reach

- Acquire presence in emerging countries

Operate in
56 countries



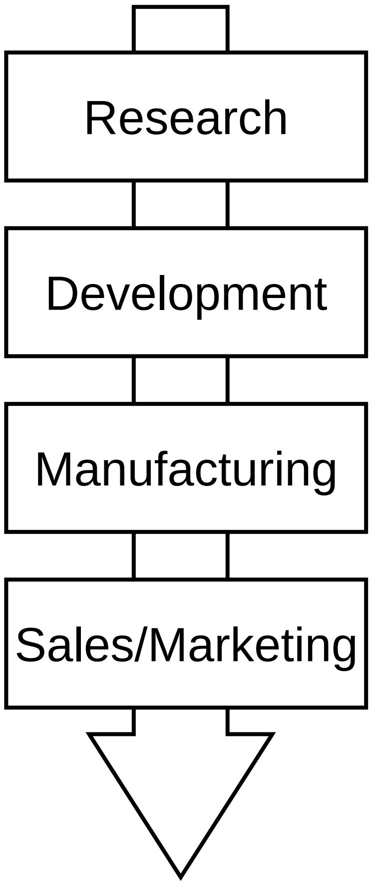
21 countries (current)



– Largest pharmaceutical company in India
– Enhance sales operations in Eastern Europe and Asia
– One of the largest coverage in Africa

Realization of the most efficient value chain

- Accelerate innovative drug creation by leveraging the most efficient value chain from upstream (research) to downstream (sales and marketing)



- Compound synthesis
- Contract research
- Contract manufacturing of APIs and drugs for clinical trials
- Clinical trials
- Data management
- Optimized global sales and marketing

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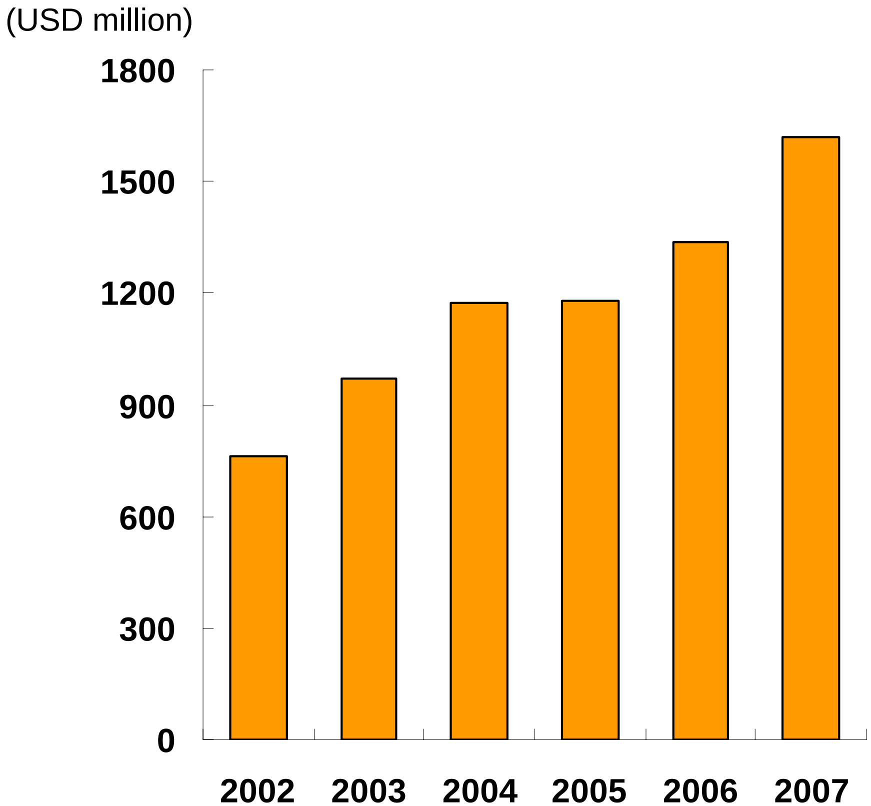
Ranbaxy at a glance

- Established in 1961, and listed on Bombay Stock Exchange in 1973
- Recent results
  - Consolidated sales: Rs74.3 billion
  - Consolidated profit after tax: Rs7.9 billion
- Number of local operations: 49
- The largest pharmaceutical company in India*
- CEO & Managing Director: Mr. Malvinder Mohan Singh
- Focus on generic business
- Number of employees: approximately 12,000 (1,400 in R&D)
- Location:
  - Corporate office: National Capital Region, New Delhi, India
  - Manufacturing sites
    - API: 6 locations in India
    - Dosage Forms: 6 in India, 13 overseas
  - R&D: Gurgaon, Haryana

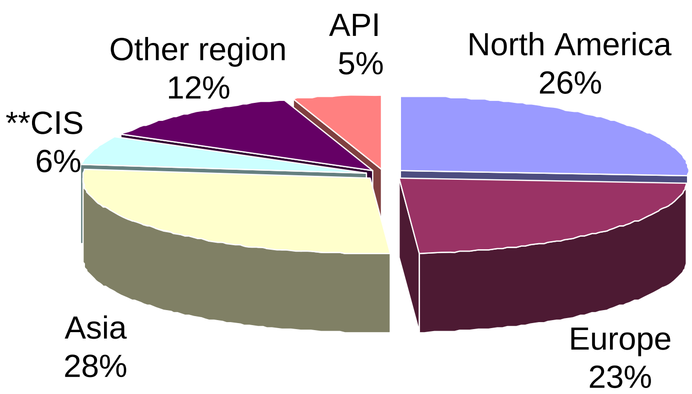
*Consolidated sales of Indian companies in FY2007

Ranbaxy achieved 16.2% CAGR* for the last 5 years

Consolidated annual sales (CY2002 – CY2007)



Sales by region (CY2007)



- **FY2008 Guidance**
  - Sales growth: 18%～20%
  - Profit after tax growth: 20%～25%

source: Ranbaxy

*Compound annual growth rate

**CIS: Commonwealth of Independent States (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Ukraine, Uzbekistan)

Ranbaxy has local operations in 49 countries

"First to File" pipeline boosts growth in US market

- 98 pending approvals

- 18 ANDAs where Ranbaxy has first to file (FTF) status that could potentially give Ranbaxy an exclusive 180-day marketing period

Innovators' annual sales for these products:

USD 27 billion (2007)

- Major products where Ranbaxy has already negotiated settlements securing the right to launch with a 180-day marketing exclusivity

  - sumatriptan
  - tamsulosin
  - valcyclovir
  - esomeprazole

Innovators' annual sales for these products:

USD 8 billion (2007)

ANDA: Abbreviated New Drug Application

Source (Market size): IMS

Research and Development

- Dedicated facilities for R&D
- Over 1400 people, ~ 300 Doctorates
- Strong IP & Global Regulatory expertise


R&D I

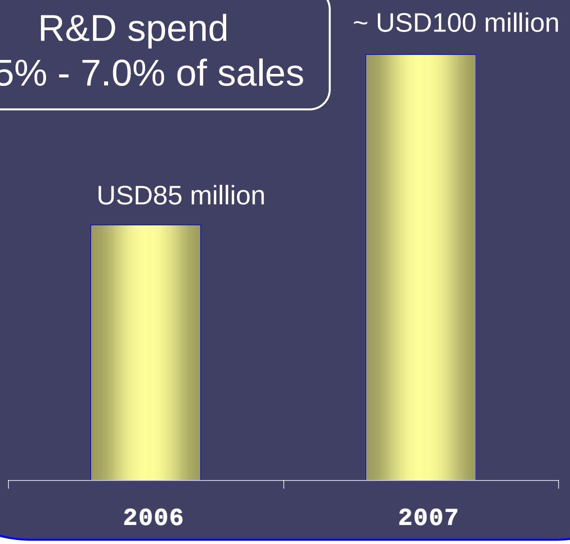

R&D II


R&D III


R&D IV

- > 300 people in Innovative Research
- Focus on Metabolic diseases, Urology, Anti-infectives, Anti-Malaria, Respiratory
- Increasing alliances & collaborations
  - GSK, Merck
- 4 New Drug Delivery Systems platform technologies

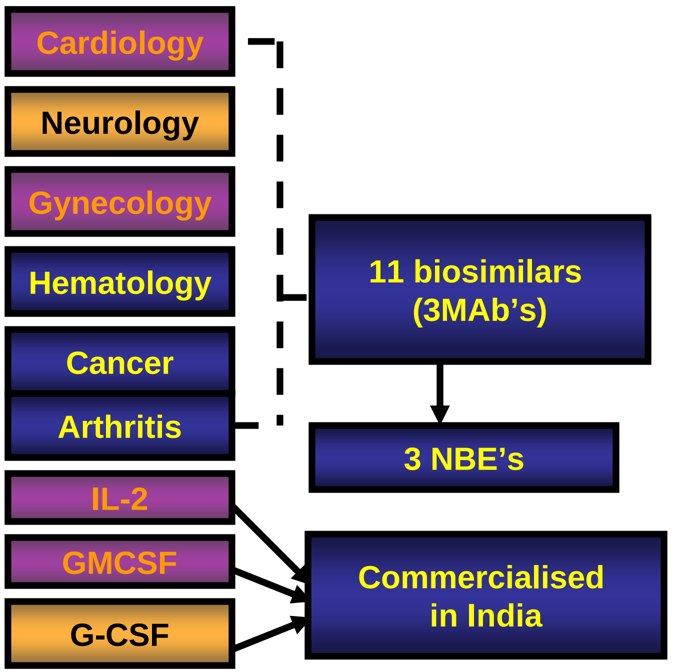
R&D spend
6.5% - 7.0% of sales



Zenotech

- Overview
  - Established in 2003 in Hyderabad, India
  - 220 employees including 50 scientists in R&D
  - Two R&D facilities – Hyderabad, India and Princeton, NJ, USA
  - Two State-of-the-Art manufacturing facilities
  - Strong product portfolio of Biologicals, Oncology generics and Specialty Injectables.
  - Ranbaxy has an approximately 47% stake in Zenotech

Strong product portfolio with future potential



- Transaction summary
  - Daiichi Sankyo will make an open offer to the public shareholders for up to 20% stake of Zenotech.
  - Total cash consideration for 20% share of Zenotech is expected to be approximately USD20 million.

USD1 = Rs43

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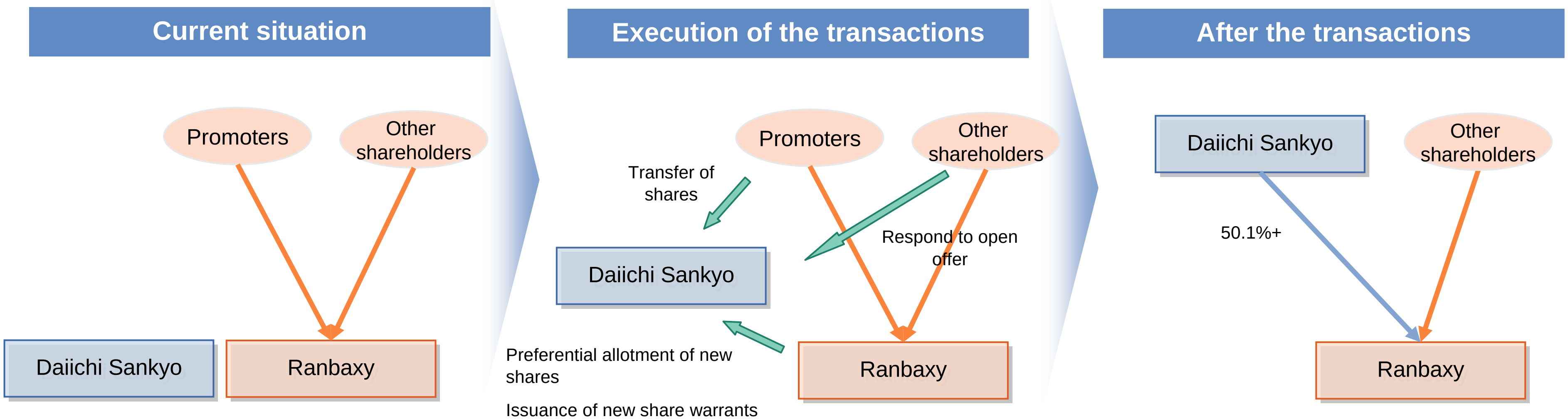
Financial overview

- The transaction will be financed through existing internal financial resources and bank loans.
- Impact on the results of FY2008 will be disclosed after total consideration is fixed.
  - Based on our current estimation, EPS growth will materialize in FY2009 without consideration of goodwill amortization, and in FY2010 with goodwill amortization.
  - Operating profit is also estimated to rise in FY2009, regardless of the goodwill amortization.
- Unchanged policy for shareholder return
  - Aim at more than 100% total dividend payout ratio* for FY2007 and FY2008 (FY2007 result: 85%)
  - Early achievement of Dividend on Equity more than 5%
  - Stable increase in dividend
  - Flexible share buy back

*Total dividend payout ratio = dividends plus treasury stock acquisition divided by net income

Summary of transaction steps

- Upon obtaining the approval from the appropriate regulatory authorities, the following transaction steps will be executed:
  - Acquisition of shares held by the founding family and affiliates (“promoters”)
  - Daiichi Sankyo will subscribe to new equity shares and share warrants to be issued through a preferential issue
  - Open offer to be executed
  - Upon executing the above transaction steps, Daiichi Sankyo will acquire 50.1% stake in Ranbaxy by exercising the warrant rights if its stake is still under 50.0%
- All steps are expected to be completed within FY2008, subject to obtaining required regulatory and Ranbaxy shareholder approval
- Ranbaxy will maintain its stock exchange listing status



* The expected percentage of shares to be acquired is based on the number of shares including residual shares (fully diluted basis)

Purchase price and plans

- Daiichi Sankyo has agreed with Ranbaxy's "promoters" and Ranbaxy to acquire a majority of the outstanding shares of Ranbaxy on a post-transaction basis
- Price: Rs737 per share (Same price among four methods below)
  - 31.4% premium on the price last traded (June 10)
  - Aggregate amount of the purchase will be Rs147 to 198 billion
  - Above is estimated to be JPY*369 to 495 billion

Methods	Number of shares （million share）	Cash amount （Rs billion）	Estimated execution date
1. Purchase of shares from promoters	**130**	**96**	CY2008 Q3-Q4
2. Preferential allotment of new shares	**46**	**34**	CY2008 Q3-Q4
3. Open offer in the market	**0 - 93**	**0 - 68**	CY2008 Q3-Q4
Sum of 1-3	**176 - 269**	**130 - 198**	-
4. Warrants for new shares	**24**	**2 - 18**	CY2008 Q4 – CY2009 Q1

- ✓ Assuming approval by Ranbaxy's shareholders as well as regulatory agencies and the satisfaction of the closing conditions to the transaction
- ✓ Ranbaxy maintains stock exchange listings

*Rs1＝JPY2.5

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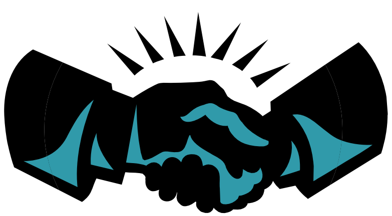
To become a Global Pharma Innovator

Global	Pharma	Innovator
Establish our own operations in key areas. Strengthen our presence worldwide	Focus on pharmaceuticals, develop novel drugs continuously	Achieve scientific and technological innovations, create an innovative business model

Complementary business combination

Daiichi-Sankyo

Global Pharma Innovator



RANBAXY
LABORATORIES LIMITED

An Integrated, Research based, International Pharmaceutical Company

Contact Information

Daiichi Sankyo Company, Limited

Corporate Communications Department

TEL: +81-3-6225-1126
FAX: +81-3-6225-1132

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The estimates and assumptions underlying the projections involve judgments with respect to, among other things, future economic, competitive, regulatory and financial market conditions and future business decisions that may not be realized and are inherently subject to significant business, economic, competitive and regulatory uncertainties, all of which are difficult to predict and many of which are beyond our control. Accordingly, there can be no assurance that the projected results would be realized or that actual results would not differ materially from those presented in the financial information.

We do not intend to update or otherwise revise the prospective financial information to reflect circumstances existing since its preparation or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error. Furthermore, we do not intend to update or revise the prospective financial information to reflect changes in general economic or industry conditions.