

**CONVOCATION NOTICE OF THE 10TH ORDINARY
GENERAL MEETING OF SHAREHOLDERS**

For the Fiscal Year Ended March 31, 2015

Daiichi Sankyo Company, Limited

*Note: This translation does not include pictures, charts etc. originally issued in the Japanese version.

To Our Shareholders

In the fiscal year ended March 31, 2015, although the domestic economy followed a path of moderate recovery, the pharmaceutical market experienced an ongoing severe operating environment. This mainly reflected expansion in prescriptions of generic pharmaceuticals and the development of containment efforts regarding medical spending taken by the government in domestic market, and increasing downward pressure on prices due to the European economic slump in overseas markets. Under such circumstances, we enjoyed growth in revenue in fiscal 2014, partly reflecting growth in mainstay products in Japan, Asia and South and Central America. Foreign exchange effects also made a contribution to this growth. Furthermore, following our acquisition of shares of Sun Pharma in March 2015 in line with its merger of Ranbaxy, we sold the shares in April in order to enhance our corporate value.

Looking ahead to fiscal 2015, we plan to put every effort into addressing the various issues we face. Specifically, we will work to swiftly introduce edoxaban into markets of different countries and develop the product into a blockbuster drug, maximize revenue for olmesartan in each region, and implement initiatives to enhance our R&D capabilities and improve our profitability.

We are committed to making a concerted effort as a Group to achieve our goals and enhance shareholder value and respond to the expectations of our shareholders.

I would greatly appreciate your further support in future.

May 29, 2015



Joji Nakayama
Representative Director and President & CEO

CONVOCAATION NOTICE OF THE 10TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

1. Date and Time: June 22, 2015, Monday at 10 a.m. (Japan Time) (Reception starts at 9 a.m.)
2. Place: Royal Hall, Royal Park Hotel 3F
1-1, Nihonbashi-Kakigaracho 2-chome, Chuo-ku, Tokyo, Japan
3. Purpose of the Meeting:
Matters to be Reported:
 1. Reports on the Business Report, the Consolidated Financial Statements for the 10th Fiscal Year (from April 1, 2014 to March 31, 2015); and Audit Reports of the Consolidated Financial Statements by the Accounting Auditors and the Audit & Supervisory Board
 2. Reports on the Non-consolidated Financial Statements for the 10th Fiscal Year (from April 1, 2014 to March 31, 2015)
Proposals to be Resolved:
First Proposal: Appropriation of Surplus
Second Proposal: Election of Ten (10) Members of the Board
Third Proposal: Election of Two (2) Members of the Audit & Supervisory Board
Forth Proposal: Provision of Bonuses to Members of the Board

If you will not be able to attend the Meeting, you may exercise your voting rights by mail or on the Internet etc., in which case we ask that you please exercise your voting rights by 17:30 (within our business hours), Friday, June 19, 2015 (Japan Time), after examining the attached reference documents.

General Information

1. Exercise of Voting Rights by Proxy

If unable to attend the Ordinary General Meeting of Shareholders, a proxy shareholder holding voting rights of the Company may be chosen to attend the meeting; provided, however, that a document proving the proxy is submitted.

2. Disclosures through the Internet

■ The following items are posted on the Company's website today, in accordance with laws and ordinances, and the provision in Article 16 of the Company's Articles of Incorporation. Therefore, they are not included in this Convocation Notice of the 10th Ordinary General Meeting of Shareholders.

- i) Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements
- ii) Non-Consolidated Statement of Changes in Net Assets and Notes to Non-consolidated Financial Statements

In addition to documents stated in the reference documents attached to the Convocation Notice of the 10th Ordinary General Meeting of Shareholders, Consolidated Statement of Changes in Equity, Notes to Consolidated Financial Statements, Non-Consolidated Statement of Changes in Net Assets and Notes to Non-consolidated Financial Statements posted on the Company's web-site are included in Consolidated and Non-consolidated Financial Statements audited by the Accounting Auditors and the Audit & Supervisory Board.

■ If any revisions in the Reference Documents for General Meeting of Shareholders, Business Report, and Non-consolidated and Consolidated Financial Statements arise, revised matters will be placed on the Company's website.

Company's website: <http://www.daiichisankyo.com>

3. Method for Receiving the Convocation Notice

For the General Meeting of Shareholders to be held next time and in subsequent times, shareholders may elect to receive their convocation notice by e-mail upon requesting delivery in that method. Shareholders accessing the voting website on PC or smartphone should complete the registration procedures on the website. (Please note that e-mail addresses for mobile phones cannot be submitted for the registration.)

[Information on Exercise of Voting Rights]

If you will attend the Meeting, please submit the enclosed voting form at the reception desk.

Expiration date upon exercise of voting rights by mail or on the Internet etc.

Voting rights can be exercised by 17:30 on June 19, 2015 (Japan Time)

For exercise of voting rights by mail, please indicate your approval or disapproval for the proposals on the enclosed voting form and return the form to the Company.

For exercise of voting rights on the Internet, please access to the website (<http://www.evot.jp/>) from a PC, a smartphone or a mobile phone, use the "login ID" and the "temporary password" printed on the Card for Exercise of Voting Rights and input your vote in accordance with the instructions that will appear on your screen. (However, please note that Shareholders cannot exercise the rights between 2:00 am and 5:00 am every day at the website)

Points to Note

■ Treatment of Duplicate Votes by Mail and on the Internet etc.

If your voting rights are exercised both by mail and on the Internet etc., we will consider the exercise on the Internet to be valid.

■ Treatment of Duplicate Votes on the Internet etc.

If your voting rights are exercised more than once on the Internet, we will consider the latest vote to be valid.

■ Password

1. Please note that, to prevent unauthorized access to the site by individuals other than shareholders (persons impersonating shareholders) or the alteration of votes already made by

authentic shareholders, we may request shareholders to change their “temporary password” at Dedicated Voting Website.

2. Shareholders will be informed of the new “login ID” and “temporary password”, every time a General Meeting of Shareholders is called.

■ Costs Related to Accessing the Voting Website

All costs associated with the access to the voting website (<http://www.evotep.jp/>) (cost of dial-up connections, telephone tolls, etc.) need to be borne by the shareholder. Also, when voting by mobile phone, packet communication fees and other costs entailed by the use of mobile phones also need to be borne by the shareholder.

For further assistance regarding the system, please contact:

Transfer Agent Department (Help Desk)

Mitsubishi UFJ Trust and Banking Corporation

Phone: 0120-173-027 (9:00 to 21:00 (Japan Time), toll free (Japan only))

Reference Documents for General Meeting of Shareholders

Proposals and References

First Proposal: Appropriation of Surplus

The Company regards the distribution of profits to all shareholders as a key management issue. Its basic policy is to pay a stable dividend.

During fiscal 2014, the year ended March 31, 2015, the Company paid an interim dividend of ¥30 per share on December 1, 2014. A year-end dividend of ¥30 was also declared, bringing total dividend payments for fiscal 2014 to ¥60 per share.

For this fiscal year, the Company proposes to pay year-end dividends as follows.

- 1) The kind of dividend property
Money
- 2) The matters regarding the assignment of the dividend property to shareholders and the total amount
¥30 per common share of the Company
Total amount: ¥21,120,845,160
- 3) The day on which such distribution of dividends from surplus takes effect
Tuesday, June 23, 2015.

Second Proposal: Election of Ten (10) Members of the Board

The terms of office of all ten (10) current Members of the Board will expire at the close of this Ordinary General Meeting of Shareholders.

Accordingly, the Company requests approval for the election of ten (10) Members of the Board. Candidates for Member of the Board are as follows:

Number of Candidates	Name (Date of Birth)	Career Summary, Positions, Assignments, and Material Concurrent Positions	Number of Shares of the Company Held
1	Joji Nakayama (May 11, 1950) Reelection	<p>April 1979 Entered Suntory Limited (“Suntory”)</p> <p>March 2000 Director of Suntory</p> <p>December 2002 President of Daiichi Suntory Pharma Co., Ltd.</p> <p>March 2003 Resigned as Director of Suntory</p> <p>June 2003 Member of the Board of Daiichi Pharmaceutical Co., Ltd. (“Daiichi”)</p> <p>June 2006 Member of the Board, Vice President of Corporate Strategy Department of Daiichi</p> <p>April 2007 Corporate Officer, Vice President of Europe/US Business Management Department of the Company</p> <p>April 2009 Executive Officer, Vice President of Overseas Business Management Department of the Company</p> <p>April 2010 Executive Vice President, President of Japan Company of the Company</p> <p>June 2010 Representative Director, President & CEO of the Company (to present)</p> <p>(Number of years as a Member of the Board) Five (5) years at the close of this Ordinary General Meeting of Shareholders (Rate of attendance in meeting of the Board of Directors) 15/15 meetings (100%)</p>	27,749

Number of Candidates	Name (Date of Birth)	Career Summary, Positions, Assignments, and Material Concurrent Positions	Number of Shares of the Company Held
2	Yuki Sato (October 9, 1950) Reelection	<p>April 1974 Entered Sankyo Company, Limited (“Sankyo”)</p> <p>April 2004 Vice President of Osaka Plant of Sankyo</p> <p>April 2005 Vice President of Hiratsuka Plant of Sankyo</p> <p>April 2006 Vice President of Supply Chain Business Department of Sankyo</p> <p>April 2007 Corporate Officer, Vice President of Supply Chain Planning Department of the Company</p> <p>April 2009 Executive Officer, Head of Pharmaceutical Technology Division of the Company</p> <p>April 2011 Senior Executive Officer, Head of Pharmaceutical Technology Division of the Company</p> <p>June 2011 Member of the Board, Senior Executive Officer, Head of Supply Chain Division of the Company</p> <p>April 2013 Member of the Board, Senior Executive Officer, Head of Legal & CSR Division, and Head of Supply Chain Division of the Company</p> <p>April 2014 Member of the Board, Executive Vice President, Head of General Affairs & Human Resources Division, Legal Affairs & CSR Division, and Supply Chain Division of the Company</p> <p>June 2014 Representative Director, Member of the Board, Executive Vice President, Head of General Affairs & Human Resources Division, Head of Legal Affairs & CSR Division, and Head of Supply Chain Division of the Company</p> <p>April 2015 Representative Director, Member of the Board, Executive Vice President, Head of General Affairs & Human Resources Division of the Company (to present)</p> <p>(Number of years as a Member of the Board) Four (4) years at the close of this Ordinary General Meeting of Shareholders</p> <p>(Rate of attendance in meeting of the Board of Directors) 15/15 meetings (100%)</p>	11,400

Number of Candidates	Name (Date of Birth)	Career Summary, Positions, Assignments, and Material Concurrent Positions	Number of Shares of the Company Held
3	Kazunori Hirokawa (June 7, 1951) Reelection	<p>April 1975 Entered Daiichi Pharmaceutical Co., Ltd. (“Daiichi”)</p> <p>October 2000 Vice President, Drug Safety Administration Department of Daiichi</p> <p>October 2002 Vice President, Medical Planning & Coordination Department of Daiichi</p> <p>June 2003 Member of the Board, Vice President of Medical Planning & Coordination Department of Daiichi</p> <p>October 2004 Member of the Board, Vice President of R&D Strategy Department of Daiichi</p> <p>June 2005 Senior Corporate Officer, Vice President of R&D Strategy Department of Daiichi</p> <p>April 2006 Executive Vice President, Daiichi Sankyo Inc. in U.S.</p> <p>April 2007 Executive Officer, Head of R&D Division of the Company</p> <p>April 2010 Senior Executive Officer, Head of R&D Division of the Company</p> <p>June 2010 Member of the Board, Senior Executive Officer, Head of R&D Division of the Company</p> <p>April 2012 Member of the Board, Senior Executive Officer, Head of Corporate Strategy Division of the Company</p> <p>April 2013 Member of the Board, Senior Executive Officer, Head of Corporate Strategy Division, and Head of Business Intelligence Division, Japan Company of the Company</p> <p>April 2014 Member of the Board, Senior Executive Officer, Head of Corporate Strategy Division of the Company</p> <p>April 2015 Member of the Board, Executive Vice President, Head of Corporate Management Division of the Company (to present)</p> <p>(Number of years as a Member of the Board) Five (5) years at the close of this Ordinary General Meeting of Shareholders (Rate of attendance in meeting of the Board of Directors) 13/15 meetings (87%)</p>	19,858

Number of Candidates	Name (Date of Birth)	Career Summary, Positions, Assignments, and Material Concurrent Positions	Number of Shares of the Company Held
4	Takeshi Ogita (March 20, 1951) Reelection	<p>April 1980 Entered Sankyo Company, Limited (“Sankyo”)</p> <p>August 2001 Vice President, Research Project Department of Sankyo</p> <p>July 2004 Vice President, Global Project Management Department of Sankyo</p> <p>June 2005 Corporate Officer, Vice President of the Global Project Management Department of Sankyo</p> <p>July 2005 Corporate Officer, Head of Pharmaceutical Development Division and Vice President of Global Project Management Department of Sankyo</p> <p>April 2007 Executive Officer, Head of Pharmaceutical Technology Division, and Vice President of the Global Project Management Department of the Company</p> <p>April 2009 Senior Executive Officer, In charge of Human Resources and R&D of the Company</p> <p>June 2009 Member of the Board, Senior Executive Officer, In charge of Human Resources and R&D of the Company</p> <p>April 2010 Member of the Board, Senior Executive Officer, Global Corporate Strategy Officer of the Company</p> <p>April 2012 Member of the Board, Senior Executive Officer, Head of General Affairs & Human Resources Division, and Head of Vaccine Business Intelligence Division, Japan Company of the Company</p> <p>April 2014 Member of the Board, Senior Executive Officer, Head of Vaccine Business Intelligence Division of the Company</p> <p>April 2015 Member of the Board, Senior Executive Officer, In Charge of Vaccine Business of the Company (to present)</p> <p>(Number of years as a Member of the Board) Six (6) years at the close of this Ordinary General Meeting of Shareholders (Rate of attendance in meeting of the Board of Directors) 15/15 meetings (100%) (Material Concurrent Positions) Representative Director and President of Kitasato Daiichi Sankyo Vaccine Co., Ltd.</p>	22,800

Number of Candidates	Name (Date of Birth)	Career Summary, Positions, Assignments, and Material Concurrent Positions	Number of Shares of the Company Held
5	Sunao Manabe (August 5, 1954) Reelection	<p>April 1978 Entered Sankyo Company, Limited (“Sankyo”)</p> <p>July 2005 Vice President, Medicinal Safety Research Laboratories of Sankyo</p> <p>April 2007 Vice President, Medicinal Safety Research Laboratories of the Company</p> <p>April 2009 Corporate Officer, Vice President of Global Project Management Department of the Company</p> <p>April 2011 Corporate Officer, Head of Group HR & CSR of the Company</p> <p>April 2012 Corporate Officer, Vice President of Corporate Strategy Department of the Company</p> <p>April 2014 Executive Officer, President of Japan Company and Head of Business Intelligence Division of the Company</p> <p>June 2014 Member of the Board, Executive Officer, President of Japan Company and Head of Business Intelligence Division of the Company</p> <p>April 2015 Member of the Board, Senior Executive Officer, In Charge of Global Sales & Marketing of the Company (to present)</p> <p>(Number of years as a Member of the Board) One (1) year at the close of this Ordinary General Meeting of Shareholders (Rate of attendance in meeting of the Board of Directors) 11/11 meetings (100%) after his assumption of office in June 2014</p>	5,300

Number of Candidates	Name (Date of Birth)	Career Summary, Positions, Assignments, and Material Concurrent Positions	Number of Shares of the Company Held
6	Noritaka Uji (March 27, 1949) Candidate for Member of the Board (Outside) Independent Director Reelection	<p>April 1973 Entered Nippon Telegraph and Telephone Public Corporation</p> <p>June 1999 Director, Senior Vice President, Advanced Information Network Services Sector of NTT DATA Corporation ("NTT DATA")</p> <p>September 2000 Director, Senior Vice President, Corporate Strategy Planning Department of NTT DATA</p> <p>June 2001 Director, Senior Vice President, Industrial System Sector of NTT DATA</p> <p>April 2002 Director, Senior Vice President, Enterprise Business Sector of NTT DATA</p> <p>June 2003 Managing Director, Executive Vice President, Enterprise Systems Sector and Enterprise Business Sector of NTT DATA</p> <p>June 2005 Representative Director, Executive Officer of NTT DATA</p> <p>June 2007 Representative Director, Senior Executive Vice President, Nippon Telegraph and Telephone Corporation ("NTT")</p> <p>June 2012 Adviser of NTT (to present)</p> <p>June 2014 Member of the Board (Outside) of the Company (to present)</p> <p>(Number of years as a Member of the Board) One (1) year at the close of this Ordinary General Meeting of Shareholders (Rate of attendance in meeting of the Board of Directors) 11/11 meetings (100%) after his assumption of office in June 2014 (Material Concurrent Positions) Adviser of Nippon Telegraph and Telephone Corporation Chairman of Japan Institute of Information Technology President of Japan Telework Association Outside Director of Yokogawa Electric Corporation</p>	900

Number of Candidates	Name (Date of Birth)	Career Summary, Positions, Assignments, and Material Concurrent Positions	Number of Shares of the Company Held
7	Hiroshi Toda (September 12, 1951) Candidate for Member of the Board (Outside) Independent Director Reelection	<p>April 1975 Entered Nomura Securities Co., Ltd.</p> <p>June 1991 President of Nomura Bank (Switzerland) Limited</p> <p>June 1997 Director, Head of Financial Market of Nomura Securities Co., Ltd.</p> <p>June 2000 Senior Managing Director, Head of Investment Banking of Nomura Securities Co., Ltd.</p> <p>October 2001 Director of Nomura Holdings, Inc. and Senior Managing Director, Head of Global Wholesale of Nomura Securities Co., Ltd.</p> <p>June 2003 Deputy President and Chief Operating Officer of Nomura Holdings, Inc. and Deputy President and Chief Operating Officer of Nomura Securities Co., Ltd.</p> <p>April 2008 Vice Chairman of Nomura Securities Co., Ltd.</p> <p>July 2010 Ambassador extraordinary and plenipotentiary to Greece</p> <p>June 2014 Member of the Board (Outside) of the Company (to present)</p> <p>(Number of years as a Member of the Board) One (1) year at the close of this Ordinary General Meeting of Shareholders (Rate of attendance in meeting of the Board of Directors) 11/11 meetings (100%) after his assumption of office in June 2014 (Material Concurrent Positions) Outside Director (Part Time) of Yusen Logistics Co., Ltd. Special Adviser of UBS Securities Japan Co., Ltd.</p>	400
8*	Toshiaki Sai (March 25, 1955) New	<p>April 1979 Entered Daiichi Pharmaceutical Co., Ltd.</p> <p>April 2007 Vice President, Management System Department of the Company</p> <p>April 2008 Vice President, Corporate Communications Department of the Company</p> <p>April 2010 Corporate Officer, Vice President of Corporate Communications Department of the Company</p> <p>April 2012 Corporate Officer, Vice President of Global Brand Strategy Department, Corporate Strategy Division of the Company</p> <p>April 2014 Executive Officer, Vice President of Corporate Strategy Department, Corporate Strategy Division of the Company</p> <p>April 2015 Senior Executive Officer, Head of Corporate Strategy Division of the Company (to present)</p>	3,800

Number of Candidates	Name (Date of Birth)	Career Summary, Positions, Assignments, and Material Concurrent Positions	Number of Shares of the Company Held
9*	Naoki Adachi (February 23, 1939) Candidate for Member of the Board (Outside) Independent Director New	<p>April 1962 Entered Toppan Printing Co., Ltd. (“Toppan”)</p> <p>June 1993 Director, General Manager of Commercial Printing Subdivision, Commercial Printing Division of Toppan</p> <p>April 1995 Director, General Manager of Commercial Printing Division of Toppan</p> <p>June 1995 Managing Director, General Manager of Commercial Printing Division of Toppan</p> <p>October 1996 Managing Director, General Manager of Commercial Printing Division; Head of Finance Instruments and Securities Division of Toppan</p> <p>June 1997 Senior Managing Director, General Manager of Commercial Printing Division; Head of Finance Instruments and Securities Division of Toppan</p> <p>April 1998 Senior Managing Director, In Charge of Corporate Sales & Marketing; Head of Finance Instruments and Securities Division and Commercial Printing Division of Toppan</p> <p>June 1998 Representative Executive Vice President, In charge of Corporate Sales & Marketing; Head of Finance Instruments and Securities Division and Commercial Printing Division of Toppan</p> <p>June 2000 President & Representative Director of Toppan</p> <p>June 2010 Chairman & Representative Director of Toppan (to present)</p> <p>(Material Concurrent Positions) Chairman & Representative Director of Toppan Printing Co., Ltd. Director of Toppan Forms Co., Ltd. Director & Advisor of Tosho Printing Co., Ltd. Director of Toyo Ink SC Holdings Co., Ltd.</p>	0

Number of Candidates	Name (Date of Birth)	Career Summary, Positions, Assignments, and Material Concurrent Positions	Number of Shares of the Company Held
10*	Tsuguya Fukui (June 24, 1951) Candidate for Member of the Board (Outside) Independent Director New	<p>January 1992 Professor, Department of General Medicine of Saga Medical School Hospital</p> <p>March 1994 Professor, Department of General Medicine of Kyoto University Hospital</p> <p>April 1999 Professor, Department of Clinical Epidemiology, Kyoto University Graduate School of Medicine</p> <p>April 2000 Professor, Department of Clinical Epidemiology, Professor, Department of Health Informatics, Dean, School of Public Health, Kyoto University Graduate School of Medicine</p> <p>February 2001 Professor, Department of Clinical Epidemiology, Professor, Department of Health Informatics, Director, EBM Collaborative Research Center, School of Public Health, Kyoto University Graduate School of Medicine</p> <p>September 2004 Chief of staff, Department of Internal medicine, Vice President, St. Luke's International Hospital</p> <p>April 2005 President of St. Luke's International Hospital (to present)</p> <p>April 2012 Chairperson of the Board of Trustees of St. Luke's College of Nursing (St. Luke's International University) (to present)</p> <p>(Material Concurrent Positions)</p> <p>Chairperson of the Board of Trustees of St. Luke's International University</p> <p>President of St. Luke's International Hospital</p> <p>Executive Director of Japan Hospital Association</p> <p>Trustee of Yokohama City University</p> <p>Trustee of National Hospital Organization</p> <p>President of The Japan Medical Library Association</p> <p>Councilor of Rikkyo Gakuin</p>	0

Notes:

1. The person marked with an asterisk is a candidate for a new Member of the Board.
2. There are no special conflict of interests between each candidate and the Company.
3. Kitasato Daiichi Sankyo Vaccine Co., Ltd. (for which a candidate for Member of the Board, Takeshi Ogita, is concurrently serving as Representative Director and President) is a consolidated subsidiary of the Company.
4. The Company has designated each candidate for Member of the Board (Outside) Noritaka Uji and Hiroshi Toda as Independent Directors, and filed them with the Tokyo Stock Exchange, accordingly.
Naoki Adachi and Tsuguya Fukui will also be designated as Independent Directors after their election as Members of the Board.
They satisfy criteria for independence as Members of the Board (Outside) provided by the Company (see page 17).
5. Outline of liability limitation agreement with Members of the Board (Outside)
With regard to liability for damages under Article 423, Paragraph 1 of the Companies Act, the Company has entered agreements for limitation of liabilities in the event that the case falls under the requirements defined in laws and ordinances (Liability Limitation Agreements) with each candidate for Member of the Board (Outside) Noritaka Uji and Hiroshi Toda; provided, however, that the maximum amount of liabilities under such agreement is the minimum liability amount as provided by applicable laws and ordinances. When the election of each candidate for Member of the Board (Outside) is approved at the Meeting, we will continue the Liability Limitation Agreement on the same terms and conditions.
In the event that Naoki Adachi and Tsuguya Fukui are elected, the same agreement will be entered.
6. The “Career Summary, Positions, Assignments, and Material Concurrent Positions” are the status as of May 29, 2015.
7. Matters of particular importance related to candidates for Members of the Board (Outside) are as follows:
 - (1) Reasons for nomination as candidates for Members of the Board (Outside):
 - 1) The Company requests the election of Noritaka Uji as Member of the Board (Outside), so that his expertise on the information communication business and his insight on overall corporate management based on his management experience will be reflected in the management of the Company.
 - 2) The Company requests the election of Hiroshi Toda as Member of the Board (Outside), so that his expertise on securities and finance and his insight based on his management and diplomatic experience will be reflected in the management of the Company.
 - 3) The Company requests the election of Naoki Adachi as Member of the Board (Outside), so that his expertise on broad business areas based on printing technology and his insight on overall corporate management based on his management experience will be reflected in the management of the Company.
 - 4) The Company requests the election of Tsuguya Fukui as Member of the Board (Outside), so that his professional knowledge and insight as a medical scientist will be reflected in the management of the Company.

Third Proposal: Election of Two (2) Members of the Audit & Supervisory Board

The terms of office of two (2) Members of the Audit & Supervisory Board Kazuo Koike and Takashi Chiba will expire at the close of this Ordinary General Meeting of Shareholders.

Accordingly, the Company requests approval for the election of two (2) Members of the Audit & Supervisory Board. Candidates for Members of the Audit & Supervisory Board are as follows.

The Company has already obtained the approval from the Audit & Supervisory Board with respect to this agenda item.

Number of Candidates	Name (Date of Birth)	Career Summary, Positions, Assignments, and Material Concurrent Positions	Number of Shares of the Company Held
1*	Hideyuki Haruyama (January 26, 1955) New	<p>April 1980 Entered Sankyo Company, Limited (“Sankyo”)</p> <p>July 2003 Vice President, IT Management Department of Sankyo</p> <p>June 2004 Corporate Officer, Head of Research Division and Vice President of IT Management Department of Sankyo</p> <p>February 2005 Corporate Officer, Head of Research Division of Sankyo</p> <p>April 2007 Corporate Officer, Vice President of R&D Planning & Management Department of the Company</p> <p>April 2010 Corporate Officer, In Charge of Research, R&D Division of the Company</p> <p>April 2011 President, Daiichi Sankyo RD Novare Co., Ltd (“Novare”)</p> <p>April 2015 Member of the Board of Novare (to present)</p>	7,800
2*	Kazuyuki Watanabe (December 30, 1955) New	<p>April 1978 Entered Daiichi Pharmaceutical Co., Ltd. (“Daiichi”)</p> <p>June 2006 General Manager, Secretariat Department of Daiichi</p> <p>April 2007 Vice President, General Affairs Department of the Company</p> <p>April 2012 Vice President, External Affairs Department, Business Intelligence Division, Japan Company of the Company</p> <p>April 2014 Corporate Officer, Vice President of External Affairs Department, Business Intelligence Division, Japan Company of the Company</p> <p>April 2015 Corporate Officer, In Charge of External Affairs of the Company (to present)</p>	7,462

Notes:

1. The person marked with an asterisk is a candidate for a new Member of the Audit & Supervisory Board.
2. There are no significant conflict of interests between the candidates and the Company.
3. The “Career Summary, Positions, Assignments, and Material Concurrent Positions” are the status as of May 29, 2015.

(Reference) Criteria for Independence as Member of the Board (Outside) / Member of the Audit & Supervisory Board (Outside)

In nominating candidates for Members of the Board, the Company shall include a person who satisfies the definition of Member of the Board (Outside), aiming at reinforcing decision-making functions from various perspectives and enhancing the supervising function for execution of operation. Outside Directors/ Auditors (Members of the Board (Outside) and Members of the Audit & Supervisory Board (Outside)) are required to ensure their independence from the Company.

On March 31, 2014, the Board of Directors and the Audit & Supervisory Board resolved “Criteria for independence” as follows:

1. A Member of the Board or a Member of the Audit & Supervisory Board shall be determined to be independent from the Company and may not have a conflict of interests with general shareholders of the Company unless he or she falls into any of the following categories:
 - (1) A candidate or his or her immediate family member* who:
 - i) is or has been an Executive Officer, of the Company or brother company or subsidiary (referring to a director other than outside director, corporate officer, executive officer or other employee; provided, however, limited to those who are important persons in terms of relationship with immediate family members. The same shall apply hereafter.); or
 - ii) has received during any of the last three fiscal years more than ¥10 million in direct compensation for his or her services as a consultant, a specialist in law, accounting or tax, or a healthcare professional, etc. from the Company, other than director or member of audit & supervisory board compensation.
 - * An “immediate family member” includes a person's spouse, parents, children, siblings, grandparents, grandchildren, mothers and fathers-in-law, sons and daughters-in-law, spouses of siblings, grandchildren-in-law, and brothers and sisters-in-law. The same shall apply hereafter.
 - (2) A candidate or his or her immediate family member who is or has been within the last ten years, an Executive Officer, of a corporation or other association falling into:
 - i) Business relationship
 - a) a company that has made payments to, or received payments from, the Group for products or services in an amount which, in any of the last three fiscal years, exceeds 2% of any of the companies' consolidated gross revenues;
 - b) a consulting firm, law firm, auditing firm, tax accounting firm or school corporation, etc. that receives remuneration from the Group exceeding 10% of its gross revenue in any of the last three fiscal years; or
 - c) a lender from whom the Group obtained a loan of more than 10% of its consolidated total assets at the end of the fiscal year immediately before nomination.
 - ii) Major shareholder

A corporation or other legal entity that is a major shareholder of the Company or a corporation that the Company is a major shareholder at the time of determining the independence. A major shareholder means a shareholder holding at least 10% of total shares outstanding of the company.
 - iii) Recipient of charitable contributions

An organization to which the Company's discretionary charitable contributions in any of the last three fiscal years are more than ¥10 million and 2% of annual gross revenues of that organization or other associations.
 - iv) Accounting auditor

An audit firm that is or has been for the last three years an accounting auditor of the Group.
 - v) Cross-directorship arrangement

A listed company in which an Executive Officer of the Company is a current Member of the Board (Outside) or Member of the Audit & Supervisory Board (Outside).
2. Even though a candidate for an outside director/ auditor falls into any of the above, when the Board of Directors or the Audit & Supervisory Board judge him or her to be ensured of independence after a comprehensive review, he or she may be determined to have no problem with criteria for independence as an outside director/ auditor.

Fourth Proposal: Provision of Bonuses to Members of the Board

The Company requests approval for the payment of directors' bonuses, amounting to 69 million yen in total to the six Members of the Board (excluding Members of the Board (Outside)) who were at office at the end of this fiscal year taking into consideration the Company's performance, etc. during the business year.

The Company also requests approval for delegation of determination of the amount of the bonus to be paid to each Member of the Board to the resolution of the Board of Directors.

[Attachment]

Business Report for the 10th Fiscal Period
(From April 1, 2014 to March 31, 2015)

1. Status of Daiichi Sankyo Group
(1) Progress and Results of Operations

Daiichi Sankyo and its consolidated subsidiaries (“the Group”) have adopted IFRS starting in the fiscal year ended March 31, 2014.

1) Overview
Consolidated Financial Results

(Millions of yen; all amounts have been rounded down to the nearest million yen.)

	Fiscal 2013	Fiscal 2014	YoY change
Revenue	899,126	919,372	20,245 2.3%
Operating profit	112,922	74,422	-38,500 -34.1%
Profit before tax	112,950	79,936	-33,014 -29.2%
Profit from continuing operations	65,792	43,566	-22,226 -33.8%
Profit (loss) from discontinued operations	-12,435	275,357	287,793 —
Profit attributable to owners of the Company	60,943	322,119	261,176 428.6%

Note: During fiscal 2014, following the merger of Ranbaxy Laboratories Ltd. (“Ranbaxy”) by Sun Pharmaceutical Industries Ltd. (“Sun Pharma”), the Ranbaxy Group was excluded from the scope of consolidation.

In fiscal 2014, Ranbaxy Group was classified as a discontinued operation. Consequently, for the amounts of revenue, operating profit and profit before tax, only the values for continuing operations excluding the Ranbaxy Group are indicated.

Profit (loss) from discontinued operations includes gain on merger of subsidiary due to the Sun Pharma merger, profit and loss attributable to the Ranbaxy Group, and merger-related expenses, among others.

Profit attributable to owners of the Company includes profit (loss) from discontinued operations as well as profit from continuing operations.

The figures for fiscal 2013 have been restated in the same way as those for fiscal 2014.

<Revenue from global mainstay products>

(Millions of yen; all amounts have been rounded down to the nearest million yen.)

Item name	Fiscal 2013	Fiscal 2014	YoY change
Olmесartan Antihypertensive agent	300,173	293,504	-6,668 -2.2%
Prasugrel Antiplatelet agent	22,267	24,878	2,610 11.7%
Edoxaban Anticoagulant	401	4,279	3,878 967.0%

<Research and development expenses>

(Millions of yen; all amounts have been rounded down to the nearest million yen.)

	Fiscal 2013	Fiscal 2014
Research and development expenses	180,664	190,666
Ratio of research and development expenses to revenue	20.1%	20.7%

<Yen exchange rates for major currencies (average rate for year)>

	Fiscal 2013	Fiscal 2014
Yen/USD	100.24	109.94
Yen/EUR	134.38	138.78
Yen/INR	1.68	1.81

a. Revenue

Group revenue in the fiscal year ended March 31, 2015 increased by ¥20.2 billion, or 2.3% year on year, to ¥919.4 billion.

The NHI price revision, consumption tax increase and increased prescribing of generics in Japan negatively impacted on revenue growth. These factors were outweighed by growth in sales of mainstay products in Japan, Asia and South and Central America, and by the positive impact of currency movements (valued at about ¥28.5 billion).

b. Operating Profit

Operating profit declined by ¥38.5 billion, or 34.1% year on year, to ¥74.4 billion.

Significant factors contributing to the year-on-year decline in operating profit included a decline in gross profit caused by ¥35.0 billion of impairment of the commercial rights for the anticancer agent *Zelboraf*® owned by consolidated subsidiary Plexxikon Inc. and expenses of ¥13.9 billion associated with the restructuring of the Group operations in Japan.

c. Profit before Tax

Profit before tax declined by ¥33.0 billion, or 29.2% year on year, to ¥79.9 billion.

Foreign exchange gains were insufficient to offset the decline in operating profit, resulting in a year-on-year decline in profit before tax.

d. Profit from Continuing Operations

Profit from continuing operations declined by ¥22.2 billion, or 33.8% year on year, to ¥43.6 billion.

e. Profit Attributable to Owners of the Company

Profit attributable to owners of the Company increased by ¥261.2 billion, or 428.6% year on year, to ¥322.1 billion.

Profit attributable to owners of the Company increased substantially in fiscal 2014 due to a gain on merger of a subsidiary of ¥278.7 billion after the application of tax effect accounting (with recorded ¥81.5 billion as deferred tax liabilities) resulting from Ranbaxy being merged with Sun Pharma.

Revenue by Geographic Area

a) Japan

Revenue in Japan declined by 1.0% year on year to ¥549.2 billion.

Revenue from prescription drugs in Japan fell by 0.9% year on year to ¥477.0 billion. This reflected the impact of the NHI price revision, the consumption tax increase and increased generic prescribing, which outweighed the growth in sales of products such as *NEXIUM*®, *Memary*®, *Inavir*®, *RANMARK*®, *TENELIA*®, *PRALIA*® and *LIXIANA*®. This segment also includes revenue generated by Daiichi Sankyo Espha Co., Ltd. (“Daiichi Sankyo Espha”), which engages mainly in the generic pharmaceutical business, and revenue generated from the vaccine business of Kitasato Daiichi Sankyo Vaccine Co., Ltd. (“Kitasato Daiichi Sankyo”), Japan Vaccine Co., Ltd. (“Japan Vaccine”) and other Group companies.

New products launched in fiscal 2014 included *Efient*®, which was introduced in May 2014. In September 2014, Daiichi Sankyo began co-promoting the type 2 diabetes treatment *CANAGLU*® with Mitsubishi Tanabe Pharma Corporation, which originally developed the drug. In December 2014, the Group introduced a 60mg tablet formulation of *LIXIANA*® (generic name: edoxaban) to coincide with the drug’s approval for additional indications for treatment of patients with atrial fibrillation (AF) and venous thromboembolism (VTE).

Revenue from royalty and exports declined by 3.1% year on year to ¥21.5 billion.

Revenue from healthcare (OTC) products, which are marketed by the Group subsidiary Daiichi Sankyo Healthcare Co., Ltd., declined by 0.5% year on year to ¥47.8 billion.

<Primary revenue composition in Japan>

(Billions of yen; all amounts have been rounded off to the nearest single decimal place.)

Category	Fiscal 2013	Fiscal 2014	YoY change
Prescription drugs	481.4	477.0	-4.3 -0.9%
Royalty and exports	22.2	21.5	-0.7 -3.1%
Healthcare (OTC) products	48.1	47.8	-0.3 -0.5%

<Domestic revenue from mainstay prescription drugs>

(Billions of yen; all amounts have been rounded off to the nearest single decimal place.)

Product name	Fiscal 2013	Fiscal 2014	YoY change
<i>Olmotec® Antihypertensive agent</i>	79.1	76.3	-2.8 -3.5%
<i>NEXIUM® Ulcer treatment</i>	54.2	69.3	15.1 27.9%
<i>Loxonin® Anti-inflammatory analgesic (of which Loxonin® Tape)</i>	59.3 (35.2)	49.5 (31.1)	-9.8 -16.5%
<i>Memary® Alzheimer's disease treatment</i>	33.3	36.8	3.5 10.5%
<i>Cravit® Synthetic antibacterial agent</i>	33.5	27.8	-5.7 -16.9%
<i>Rezaltas® Antihypertensive agent</i>	18.5	18.4	-0.0 -0.3%
<i>Artist® Treatment for hypertension, angina pectoris and chronic heart failure</i>	22.4	18.1	-4.3 -19.1%
<i>Omnipaque® Contrast medium</i>	19.7	17.2	-2.5 -12.5%
<i>Inavir® Anti-influenza treatment</i>	13.4	16.6	3.1 23.4%
<i>Mevalotin® Antihyperlipidemic agent</i>	21.5	16.2	-5.3 -24.8%
<i>Urief® Treatment for dysuria</i>	11.4	11.5	0.1 0.7%
<i>RANMARK® Treatment for bone complications</i>	8.1	10.2	2.1 26.1%
<i>TENELIA® Type 2 diabetes mellitus inhibitor</i>	1.5	7.6	6.0 390.5%
<i>PRALIA® Treatment for osteoporosis</i>	3.2	7.3	4.2 131.8%
<i>LIXIANA® Anticoagulant</i>	0.4	3.6	3.2 792.8%
<i>Epfient® Antiplatelet agent</i>	—	0.7	0.7 —%

b) North America

Revenue in North America increased by 8.4% year on year to ¥229.9 billion. Revenue in local currency terms fell by 1.2% to US\$2,091 million.

Sales of *TRIBENZOR*®, *Welchol*®, *Effient*®, *Venofer*®, and *Injectafer*® increased while sales of *Benicar*®/*Benicar HCT*® and *AZOR*® declined due mainly to the impact of intensified competition.

New products included *SAVAYSA*™ (generic name: edoxaban), which was launched by Daiichi Sankyo, Inc. (“DSI”) in February 2015.

Following an investigation by the U.S. Department of Justice into Physician Opinion & Discussion programs related to the mainstay products, DSI concluded a legal settlement with the Department of Justice and other government agencies. Under the settlement, DSI agreed to pay approximately US\$39 million, while also entering into a Corporate Integrity Agreement with the Office of Inspector General of the U.S. Department of Health and Human Services. The Daiichi Sankyo Group is committed to maintaining the highest levels of legal and regulatory compliance across its worldwide operations going forward.

<Revenue of Daiichi Sankyo, Inc. mainstay products>

(Millions of US\$; all amounts have been rounded off to the nearest million US\$.)

Product name	Fiscal 2013	Fiscal 2014	YoY change
<i>Benicar</i> ®/ <i>Benicar HCT</i> ® <i>Antihypertensive agent</i>	857	700	-156 -18.2%
<i>AZOR</i> ® <i>Antihypertensive agent</i>	174	166	-8 -4.4%
<i>TRIBENZOR</i> ® <i>Antihypertensive agent</i>	90	103	13 14.3%
<i>Welchol</i> ® <i>Hypercholesterolemia treatment/ type 2 diabetes mellitus inhibitor</i>	422	431	9 2.2%
<i>Effient</i> ® <i>Antiplatelet agent</i> (co-promotion revenue)	154	160	6 3.7%
<i>SAVAYSA</i> ™ <i>Anticoagulant</i>	—	6	6 —%

<Revenue of Luitpold Pharmaceuticals, Inc. mainstay products>

(Millions of US\$; all amounts have been rounded off to the nearest million US\$.)

Product name	Fiscal 2013	Fiscal 2014	YoY change
<i>Venofer</i> ® <i>Anemia treatment</i>	248	260	12 4.7%
<i>Injectafer</i> ® <i>Anemia treatment</i>	13	69	56 431.9%

c) Europe

Revenue in Europe declined by 0.6% year on year to ¥78.8 billion. Revenue in local currency terms fell by 3.8% to EUR568 million.

Although sales of *Sevikar*® and *Sevikar HCT*® increased, sales of *Olmotec*® and *Olmotec Plus*® declined.

<Revenue of Daiichi Sankyo Europe GmbH mainstay products>

(Millions of euro; all amounts have been rounded off to the nearest million euro.)

Product name	Fiscal 2013	Fiscal 2014	YoY change
<i>Olmotec</i> ®/ <i>Olmotec Plus</i> ® <i>Antihypertensive agent</i>	331	272	-59 -17.9%
<i>Sevikar</i> ® <i>Antihypertensive agent</i>	100	127	26 26.1%
<i>Sevikar HCT</i> ® <i>Antihypertensive agent</i>	57	71	15 25.8%

d) Other regions

In other regions, revenue rose by 16.4% year on year to ¥61.5 billion.

Sales of Olmesartan, *Cravit*® and other mainstay products showed growth in China, Brazil and other countries.

2) Merger of Ranbaxy with Sun Pharmaceutical Industries

Daiichi Sankyo concluded an agreement with Sun Pharma in April 2014 for a merger of Ranbaxy with Sun Pharma, under which the Company would receive 0.8 shares in Sun Pharma for each share of Ranbaxy.

Daiichi Sankyo obtained shares of approximately 9% in Sun Pharma upon completion of the merger procedures on March 24, 2015.

The gain on the merger of a subsidiary worth ¥278.7 billion (after the application of tax effect accounting) associated with the share exchange, the merger-related expenses, and profit or loss from Ranbaxy Group operations were all recognized in the consolidated results of operations for the fiscal 2014 under profit from discontinued operations.

To seek further increase of its corporate value, Daiichi Sankyo sold all the shares in Sun Pharma acquired through the share exchange in April 2015.

3) R&D Activities

The Daiichi Sankyo Group's R&D program promotes accelerated and sustained generation of innovative medicines. The Group has designated the fields of cardiovascular-metabolic, oncology and frontier medicine as priority areas for drug development. Efforts continue to develop potential best-in-class or first-in-class products.

With the establishment in April 2013 of Venture Science Laboratories ("VSL"), the Group, together with its subsidiaries Asubio Pharma Co., Ltd., U3 Pharma GmbH and Plexxikon Inc., continues its efforts to cultivate and reinforce an entrepreneurial culture within the Group.

In addition, the Group is continuing to develop R&D alliances with other companies and to pursue an open innovation approach. At the same time, the Group is reinforcing its R&D activities in preparation for full-scale entry into the biopharmaceutical sector, and also promoting vaccine R&D programs.

Daiichi Sankyo Priority Development Projects

a. Prasugrel

The drug has been marketed in Japan since May 2014 under the brand name *Efient*® with indication for ischemic heart disease in patients undergoing percutaneous coronary intervention (PCI). In addition, a Phase III clinical trial is proceeding in Japan to evaluate its efficacy in patients with ischemic stroke.

Separately, a Phase III clinical trial is being conducted in the United States to evaluate its efficacy for the treatment of pediatric patients with sickle cell disease.

b. Edoxaban

Edoxaban has been marketed in Japan since 2011 under the brand name *LIXIANA*® for the prevention of venous thromboembolism (VTE) after major orthopedic surgery. The product also received approval in Japan in September 2014 for additional indications for prevention of ischemic stroke and systemic embolism in patients with non-valvular atrial fibrillation (NVAf), and for the treatment and prevention of recurrence of VTE (deep vein thrombosis (DVT) and pulmonary thromboembolism).

In the United States, edoxaban acquired approval in January 2015 for indication for reduction of the risk of stroke and systemic embolism in NVAf patients, and for treatment of VTE (DVT and pulmonary embolism). The drug was launched in the U.S. market in February 2015 under the brand name *SAVAYSA*™. As indicated in this approval, *SAVAYSA*™ should not be used in NVAf patients with a creatinine clearance rate (an indicator of renal function) greater than 95 mL/min.

In Europe, regulatory authorities are still reviewing an application filed for edoxaban by Daiichi Sankyo in January 2014. The Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) issued a positive opinion in April 2015. Swissmedic, the regulatory authority of Switzerland which is not affiliated with the EMA, granted approval for edoxaban in April 2015.

c. Denosumab

Denosumab is an antibody drug for conditions related to bone metabolism. The Company has obtained the rights to develop and market this product in Japan from Amgen Inc. of the US. The drug was launched in April 2012 under the brand name *RANMARK*® for the treatment of bone complications stemming from multiple myeloma or bone metastases from solid tumors. In May 2014, Daiichi Sankyo received approval for a partial modification of the license to include additional indication of giant cell tumor of bone.

Daiichi Sankyo also launched denosumab in Japan in June 2013 under the brand name *PRALIA*® for the treatment of osteoporosis.

Denosumab is also currently undergoing global phase III clinical studies for postoperative adjuvant breast cancer therapy and phase III clinical studies for rheumatoid arthritis.

d. Mirogabalin

Phase III clinical trials are underway in the U.S. to evaluate the efficacy of mirogabalin in patients with fibromyalgia.

Phase III clinical trials were also initiated in January 2015 in Japan and Asia to evaluate the efficacy of mirogabalin in patients suffering pain associated with diabetic peripheral neuropathy or postherpetic neuralgia.

e. Vaccines

Kitasato Daiichi Sankyo received manufacturing and marketing approval in Japan in July 2014 for *Squarekids*® Subcutaneous Injection Syringe, a quadrivalent combination vaccine for the prevention of pertussis, diphtheria, tetanus and poliomyelitis (polio). Separately, in April 2015, Group affiliate Japan Vaccine filed an application for approval for manufacturing and marketing in Japan of an intradermal seasonal influenza vaccine co-developed by four companies (Daiichi Sankyo, Terumo Corporation, Japan Vaccine and Kitasato Daiichi Sankyo). The Group continues to promote multiple vaccine R&D projects targeting areas of high medical need.

Major R&D Alliances

a. Collaboration with other companies and corporate acquisition

i) In-licensing of CL-108 (combination treatment for pain and OINV) from Charleston Laboratories

In August 2014, Daiichi Sankyo in-licensed CL-108, a combination drug for the treatment of pain and opioid-induced nausea and vomiting (OINV), from U.S.-based Charleston Laboratories. A Phase III clinical trial is currently underway to evaluate the efficacy of CL-108 in treating moderate to severe acute pain and reducing OINV.

ii) Acquisition of Ambit Biosciences

In November 2014, Daiichi Sankyo acquired U.S.-based Ambit Biosciences Corporation. Phase III clinical trials are underway to evaluate the efficacy of the latter's FLT3 tyrosine kinase inhibitor quizartinib in the treatment of patients with acute myeloid leukemia.

iii) Joint commercialization of antiepileptic lacosamide in Japan with UCB of Belgium

Daiichi Sankyo signed an agreement with UCB Biopharma SPRL ("UCB") of Belgium in November 2014 governing the joint commercialization in Japan of lacosamide, an epilepsy treatment developed in-house by UCB. UCB plans to file an application for Japanese regulatory approval in 2015. Under the joint commercialization agreement, UCB will manufacture and supply the product, while Daiichi Sankyo will handle sales and distribution.

iv) Joint commercialization of *MOVANTI*TM in U.S. with AstraZeneca

DSI signed an agreement with AstraZeneca in March 2015 for joint commercialization in the U.S. of *MOVANTI*TM, a treatment for opioid-induced constipation. The drug went on sale in the U.S. in April 2015. Under the joint commercialization agreement, AstraZeneca is responsible for manufacturing the product, booking sales, and making sales-related commission payments to Daiichi Sankyo.

b. Open Innovation Approach

i) Collaborative neurodegenerative drug discovery research with UCSF

In March 2014, Daiichi Sankyo concluded a joint research agreement with the Institute for Neurodegenerative Diseases (IND) at the University of California, San Francisco (UCSF). The collaboration will focus on the development of novel therapeutics and molecular diagnostics for neurodegenerative diseases such as Alzheimer's or Parkinson's disease. A research team from the Group's Venture Science Laboratories, which was established in April 2013, has been assigned to the program. Tapping the strengths and knowledge of both partners, it aims to use multiple screens to identify novel therapeutics for targeting neurodegenerative disorders.

ii) Joint research agreement with Sanford-Burnham Medical Research Institute

In May 2014, Daiichi Sankyo concluded a comprehensive joint research agreement with U.S.-based Sanford-Burnham Medical Research Institute (SBMRI) to develop novel therapeutics for cardiovascular-metabolic diseases. Under the collaboration, Daiichi Sankyo will undertake joint research with SBMRI focused on identifying, validating and screening novel drug targets in the field of cardiovascular-metabolic disease. The alliance aims to accelerate the acquisition of lead compounds for developing first-in-class therapeutics in areas with unmet medical needs.

iii) Collaborative drug discovery program (TaNeDS)

Since fiscal 2011, Daiichi Sankyo has pursued an open innovation approach by conducting a collaborative research program called TaNeDS (Take a New challenge for Drug diScovery) involving academic researchers in Japan. It is now engaged in collaborative research with a number of selected academic institutions in Japan through this program.

In 2013, Daiichi Sankyo initiated the TaNeDS Global Program to expand this drug discovery initiative to include researchers working in universities or other research institutions in Germany, Switzerland and Austria. Selection and initiation of multiple joint research projects began in fiscal 2014.

Major R&D pipeline				As of May 2015
Therapeutic area	Phase 1	Phase 2	Phase 3	Application
Cardiovascular-Metabolics	<ul style="list-style-type: none"> ■ DS-1040 (Acute ischemic stroke / TAF1a inhibitor) ■ DS-8312 (Hypertriglyceridemia) 	<ul style="list-style-type: none"> ■ CS-3150 (JP) (Hypertension - DM nephropathy / MS antagonist) ■ DS-8500 (JP) (Diabetes / GPR119 agonist) 	<ul style="list-style-type: none"> ■ Prasugrel (JP) (CS-747 / Ischemic stroke / anti-platelet agent) ■ Prasugrel (US) (CS-747 / sickle cell disease / anti-platelet agent) 	<ul style="list-style-type: none"> ■ Edoxaban (EU/Others) (DU-176b / AF / oral factor Xa inhibitor) ■ Edoxaban (EU/Others) (DU-176b / VTE / oral factor Xa inhibitor)
Oncology	<ul style="list-style-type: none"> ■ U3-1565 (US/JP) (Anti-HB-EGF antibody) ■ DS-7423 (US/JP) (PI3K / mTOR inhibitor) ■ DS-3078 (US/EU) (mTOR inhibitor) ■ DS-3032 (US/JP) (MDM2 inhibitor) ■ PLX7486 (US) (FMS / TRK inhibitor) ■ DS-8895 (JP) (Anti-EPHA2 antibody) ■ DS-8273 (US) (Anti-DMS antibody) ■ PLX8394 (US) (BRAF inhibitor) ■ DS-6051 (US) (NTRK / ROS1 inhibitor) ■ DS-5573 (JP) (Anti-B7-H3 antibody) ■ PLX9486 (US) (KIT inhibitor) 	<ul style="list-style-type: none"> ■ Patritumab (US/EU) (U3-1287 / anti-HER3 antibody) ■ Vemurafenib (US/EU) (PLX4032 / BRAF inhibitor) ■ PLX3397 (US) (FMS/KIT/FLT3-ITD inhibitor) 	<ul style="list-style-type: none"> ■ Tivantinib (US/EU) (ARQ 197 / HCC / MET inhibitor) ■ Denosumab (JP) (AMG 162 / breast cancer adjuvant / anti-RANKL antibody) ■ Nimotuzumab (JP) (DE-766 / gastric cancer / anti-EGFR antibody) ■ Vemurafenib (US/EU) (PLX4032 / melanoma adjuvant / BRAF inhibitor) ■ Quizartinib (US/EU) (AC220 / AML / FLT3-ITD inhibitor) ■ PLX3397 (US/EU) (TGCT / FMS/KIT/FLT3-ITD inhibitor) 	
Others	<ul style="list-style-type: none"> ■ DS-1093 (Anemia of chronic kidney disease / HIF-PH inhibitor) ■ DS-3801 (Chronic constipation / GPR38 agonist) ■ DS-1971 (Chronic pain) ■ DS-1501 (Osteoporosis / Anti-Siglec-15 antibody) 	<ul style="list-style-type: none"> ■ SUN13837 (US/EU) (Spinal cord injury / modulator of bFGF signaling system) ■ Laninamivir (US/EU) (CS-8958 / anti-influenza / out-licensing with Biota) ■ Ioforninol (JP) (GE-145 / X-ray contrast media / angiography) 	<ul style="list-style-type: none"> ■ Mirogabalin (US/EU) (DS-5565 / fibromyalgia / α2δ ligand) ■ Mirogabalin (JP/Asia) (DS-5565 / DHPPI α2δ ligand) ■ Mirogabalin (JP/Asia) (DS-5565 / PHN / α2δ ligand) ■ Denosumab (JP) (AMG 162 / rheumatoid arthritis / anti-RANKL antibody) ■ Hydromorphone (JP) (DS-7113 / cancer pain / opioid μ-receptor regulator) ■ CHS-0214 (JP) (Etanercept BS / rheumatoid arthritis / TNFα inhibitor) ■ CL-108 (US) (Acute pain / opioid μ-receptor regulator) 	<ul style="list-style-type: none"> ■ Levofloxacin (JP) (DR-3355 / anti-infection / New quinolone)

4) Production and Logistics

On April 1, 2015, with the aim of reinforcing the Group's supply chain functions and creating a cost-competitive production system, the Group's three supply chain subsidiaries (Daiichi Sankyo Propharma Co., Ltd. ("Daiichi Sankyo Propharma"), Daiichi Sankyo Chemical Pharma Co., Ltd. ("Daiichi Sankyo Chemical Pharma") and Daiichi Sankyo Logistics Co., Ltd.) were reorganized into Daiichi Sankyo Propharma (for formulation, packaging and related logistics functions) and Daiichi Sankyo Chemical Pharma (for supply of drug precursors and active ingredients). In conjunction with this move, operations at Daiichi Sankyo Propharma's Akita facility were transferred to Alfresa Pharma Corporation.

As part of efforts to reinforce the functional capabilities of the Group's supply chain and enhance its efficiency, responsibility for manufacturing and supplying drugs for clinical trials was transferred from the Production Technology Department to Daiichi Sankyo Propharma and Daiichi Sankyo Chemical Pharma.

In overseas production facilities the Group continued to prepare for the launch of edoxaban.

The Group also upgraded the production capacity and capabilities of Daiichi Sankyo's Chinese manufacturing subsidiary to support ongoing growth in that market.

5) Operational Restructuring

To enable investment for sustained growth on an ongoing basis, the Daiichi Sankyo is working to optimize its business management systems through reinforcement of operating platforms to improve profitability, further strengthen the operational autonomy of Group companies, and transit to a low-cost structure through organizational streamlining and other moves designed to increase operating efficiency.

After examining the organizational structures and personnel assignment of each Group company in Japan, Daiichi Sankyo implemented special career transition assistance measure in December 2014 and 513 employees have applied for it. Personnel related costs such as supplemental retirement benefits, etc. amounting to ¥13.9 billion have been recorded.

Separately, the Group restructured its sales organizations in Europe during fiscal 2013 and in the U.S. during fiscal 2014. Approximately 500 employees in each region were dismissed as a result.

6) Corporate Social Responsibility (CSR) Activities

Under the Daiichi Sankyo Group Corporate Conduct Charter, Daiichi Sankyo is committed to ensuring that integrity is an essential characteristic of the conduct of the Group's business operations. The Company aims to implement this charter to fulfill its corporate social responsibility (CSR) while targeting sustained growth in corporate value by providing effective, safe and reliable medicines and related services that are of significant value to society.

Daiichi Sankyo has defined its six core CSR domains as Compliance, Human Rights and Labor Practices, Communication, Environmental Management, Social Contribution, and Healthcare Access. The Group aims to enhance its activities in each of these domains on an ongoing basis.

As part of its commitment to integrity, Daiichi Sankyo also seeks to upgrade its stakeholder communications by improving disclosure of information related to environmental, social and governance (ESG) issues.

(2) Status of Plant and Equipment Investment

The Group continuously invests in plants and equipment, aiming to enhance and streamline production facilities as well as strengthen and facilitate research and development. During the fiscal year under review, the Group spent ¥36.3 billion on plants and equipment.

(3) Status of Financing

Not applicable.

(4) Issues to Be Dealt With

Recognizing that the most significant medium-term risk faced by the Group is the patent cliff facing olmesartan, Daiichi Sankyo sought to mitigate this by targeting sustained growth and profitability improvements based on a hybrid business model spanning the operations of Daiichi Sankyo and Ranbaxy.

In April 2014, Daiichi Sankyo agreed to sell Ranbaxy to Sun Pharma in return for an equity stake in the latter. The merger of Ranbaxy with Sun Pharma was completed in March 2015 after all necessary regulatory procedures in India and other countries had been completed.

At the same time, following deliberations over the business policy that should be adopted going forward,

Daiichi Sankyo defined its business direction as follows:

- 1) A return to a business strategy with innovative pharmaceuticals at its core;
- 2) Business base reinforcement, particularly in the Japanese and U.S. markets, prioritizing China as the Group's favored emerging market for investment; and
- 3) Further strengthening of R&D capabilities.

Going forward, the Group plans to invest the funds realized from the sale of its stake in Sun Pharma in priority areas, in line with the Group's business direction. Daiichi Sankyo plans to enhance shareholder returns at the same time as part of efforts targeting sustained growth in corporate value.

The major business issues facing the Group are outlined below.

a) Launch of edoxaban in global markets and cultivation as blockbuster

In fiscal 2014 Daiichi Sankyo began marketing edoxaban, which is expected to be the next mainstay product for the Group after olmesartan, in the U.S. and Japanese markets with indications for atrial fibrillation (AF) and VTE. Seeking to minimize the effect of U.S. label usage restrictions, the Group is harnessing its resources to generate steady growth in sales by making full use of the Group's sales platform while leveraging strengths cultivated over the years in the field of cardiovascular medicine. Following the positive opinion issued by the CHMP in Europe in April 2015, the Group believes that smooth introductions of edoxaban will be possible in markets across Asia and South and Central America as well. By leveraging the Group's global resources, Daiichi Sankyo plans to develop edoxaban as one of its top products. In addition, the Group plans to use lifecycle management techniques to ensure maximization of the product's value.

b) Revenue maximization from olmesartan

The Group is focusing on maximizing revenues generated by olmesartan ahead of its anticipated loss of patent protection in Japan, the U.S. and Europe from around the second half of fiscal 2016. At the same time, Daiichi Sankyo is formulating and implementing strategies aimed at minimizing the impact of this patent cliff.

c) Growth of prasugrel in Japan and maintenance in other markets

Daiichi Sankyo began marketing the antiplatelet agent prasugrel in Japan in 2014. Based on strong relationships cultivated with medical practitioners, the Group is seeking to translate the positive evaluations of the efficacy and safety of prasugrel gained in its first year on the market into rapid growth in sales. Meanwhile, efforts to increase sales of the drug will continue in Europe, the U.S., Asia and South and Central America.

d) Share growth in Japan targeting market leadership

Daiichi Sankyo is striving to attain market leadership in Japan by focusing promotional efforts on major products (*Olmotec®/Rezaltas®*, *Memary®*, *NEXIUM®*, *Efient®*, *LIXIANA®*, *TENELIA®*, *CANAGLU®*, *RANMARK®*, and *PRALIA®*).

The Group also continues to focus on expanding its other domestic business franchises in vaccines through collaboration with Kitasato Daiichi Sankyo and Japan Vaccine, and improving profitability in the generics business through Daiichi Sankyo Espha and the OTC healthcare products business through Daiichi Sankyo Healthcare.

e) Development of operations in U.S. and emerging markets

Besides focusing on olmesartan, edoxaban and prasugrel, DSI is continuing to promote the development of in-licensed products. In fiscal 2014, DSI secured commercial or co-promotional rights to drugs such as CL-108, quizartinib and *MOVANTI*™ as part of efforts to mitigate the impact of the upcoming loss of patent protection, olmesartan.

Successful sales promotional activities have enabled Luitpold Pharmaceuticals Inc. to achieve rapid growth in sales of the anemia treatment *Injectafer®* since its launch in 2013.

In emerging markets, the Group is targeting an expansion of sales across the ASCA region (encompassing Asia, South & Central America), led by growth generated by mainstay products such as olmesartan in China.

f) Reinforcement of R&D capabilities

The Group has designated the fields of cardiovascular-metabolic, oncology and frontier medicine as priority areas for drug development. Daiichi Sankyo is also upgrading its R&D efforts in the field of pain, which is an area of high medical need.

The Group is working to accelerate R&D programs and boost productivity with a view to generating a continuous stream of new drug candidates. Examples of such initiatives include a focus on personalized medicine, reinforcement of biomarker development, and the establishment of VSL in 2013.

The Group is promoting strategic investment in drug development, moreover, to establish a post-edoxaban in-house drug pipeline. Phase III clinical trials are currently underway for drugs such as mirogabalin, quizartinib and CL-108.

In addition, the Group is looking to promote faster drug development and to create high-value-added drug formulations using more advanced proprietary production technologies.

g) Vaccine business-related issues

Having received an MHLW grant in 2011 for a cell culture H5N1 influenza vaccine production facility, Kitasato Daiichi Sankyo Vaccine has not yet been able to achieve its goal of building a supply chain capable of producing sufficient vaccine for 40 million people within six months due to reductions in yield associated with the viral antigen purification process. Steps have since been taken to revise the production process to boost productivity, and the Group expects to achieve a reliable supply capability for the originally targeted quantity of vaccine by the end of June 2016.

The Group is also striving to establish a production base to ensure reliable supplies of other vaccines, while also seeking to lower production costs in order to improve profit.

h) Measures to boost profitability

The Group has restructured its operations in Japan, the U.S. and Europe in an effort to ensure sufficient ongoing cash flow for re-investment in the business. These measures have included organizational streamlining and downsizing of regional workforces.

Going forward, the Group will continue to focus on improving profitability via reductions in consolidated expenses by seeking to lower manufacturing costs for edoxaban through improved production methods, investing resources as effectively as possible in R&D through program selection and concentration, and pursuing constant efforts to achieve SG&A cost savings through additional efficiency enhancement, based on appropriate ongoing revision of its domestic and overseas business structures.

At the same time, the Group will focus on engineering improvements in cash flows through asset efficiency.

i) Formulation of new medium-term business plan

During fiscal 2015, Daiichi Sankyo plans to formulate a new medium-term business plan covering the five-year period from fiscal 2016–2020. The plan will be based on the Group's new three-faceted growth strategy:

- 1) A return to a business strategy with innovative pharmaceuticals at its core;
- 2) Business base reinforcement, particularly in the Japanese and U.S. markets, prioritizing China as the Group's favored emerging market for investment; and
- 3) Further strengthening of R&D capabilities.

(5) Trends in the Group's Operating Results and Assets

(Millions of yen, unless otherwise stated)

Account title	Japanese GAAP		IFRS		
	Fiscal 2011 (7th fiscal period)	Fiscal 2012 (8th fiscal period)	Fiscal 2012 (8th fiscal period)	Fiscal 2013 (9th fiscal period)	Fiscal 2014 (Current fiscal year; 10th fiscal period)
Revenue	938,677	997,852	994,659	899,126	919,372
Operating profit	98,202	100,516	98,743	112,922	74,422
Ordinary income	76,217	99,147	-	-	-
Profit before tax	-	-	95,861	112,950	79,936
Profit attributable to owners of the Company	10,383	66,621	64,027	60,943	322,119
Basic earnings per share (yen)	14.75	94.64	90.96	86.57	457.56
Annual dividends per share (yen)	60	60	60	60	60
Total assets	1,518,479	1,644,071	1,684,949	1,854,037	1,982,286
Total equity	832,749	915,745	938,480	1,007,527	1,307,041

Notes: 1. The Group prepared its consolidated financial statements in accordance with the International Financial Reporting Standards ("IFRS") from the 9th fiscal period, pursuant to provisions of Article 120, Paragraph 1 of the Corporate Accounting Rules, and the amounts for the 8th fiscal period presented here have also been presented in accordance with IFRS.

2. Concerning the IFRS terminology, the corresponding Japanese GAAP terms are as follows: "revenue" corresponds to "net sales," "profit attributable to owners of the company" corresponds to "net income," "basic earnings per share" corresponds to "basic net income per share," "total assets," corresponds to "total assets," and "total equity" corresponds to "net assets."

3. Basic earnings per share is calculated based on the average number of shares outstanding during the year, exclusive of the number of treasury shares.

4. In line with the completion of the merger and acquisition procedures of Ranbaxy by Sun Pharma, the Group classified the Ranbaxy business as a discontinued operation and accordingly, restated the results of the 9th period.

(6) The Group's Principal Business

Research and development, manufacturing, marketing, and import and export of pharmaceuticals

(7) Status of Material Subsidiaries, etc.

1) Status of Material Subsidiaries:

Name of Group Company	Stated Capital (Millions of yen, unless otherwise stated)	Voting Rights Percentage (%)	Principal Business
Daiichi Sankyo Espha Co., Ltd.	450	100.00	Marketing of pharmaceuticals
Daiichi Sankyo Healthcare Co., Ltd.	100	100.00	Development, manufacture and marketing of healthcare (OTC) products
Daiichi Sankyo Propharma Co., Ltd.	100	100.00	Manufacture of pharmaceuticals
Daiichi Sankyo Chemical Pharma Co., Ltd.	50	100.00	Manufacture of pharmaceuticals
Asubio Pharma Co., Ltd.	50	100.00	Research and development of pharmaceuticals
Daiichi Sankyo RD Novare Co., Ltd.	50	100.00	Support for research and development of the Group
Daiichi Sankyo Business Associe Co., Ltd.	50	100.00	Business support for the Group
Kitasato Daiichi Sankyo Vaccine Co., Ltd.	100	51.00	Research and development, manufacture and marketing of vaccines
Daiichi Sankyo U.S. Holdings, Inc.	3.0 US dollars	100.00	A holding company
Daiichi Sankyo, Inc.	0.17 million US dollars	100.00	Research and development and marketing of pharmaceuticals
Plexxikon Inc.	1.0 US dollars	100.00	Research and development of pharmaceuticals
Luitpold Pharmaceuticals, Inc.	0.20 million US dollars	100.00	Development, manufacture and marketing of pharmaceuticals
Ambit Biosciences Corporation	1.0 US dollars	100.00	Research and development of pharmaceuticals
Daiichi Sankyo Europe GmbH	16 million euro	100.00	Supervision of the Daiichi Sankyo EUROPE Group, and development, manufacture and marketing of pharmaceuticals
Daiichi Sankyo (China) Holdings Co., Ltd.	30 million US dollars	100.00	Development and marketing of pharmaceuticals
Daiichi Sankyo Pharmaceutical (Beijing) Co., Ltd.	83 million US dollars	100.00	Development, manufacture and marketing of pharmaceuticals
Daiichi Sankyo Pharmaceutical (Shanghai) Co., Ltd.	53 million US dollars	100.00	Development, manufacture and marketing of pharmaceuticals

Note: On November 10, 2014, Daiichi Sankyo acquired shares of Ambit Biosciences Corporation. Ranbaxy Laboratories Ltd. was merged with Sun Pharmaceutical Industries Ltd. on March 24, 2015.

2) Status of Material Alliances, etc.

a. Licensing-in of technology

Name of Group Company	Other Party	Country	Details of Technology
Daiichi Sankyo Company, Limited	NGM Biopharmaceuticals, Inc.	U.S.A.	Technology related to discovering and developing therapeutics that modulate beta-cell regeneration for the treatment of diabetes
Daiichi Sankyo Company, Limited	LOCL Pharma, Inc.	U.S.A.	Technology related to “CL-108,” a combination treatment for pain and OINV
Daiichi Sankyo Company, Limited	Innomab Pte. Ltd.	Singapore	Technology related to “nimotuzumab,” an anti-EGFR antibody
Daiichi Sankyo Company, Limited	Amgen Inc.	U.S.A.	Technology related to “denosumab,” an anti-RANKL antibody
Daiichi Sankyo Company, Limited	ArQule Inc.	U.S.A.	Technology related to “ARQ 197,” an agent for inhibiting malignant tumors
Daiichi Sankyo Company, Limited	Amplimmune, Inc.	U.S.A.	Joint research and development of “AMP-110,” a potential treatment for autoimmune diseases, and exclusive option right for global clinical development and manufacturing of “AMP-110”
Daiichi Sankyo, Inc.	Genzyme Corporation	U.S.A.	Technology related to <i>Welchol</i> [®] , an antihyperlipidemic agent
Luitpold Pharmaceuticals, Inc.	Vifor AG	Switzerland	Technology related to <i>Venofer</i> [®] , a drug for treating anemia

b. Licensing-out of technology

Name of Group Company	Other Party	Country	Details of Technology
Daiichi Sankyo Company, Limited	Eli Lilly and Company	U.S.A.	Technology related to antiplatelet agent “prasugrel”
Daiichi Sankyo Company, Limited	Sanofi-Aventis Deutschland GmbH	Germany	Technology related to synthetic antibacterial agent “levofloxacin”
Daiichi Sankyo Company, Limited	Santen Pharmaceutical Co., Ltd.	Japan	Technology related to synthetic antibacterial agent “levofloxacin” for ophthalmologic drugs
Daiichi Sankyo Company, Limited	Daewoong Pharmaceutical Co., Ltd.	South Korea	Technology related to “olmesartan,” an antihypertensive agent

c. Distribution Agreement and Others

Name of Group Company	Other Party	Country	Details of Agreement
Daiichi Sankyo Company, Limited	Mitsubishi Tanabe Pharma Corporation	Japan	Joint sale in Japan of hypoglycemic agent, <i>TENELIA</i> ®, and co-promotion in Japan of hypoglycemic agent, <i>CANAGLU</i> ®
Daiichi Sankyo Company, Limited	TERUMO CORPORATION Kitasato Daiichi Sankyo Vaccine Co., Ltd.	Japan	Sale in Japan of vaccine product that is filled with vaccine produced by Kitasato Daiichi Sankyo Vaccine Co., Ltd. in TERUMO's intradermal injection device
Daiichi Sankyo Company, Limited	AstraZeneca AB	Sweden	Exclusive sale and co-promotion in Japan of <i>Nexium</i> ®, a proton pump inhibitor
Daiichi Sankyo Company, Limited	Merz Pharmaceuticals GmbH	Germany	Exclusive sale in Japan of <i>Memary</i> ® for the treatment of Alzheimer's disease
Daiichi Sankyo Company, Limited	Toray Industries, Inc.	Japan	Joint sale in Japan of the natural beta-interferon <i>Feron</i> ®
Daiichi Sankyo Company, Limited	GE Healthcare	Norway	Exclusive sale in Japan of the contrast media for MRI <i>Omniscan</i> ®
			Exclusive sale in Japan of the contrast media <i>Omnipaque</i> ®
Daiichi Sankyo Company, Limited	F. Hoffman-La Roche	Switzerland	Exclusive sale in Japan of the antihypertensive agent <i>Artist</i> ®
Daiichi Sankyo Company, Limited	UCB Biopharma SPRL	Belgium	Exclusive sale and co-promotion in Japan of Lacosamide, a treatment for epilepsy
Daiichi Sankyo Company, Limited	UCB Japan Co., Ltd.	Japan	Sale in Japan of the antiallergic agent <i>Zyrtec</i> ®
Daiichi Sankyo Company, Limited	Zeria Pharmaceutical Co., Ltd.	Japan	Exclusive sale in Japan of drug for the treatment of acute cardiac failure <i>Hanp</i> ®
Daiichi Sankyo Company, Limited	Kissei Pharmaceutical Co., Ltd.	Japan	Joint sale in Japan of the dysuria treatment drug <i>Urief</i> ®
Daiichi Sankyo Company, Limited	Sanofi K.K.	Japan	Sale in Japan of <i>ActHib</i> ®, a pediatric vaccine for the prevention of infections caused by Haemophilus influenza Type b and development of DTaP/IPV vaccine in Japan
Daiichi Sankyo, Inc.	AstraZeneca UK Limited	UK	Co-promotion in U.S.A. of <i>MOVANTIK</i> ™, a treatment for opioid-induced constipation
Daiichi Sankyo Europe GmbH	Menarini International Operations Luxembourg S.A.	Italy	Joint sale in Europe of the antihypertensive agent <i>Olmotec</i> ®
Luitpold Pharmaceuticals Inc.	Fresenius U.S.A. Manufacturing Inc.	U.S.A.	Exclusive sale in U.S.A. of the anemia treatment, <i>Venofer</i> ® for the End Stage Renal Disease (Stage V) patient population

(8) The Group's Principal Branches, Plants and Laboratories (As of March 31, 2015)**1) In Japan**

Daiichi Sankyo Company, Limited	Headquarters	Chuo-ku, Tokyo
	Branches	Sapporo Branch, Tohoku Branch (Miyagi), Tokyo Branch, Chiba Branch, Saitama Branch, Yokohama Branch, Kitakanto Branch (Tokyo), Koushinetsu Branch (Tokyo), Tokai Branch (Aichi), Kyoto Branch, Hokuriku Branch (Ishikawa), Osaka Branch, Kobe Branch, Chugoku Branch (Hiroshima), Shikoku Branch (Kagawa), and Kyushu Branch (Fukuoka)
	Laboratories	Shinagawa (Tokyo), Edogawa (Tokyo), Hiratsuka (Kanagawa), and Tatebayashi (Gunma)
Daiichi Sankyo Espha Co., Ltd.	Headquarters	Chuo-ku, Tokyo
Daiichi Sankyo Healthcare Co., Ltd.	Headquarters	Chuo-ku, Tokyo
	Branches	Higashi Nihon Branch (Miyagi), Kitakanto Branch, Tokyo Branch, Nagoya Branch, Osaka Branch, Chushikoku Branch (Hiroshima) and Kyushu Branch (Fukuoka)
Daiichi Sankyo Propharma Co., Ltd.	Plants	Akita Plant, Onahama Plant (Fukushima), Tatebayashi Plant (Gunma), Hiratsuka Plant (Kanagawa), and Takatsuki Plant (Osaka)
Daiichi Sankyo Chemical Pharma Co., Ltd.	Plants	Hiratsuka Plant (Kanagawa) and Odawara Plant (Kanagawa)
Asubio Pharma Co., Ltd.	Headquarters	Kobe-shi, Hyogo
Daiichi Sankyo RD Novare Co., Ltd.	Headquarters	Edogawa-ku, Tokyo
Daiichi Sankyo Business Associe Co., Ltd.	Headquarters	Chuo-ku, Tokyo
Daiichi Sankyo Happiness Co., Ltd.	Headquarters	Hiratsuka-shi, Kanagawa
Kitasato Daiichi Sankyo Vaccine Co., Ltd.	Headquarters	Kitamoto-shi, Saitama

2) Overseas

Daiichi Sankyo, Inc.	Headquarters	Parsippany, NJ, U.S.A.
Luitpold Pharmaceuticals, Inc.	Headquarters	Shirley, NY, U.S.A.
Daiichi Sankyo Europe GmbH	Headquarters	Munich, Germany

(9) The Group's Status of Employees (As of March 31, 2015)

Number of Employees	Change from Previous Fiscal Year-End (Excluding the Ranbaxy Group)
16,428	828 (decreased)

Note: The number of employees is that of working employees, and does not include that of employees temporarily transferred to other groups, but does include that of employees temporarily transferred to the Group from other groups. Including employees of the Ranbaxy Group, which was not consolidated from the current business year, the number of employees in this fiscal year was reduced by 16,363 compared with 32,791 at the end of the previous fiscal year.

(10) Principal Lenders and the Amount of Loans (As of March 31, 2015)

Lender	Outstanding amount of loans (Millions of yen)
Syndicated loan	140,000
Nippon Life Insurance Company	1,000

Note: Syndicated loan is jointly financed by Mizuho Bank, Ltd. and 47 other financial institutions.

(11) Other Material Matters Regarding Status of the Group (Subsequent Event)**[Disposal of Sun Pharma shares]**

The Company's Board of Directors resolved at the board meeting on April 20, 2015, to dispose of all or part of the shares owned in Sun Pharmaceutical Industries Ltd. ("Sun Pharma"). The transaction was completed on April 21, 2015.

a. Rationale for disposal of shares

Daiichi Sankyo acquired shares in Sun Pharma in exchange for the Group's shares in Ranbaxy, which was merged into Sun Pharma. The Company had deliberated possible courses of action with regard to the Sun Pharma shares and reached the conclusion of disposing of all of the shares from the perspective of increasing corporate value. While Daiichi Sankyo loses its position as a shareholder of Sun Pharma upon the merger, our business alliance with Sun Pharma will continue.

b. Method of sale

Offer for sale through stock exchange in India

c. Change in shareholding due to sale

i. Number of shares held prior to sale:	214,969,058
ii. Number of shares sold:	214,969,058
iii. Number of shares held after sale:	0

d. Impact on business results and financial position

In the first quarter of fiscal 2015, due to the sale of ¥424,338 million in Sun Pharma shares recorded as other financial assets, negative ¥45,845 million is scheduled to be recorded as other comprehensive income. The sale of the Sun Pharma shares is not expected to have any material impact on profit attributable to owners of the Company in the consolidated financial results for fiscal 2015.

2. Status of Shares and Subscription rights to shares

(1) Status of Shares (As of March 31, 2015)

- 1) Total Number of Authorized Shares: 2,800,000,000 shares
- 2) Total Number of Issued Shares: 709,011,343 shares (including 4,983,171 treasury shares)
- 3) Number of Shareholders: 128,226 (increase of 9,410 from March 31, 2014)
- 4) Major Shareholders (Top 10):

Name of Shareholders	Number of Shares Held (thousand shares)	Equity Stake (%)
The Master Trust Bank of Japan, Ltd. (trust account)	43,837	6.23
Japan Trustee Services Bank, Ltd. (trust account)	41,512	5.90
Nippon Life Insurance Company	35,776	5.08
JP MORGAN CHASE BANK 385147	18,853	2.68
Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	14,402	2.05
Sumitomo Mitsui Banking Corporation	11,413	1.62
Employee stock ownership of Daiichi Sankyo Group	10,952	1.56
DEUTCHE BANK TRUST COMPANY AMERICAS ADR DEPT ACCOUNT	10,368	1.47
STATE STREET BANK AND TRUST COMPANY 505225	10,196	1.45
Mizuho Bank, Ltd.	8,591	1.22

Note: Treasury shares (4,983,171 shares) are not included in the computing of equity stake.

<<Composition Ratios by Shareholder Category>>

Attribute of shareholders	Equity Stake	
	As of March 31, 2015	As of March 31, 2014
National government and local governments	0.00%	0.00%
Financial institution	41.88%	39.77%
Financial instrument firms	3.78%	2.96%
Other corporations	6.32%	6.20%
Foreign institutions and individuals	27.03%	31.41%
Individual investors and others	20.29%	18.95%
Treasury share	0.70%	0.71%

5) Other Important Matters for Status of Shares

[Acquisition of own shares]

The Company's Board of Directors resolved at the board meeting on May 14, 2015, to purchase its own shares based on the provisions of Article 156, Paragraph 1 of the Companies Act as applied by replacing the relevant terms pursuant to the provisions of Article 165, Paragraph 3 of the same act.

a. Reason for acquiring of own shares

To enhance capital efficiency and shareholder returns.

b. Class of shares to be acquired

Ordinary shares of the Company

c. Total number of shares to be acquired

28,000,000 shares (maximum)

(3.98% of issued shares (excluding treasury shares))

d. Aggregate amount of acquisition cost

¥50,000 million (maximum)

e. Acquisition period

From May 15, 2015 to August 31, 2015

f. Acquisition method

Open-market purchase on the Tokyo Stock Exchange

(2) Status of Subscription rights to shares**1) Status of Subscription rights to shares owned by Members of the Board and Members of the Audit & Supervisory Board of the Company Granted as Remuneration for Their Execution of Duties as of the End of the Fiscal Year**

	No. 1 Subscription rights to shares (Issued on February 15, 2008)	No. 2 Subscription rights to shares (Issued on November 17, 2008)
Date of resolution on issuance	January 31, 2008	October 31, 2008
Grantees and number of grantees	Six Members of the Board of the Company (excluding Members of the Board (Outside))	Six Members of the Board of the Company (excluding Members of the Board (Outside))
Number of share options	152 units	250 units
Class and number of shares subject to Subscription rights to shares	15,200 shares of the ordinary share of the Company (100 shares per Subscription rights to shares)	25,000 shares of the ordinary share of the Company (100 shares per Subscription rights to shares)
Amount to be paid in for Subscription rights to shares	252,800 yen per Subscription rights to shares, see Note 1	134,200 yen per Subscription rights to shares, see Note 1
Value of property contributed upon exercise of Subscription rights to shares	100 yen per Subscription rights to shares	100 yen per Subscription rights to shares
Amount of stated capital to be increased when shares are issued upon exercise of Subscription rights to shares	1,265 yen per share	672 yen per share
Exercisable period for Subscription rights to shares	From February 16, 2008 to February 15, 2038	From November 18, 2008 to November 17, 2038
Conditions for exercise of Subscription rights to shares	Note 2	Note 2
Events and conditions for acquisition of Subscription rights to shares	Note 3	Note 3
	No. 3 Subscription rights to shares (Issued on August 17, 2009)	No. 4 Subscription rights to shares (Issued on August 19, 2010)
Date of resolution on issuance	July 31, 2009	July 30, 2010
Grantees and number of grantees	Six Members of the Board of the Company (excluding Members of the Board (Outside))	Six Members of the Board of the Company (excluding Members of the Board (Outside))
Number of Subscription rights to shares	493 units	729 units
Class and number of shares subject to Subscription rights to shares	49,300 shares of the ordinary share of the Company (100 shares per Subscription rights to shares)	72,900 shares of the ordinary share of the Company (100 shares per Subscription rights to shares)
Amount to be paid in for Subscription rights to shares	133,800 yen per Subscription rights to shares, see Note 1	119,700 yen per Subscription rights to shares, see Note 1
Value of property contributed upon exercise of Subscription rights to shares	100 yen per Subscription rights to shares	100 yen per Subscription rights to shares
Amount of stated capital to be increased when shares are issued upon exercise of Subscription rights to shares	670 yen per share	599 yen per share
Exercisable period for share options	From August 18, 2009 to August 17, 2039	From August 20, 2010 to August 19, 2040
Conditions for exercise of Subscription rights to shares	Note 2	Note 2
Events and conditions for acquisition of Subscription rights to shares	Note 3	Note 3

	No.5 Subscription rights to shares (Issued on July 12, 2011)	No.6 Subscription rights to shares (Issued on July 9, 2012)
Date of resolution on issuance	June 27, 2011	June 22, 2012
Grantees and number of grantees	Six Members of the Board of the Company (excluding Members of the Board (Outside))	Six Members of the Board of the Company (excluding Members of the Board (Outside))
Number of Subscription rights to shares	811 units	1,110 units
Class and number of shares subject to Subscription rights to shares	81,100 shares of the ordinary share of the Company (100 shares per Subscription rights to shares)	111,000 shares of the ordinary share of the Company (100 shares per Subscription rights to shares)
Amount to be paid in for Subscription rights to shares	111,200 yen per Subscription rights to shares, see Note 1	88,400 yen per Subscription rights to shares, see Note 1
Value of property contributed upon exercise of Subscription rights to shares	100 yen per Subscription rights to shares	100 yen per Subscription rights to shares
Amount of stated capital to be increased when shares are issued upon exercise of Subscription rights to shares	557 yen per share	443 yen per share
Exercisable period for Subscription rights to shares	From July 13, 2011 to July 12, 2041	From July 10, 2012 to July 9, 2042
Conditions for exercise of Subscription rights to shares	Note 2	Note 2
Events and conditions for acquisition of Subscription rights to shares	Note 3	Note 3
	No.7 Subscription rights to shares (Issued on July 8, 2013)	No.8 Subscription rights to shares (Issued on July 8, 2014)
Date of resolution on issuance	June 21, 2013	June 23, 2014
Grantees and number of grantees	Six Members of the Board of the Company (excluding Members of the Board (Outside))	Six Members of the Board of the Company (excluding Members of the Board (Outside))
Number of Subscription rights to shares	796 units	738 units
Class and number of shares subject to Subscription rights to shares	79,600 shares of the ordinary share of the Company (100 shares per Subscription rights to shares)	73,800 shares of the ordinary share of the Company (100 shares per Subscription rights to shares)
Amount to be paid in for Subscription rights to shares	119,900 yen per Subscription rights to shares, see Note 1	136,100 yen per Subscription rights to shares, see Note 1
Value of property contributed upon exercise of Subscription rights to shares	100 yen per Subscription rights to shares	100 yen per Subscription rights to shares
Amount of stated capital to be increased when shares are issued upon exercise of Subscription rights to shares	600 yen per share	681 yen per share
Exercisable period for Subscription rights to shares	From July 9, 2013 to July 8, 2043	From July 9, 2014 to July 8, 2044
Conditions for exercise of Subscription rights to shares	Note 2	Note 2
Events and conditions for acquisition of Subscription rights to shares	Note 3	Note 3

- Notes: 1. The above-mentioned Subscription rights to shares were granted by offsetting the claims of monetary remunerations, which are provided on the condition that they are set off by payment obligations of the payment amount, against the said payment obligations.
2. Conditions for exercise of Subscription rights to shares are as follows:
- Persons to whom share options are granted (hereinafter referred to as “holders of Subscription rights to shares”) may exercise their Subscription rights to shares until the last day of the last fiscal year that ends within 10 years from the following day of the day when they retired from their office as Member of the Board or Corporate Officer of the Company that they held when the Subscription rights to shares were granted (if the holders of Subscription rights to shares concurrently serve as Member of the Board and Corporate Officer, the day when they retired from office means the day when they retired from the office of Member of the Board, regardless of whether they continued to

hold the position of Corporate Officer; and if the holders of Subscription rights to shares served as Corporate Officer when the Subscription rights to shares were granted and if they took office as Member of the Board upon their retirement from office as Corporate Officer, the day when they retired from office means the day when they retired from office as Member of the Board, not the day when they retired from office as Corporate Officer).

- b. Holders of Subscription rights to shares may not dispose of the Subscription rights to shares by any means, including pledging.
 - c. When holders of Subscription rights to shares die, their heir may inherit the Subscription rights to shares that have not been exercised as of the day when the cause of their inheritance occurs, and may exercise the rights in accordance with the terms of the Agreement on Allotment of Subscription rights to shares, to be entered between the Company and holders of Subscription rights to shares.
 - d. When holders of Subscription rights to shares exercise their Subscription rights to shares, they may not partially exercise one Subscription rights to shares.
 - e. Other conditions are set force in the Agreement on Allotment of Subscription rights to shares, to be entered between the Company and holders of Subscription rights to shares, in accordance with the resolution of the Board of Directors.
3. Events and conditions for the acquisition of Subscription rights to shares are as follows:
- a. When holders of Subscription rights to shares can no longer exercise their rights pursuant to the provisions specified in the above-mentioned note 2, the Company may acquire, free of charge, the said Subscription rights to shares held by the said holders of Subscription rights to shares on the day separately determined by the Board of Directors.
 - b. When an absorption-type merger agreement, under which the Company is absorbed and disappears, is approved at a General Meeting of Shareholders of the Company (a meeting of the Board of Directors if a resolution of a General Meeting of Shareholders is not required), or when a proposal on approval of a share exchange agreement, under which the Company will become a wholly-owned subsidiary company in the share exchange, or a proposal on approval for a share transfer plan, under which the Company will become a wholly-owned subsidiary company in the share transfer, is approved at a General Meeting of Shareholders of the Company (a meeting of the Board of Directors if a resolution of a General Meeting of Shareholders is not required), the Company may acquire, free of charge, the Subscription rights to shares held by the holders of Subscription rights to shares on the day separately determined by the Board of Directors.
 - c. When holders of Subscription rights to shares offer in writing to abandon all or part of their Subscription rights to shares, the Company may acquire, free of charge, the said Subscription rights to shares held by those holders of Subscription rights to shares on the day separately determined by the Board of Directors.

2) Details of Subscription rights to shares Granted to Employees, etc. of the Company as Remuneration for Their Execution of Duties during the Fiscal Year

	No. 8 Subscription rights to shares (Issued on July 8, 2014)
Date of resolution on issuance	June 23, 2014
Grantees and number of grantees	16 Corporate Officers of the Company (excluding those who concurrently serve as Members of the Board)
Number of Subscription rights to shares	712 units
Class and number of shares subject to Subscription rights to shares	71,200 shares of the ordinary share of the Company (100 shares per Subscription rights to shares)
Amount to be paid in for Subscription rights to shares	136,100 yen per Subscription rights to shares, see Note 1
Value of property contributed upon exercise of Subscription rights to shares	100 yen per Subscription rights to shares
Amount of stated capital to be increased when shares are issued upon exercise of Subscription rights to shares	681 yen per share
Exercisable period for Subscription rights to shares	From July 9, 2014 to July 8, 2044
Conditions for exercise of Subscription rights to shares	Note 2
Events and conditions for acquisition of Subscription rights to shares	Note 3

Notes: 1. Same as Note 1 to 1) above.
2. Same as Note 2 to 1) above.
3. Same as Note 3 to 1) above.

3. Matters related to the Company's Members of the Board and Members of the Audit & Supervisory Board

(1) Status of the Company's Members of the Board and Members of the Audit & Supervisory Board

1) Members of the Board and Members of the Audit & Supervisory Board

Name	Position and Assignments, etc.	Material Concurrent Positions	Relationship of companies where they have material concurrent positions, and the Company
Joji Nakayama	Representative Director and President & CEO		
Yuki Sato	Representative Director, Member of the Board, Executive Vice President, Head of General Affairs & Human Resources Division, Head of Legal Affairs & CSR Division, and Head of Supply Chain Division		
Manabu Sakai	Representative Director, Member of the Board, Executive Vice President, Head of Corporate Management Division		
Takeshi Ogita	Member of the Board, Senior Executive Officer, Head of Vaccine Business Intelligence Division	Representative Director and President of Kitasato Daiichi Sankyo Vaccine Co., Ltd.	Consolidated subsidiary
Kazunori Hirokawa	Member of the Board, Senior Executive Officer, Head of Corporate Strategy Division		
Sunao Manabe	Member of the Board, Executive Officer, President of Japan Company and Head of Business Intelligence Division		
Hiroshi Hirabayashi	Member of the Board (Outside)	President and Representative Director of the Japan-India Association	No material relationship
		External Director of Mitsui & Co., Ltd.	
		Outside Director of Toyoko Inn Co., Ltd.	

Name	Position and Assignments, etc.	Material Concurrent Positions	Relationship of companies where they have material concurrent positions, and the Company
Kunio Ishihara	Member of the Board (Outside)	Counselor of Tokio Marine & Nichido Fire Insurance Co., Ltd.	Kunio Ishihara is Counselor of Tokio Marine & Nichido Fire Insurance Co., Ltd. that has a business relationship of non-life insurance and PL insurance with the Company. Insurance transactions between Tokio Marine & Nichido Fire Insurance and the Company are not monopolistic and are considered to be generally accepted fair and proper business transactions. Therefore, the Company recognizes that Mr. Ishihara has no special interests in the Company's management. In addition, he has no material relationship with the Company in his other concurrent posts.
		Outside Corporate Auditor of Tokyu Corporation	
		Vice Chairman, Director of Keidanren (Japan Business Federation)	
Noritaka Uji	Member of the Board (Outside)	Adviser of Nippon Telegraph and Telephone Corporation	No material relationship
		Chairman of Japan Institute of Information Technology	
		President of Japan Telework Association	
		Outside Director of Yokogawa Electric Corporation	
Hiroshi Toda	Member of the Board (Outside)	Outside Director (Part Time) of Yusen Logistics, Co., Ltd.	No material relationship
		Special Adviser of UBS Securities Japan Co., Ltd.	
Kazuo Koike	Member of the Audit & Supervisory Board		
Takashi Chiba	Member of the Audit & Supervisory Board		
Akiko Kimura	Member of the Audit & Supervisory Board (Outside)	Of Counsel, Anderson Mōri & Tomotsune	No material relationship
		Outside Auditor of Fuji Electric Co., Ltd.	
Yutaka Katagiri	Member of the Audit & Supervisory Board (Outside)	President of Council for Public Policy	No material relationship
		Consultant of Sompo Japan Nipponkoa Insurance Inc.	
		Special Advisor of The Japan Chamber of Commerce and Industry and The Tokyo Chamber of Commerce and Industry	

Notes:

- The Company's Board consists of ten Members of the Board and four Members of the Audit & Supervisory Board, totaling 14, and including one female director (a ratio of female directors of 7.1%).
- In the above, Members of the Board (Outside) means a member of the board (outside) prescribed by Article 2, Item 15 of the Companies Act of Japan ("the Companies Act") and Member of the Audit & Supervisory Board (Outside) means a member of the audit & supervisory board (outside) prescribed by Article 2, Item 16 of the Companies Act.
- The Company has designated all Members of the Board (Outside) (Hiroshi Hirabayashi, Kunio Ishihara,

Noritaka Uji and Hiroshi Toda) and Members of the Audit & Supervisory Board (Outside) (Akiko Kimura and Yutaka Katagiri) as Independent Directors/ Auditors and filed them with the Tokyo Stock Exchange accordingly.

4. No Members of the Board or Members of the Audit & Supervisory Board retired or were removed during the fiscal year.

Member of the Board Takashi Shoda and Members of the Board (Outside) Ichiro Kanazawa and Seiji Sugiyama as well as Members of the Audit & Supervisory Board (Outside) Akio Yamada and Shigeaki Ishikawa retired following the end of their tenure of office at the conclusion of the Ordinary General Meeting of Shareholders on June 23, 2014.

2) The Amount of Remuneration and Related Payments to Members of the Board and Members of the Audit & Supervisory Board

Classification	Members of the Board		Members of the Audit & Supervisory Board		Total	
	Payment recipients	Amount paid	Payment recipients	Amount paid	Payment recipients	Amount paid
	Number of persons	Millions of yen	Number of persons	Millions of yen	Number of persons	Millions of yen
Fees (annual amount) (Of which Members of the Board (Outside) and Members of the Audit & Supervisory Board (Outside))	13 (6)	386 (60)	6 (4)	105 (30)	19 (10)	491 (90)
Members' of the Board bonuses (Excluding Members of the Board (Outside) and Members of the Audit & Supervisory Board)	6	69	-	-	6	69
Share remuneration-type stock option remuneration (Excluding Members of the Board (Outside) and Members of the Audit & Supervisory Board)	6	101	-	-	6	101
Total (Of which Members of the Board (Outside) and Members of the Audit & Supervisory Board (Outside))	13 (6)	555 (60)	6 (4)	105 (30)	19 (10)	660 (90)

- Notes: 1. The amount paid to Members of the Board does not include the portion of employee's salary for Members of the Board who concurrently serve as employees.
2. "Payment recipients" and "Amount paid" of "Remuneration (annual amount)," and each "Total" include those of the three Members of the Board (including two Members of the Board (Outside)) who retired upon expiration of their term at the conclusion of the 9th Ordinary General Meeting of Shareholders held on June 23, 2014.
3. "Payment recipients" and "Amount paid" of "Remuneration (annual amount)," and each "Total" include those of the two Members of the Audit & Supervisory Board (Outside) who retired upon expiration of their term at the conclusion of the 9th Ordinary General Meeting of Shareholders held on June 23, 2014.
4. The total amount of remuneration paid to Members of the Board is ¥450 million or less per fiscal year, and the total amount of remuneration to Members of the Audit & Supervisory Board is ¥120 million or less per fiscal year (excluding the portion of salaries for Members of the Board concurrently working as employees), which were approved at the 151st Ordinary General Meeting of Shareholders of (former) Sankyo Company, Limited and the 127th Ordinary General Meeting of Shareholders of (former) Daiichi Pharmaceutical Co., Ltd., held on June 29, 2005, concerning the establishment of a holding company through a Share Transfer.
5. "Members' of the Board bonuses" are estimated amounts to be paid in addition to the amounts shown in the "Remuneration (annual amount)" columns if the proposed "Provisions of Bonuses to Members of the Board" is approved at the 10th Ordinary General Meeting of Shareholders of the Company.
6. The above-mentioned share remuneration-type stock option remunerations, which are separated from the above-mentioned "Remuneration (annual amount)," indicate the amount equivalent to compensation for the execution of duties during the current fiscal year, included in the monetary remunerations paid to offset the payment obligations of the payment amount of the share remuneration-type stock options (Subscription rights to shares), which were granted on July 8, 2014. These share remuneration-type stock options were approved subject to its maximum total amount of fees ¥140 million per fiscal year at the 2nd Ordinary General Meeting of Shareholders of the Company held on June 28, 2007, which are separated from the above resolutions regarding the total amount of fees as described in the above 4.

3) The Amount of Remuneration and Related Payments to Members of the Board and Members of the Audit & Supervisory Board or Policy and Determination on Calculation of Remuneration

- a. Basic design of remunerating to Members of the Board and Members of the Audit & Supervisory Board
 - Remuneration to Members of the Board is set in place so as to help maximize the value of the Company. In specific terms, the Company grants a performance bonus as a short-term incentive and shares remuneration-type stock option as a long-term incentive in addition to the fixed basic remuneration.
 - Performance bonus as a short-term incentive is determined by applying single-year business results indicators including revenue, operating margin and profit attributable to owners of the Company.
 - For share remuneration-type stock option as a long-term incentive, Members of the Board cannot exercise their rights during their terms and will receive remuneration in consideration of their current management efforts resulting in a future rise in the Company's stock price.
 - The level of remuneration and related payments are set at the level of more than the average in the industry with reference to the level of other companies based on the survey of external specialized institutions.
 - In order to ensure that Members of the Board (Outside) and Members of the Audit & Supervisory Board (Outside) have a sufficient supervisory function over the management, the Company pays only basic remuneration without a short- or long-term incentive.
- b. Determination procedures of remuneration to Members of the Board and Members of the Audit & Supervisory Board
 - The General Meeting of Shareholders approves basic remuneration to Members of the Board up to ¥450 million per fiscal year and gross share remuneration-type stock option up to ¥140 million per fiscal year. Performance bonuses are approved in the General Meeting of Shareholders for each relevant fiscal year.
 - Remuneration to Members of the Audit & Supervisory Board that consists of only the fixed remuneration of basic remuneration is approved in the General Meeting of Shareholders, up to ¥120 million per fiscal year.
 - The Group has set in place a Compensation Committee as a voluntary organization in which the majority of members are Members of the Board (Outside). The Compensation Committee establishes the remuneration system and standards for Members of the Board and Corporate Officers, verifies and reviews the level of remuneration for each position and deliberates grants of performance bonus and share remuneration-type stock options.

(2) Status of Members of the Board (Outside) and Members of the Audit & Supervisory Board (Outside)

1) Relationship of Companies Where They Have Material Concurrent Positions, and the Company (As of March 31, 2015)

Relationship of companies where they have material concurrent positions, and the Company, is as described in (1) Status of the Company's Members of the Board and Members of the Audit & Supervisory Board, 1) Members of the Board and Members of the Audit & Supervisory Board.

2) Major Activities During the Fiscal Year

Name	Position	No. of attendance	Major activities
Hiroshi Hirabayashi	Member of the Board (Outside)	Board of Directors Meeting 15/15 times (100%)	He spoke as needed and beneficially based on his expertise and insight, developed through his global experience as a diplomat.
Kunio Ishihara	Member of the Board (Outside)	Board of Directors Meeting 15/15 times (100%)	He spoke as needed and beneficially based on his expertise in risk management and insight developed through his management experience.
Noritaka Uji	Member of the Board (Outside)	Board of Directors Meeting 11/11 times (100%)	Since taking office on June 23, 2014, he spoke as needed and beneficially based on his expertise in information technology and insight developed through his management experience.
Hiroshi Toda	Member of the Board (Outside)	Board of Directors Meeting 11/11 times (100%)	Since taking office on June 23, 2014, he spoke as needed and beneficially based on his expertise in securities and finance as well as insight developed through his management experience and global experience as a diplomat.
Akiko Kimura	Member of the Audit & Supervisory Board (Outside)	Board of Directors Meeting 11/11 times (100%) Meetings of the Audit & Supervisory Board 10/10 times (100%)	Since taking office on June 23, 2014, she spoke as needed and beneficially based on her expertise and insight developed through her broad business experience as a lawyer.
Yutaka Katagiri	Member of the Audit & Supervisory Board (Outside)	Board of Directors Meeting 11/11 times (100%) Meetings of the Audit & Supervisory Board 10/10 times (100%)	Since taking office on June 23, 2014, he spoke as needed and beneficially based on his expertise and insight developed through his extensive experience at administrative agencies.

3) Outline of the Terms of Liability Limitation Agreement

The Company has concluded an agreement for limitation of liability for damages (liability limitation agreement) with Members of the Board (Outside) Hiroshi Hirabayashi, Kunio Ishihara, Noritaka Uji and Hiroshi Toda and Members of the Audit & Supervisory Board (Outside) Akiko Kimura and Yutaka Katagiri, respectively, concerning the liability for damages under Article 423, Paragraph 1 of the Companies Act, for cases falling under the requirements specified in laws and regulations. The maximum on the amount of liability under the said agreement is the minimum liability amount as provided in laws and ordinances.

4. Status of Accounting Auditors

- (1) Name of Accounting Auditors (Independent Auditors)
KPMG AZSA LLC

- (2) Amount of Fees and Others to Accounting Auditors Concerning the Fiscal Year

	Amount of fees
Amount of fees and others to Accounting Auditors concerning the current fiscal year	¥228 million
Total amount of money and other financial benefits that the Company and its subsidiaries should pay to Accounting Auditors	¥305 million

Note: The amount of fees and others to Accounting Auditors concerning the current fiscal year is the sum of the amount of remunerations for auditing services in accordance with the Companies Act and the amount of remunerations for auditing work in accordance with the Financial Instruments and Exchange Act, since the two kinds of remunerations are not clearly divided under the audit contract entered between the Company and Accounting Auditors and they cannot be divided practically.

- (3) Details of Non-Auditing Services

The Company entrusts accounting auditors with services other than service as provided in Article 2, Paragraph 1 of the Certified Public Accountants Law (non-auditing services), including advisory services concerning the English-version financial results reports (*Kessan Tanshin*) and pays such fees accordingly.

- (4) Policy on Decision to Dismiss or not to Reappoint Accounting Auditors

When accounting auditors meet any of the items of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board shall, with the consent of all Members of the Audit & Supervisory Board, dismiss the accounting auditors.

And when it is deemed to be difficult for accounting auditors to execute auditing properly because of the occurrence of events that damage the competence and independence of the accounting auditors, the Audit & Supervisory Board shall decide a proposal for dismissing or not reappointing the accounting auditors, and the Board of Directors shall, based on such decision, submit the proposal to a General Meeting of Shareholders.

5. Systems and policies

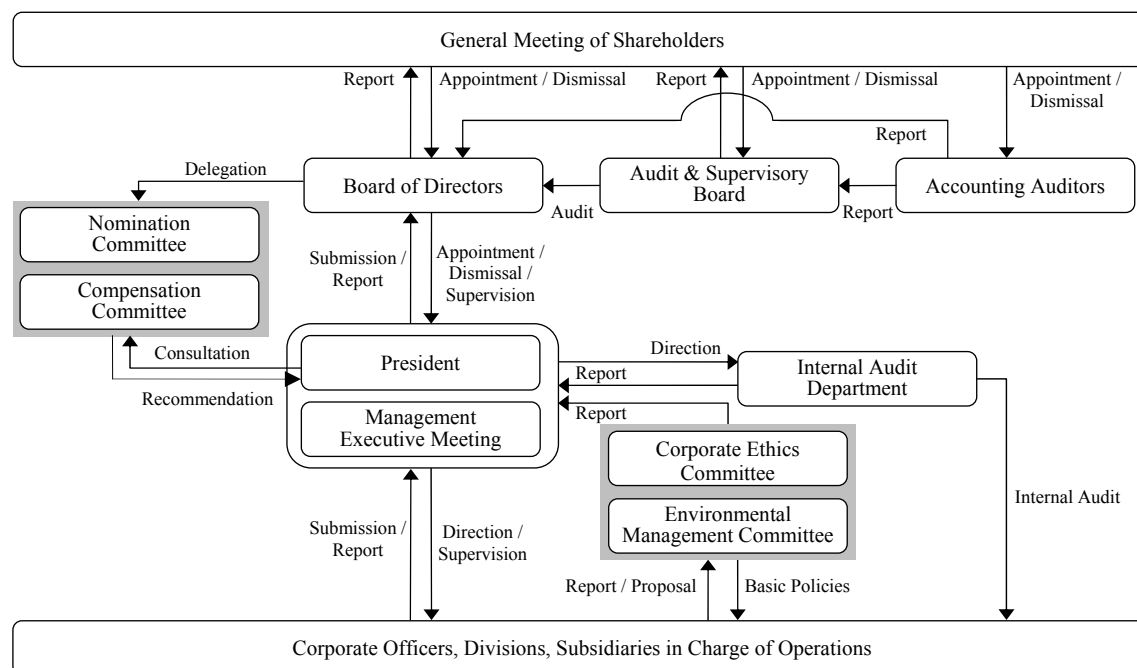
(1) Systems and Policies on Corporate Governance

In addition to creating a management structure that can respond quickly and flexibly to changes in the business environment, the Daiichi Sankyo Group seeks to ensure full legal and regulatory compliance and management transparency while upgrading the oversight functionality for its management and conduct of operations. The Group places importance on building corporate governance structures that earn the enduring trust of its shareholders and other stakeholders.

1) Corporate Governance System

- a. The terms of office of all Directors are set at one year to help clarify the management responsibilities of Directors and strengthen the oversight of management and conduct of operations. The 10-member Board of Directors includes four Outside Directors.
- b. Daiichi Sankyo has voluntarily established the Nomination Committee and the Compensation Committee to ensure that the appointment and remuneration of Directors and Corporate Officers is discussed and conducted in a transparent manner. Both committees comprise three or more Directors, with the Outside Directors constituting a majority and chairing all meetings.
- c. For supervision of legal compliance and sound management, the Company has adopted a Kansayaku (Audit & Supervisory Board Member) System and established an Audit & Supervisory Board comprising four Audit & Supervisory Board Members, including two Outside Audit & Supervisory Board Members.
- d. To further clarify the Group's corporate governance measures, the Board of Directors and the Audit & Supervisory Board approved the adoption of specific standards related to the independence of Outside Directors/Auditors, along with a set of basic standards governing the executive duties of Directors, at their respective meetings held on March 31, 2014. These measures are expected to reinforce the Group's corporate governance going forward.
- e. The Company employs a Corporate Officer System under the supervision of the Board of Directors to facilitate swift and appropriate management decision-making and conduct of operations.

<Overview of the corporate governance structure>



2) Composition and Functions of Each Committee

a. Nomination Committee

Chairperson: Kunio Ishihara, Member of the Board (Outside)

Members: Hiroshi Hirabayashi, Noritaka Uji and Hiroshi Toda, Members of the Board (Outside)

It is established to deliberate matters required for the nomination of Members of the Board and Corporate Officers at the request of the Board of Directors and contribute to the enhancement of management transparency.

b. Compensation Committee

Chairperson: Hiroshi Hirabayashi, Member of the Board (Outside)

Members: Kunio Ishihara, Noritaka Uji and Hiroshi Toda, Members of the Board (Outside)

It is established to deliberate matters required for a policy on compensation of Members of the Board and Corporate Officers at the request of the Board of Directors and contribute to the enhancement of management transparency.

c. Corporate Ethics Committee

Chairperson: Compliance Officer (Head of General Affairs & Human Resources Division)

Members: The Committee consists of 10 members including nine members internally assigned by the chairperson and an outside lawyer for ensuring transparency and confidence of the Committee

It is established to promote management that complies with domestic and international laws and regulations as well as corporate ethics and fulfils corporate social responsibility.

d. Environmental Management Committee

Chairperson: Environmental Chief Executive Officer (Head of Corporate Management Division)

Members: The Committee consists of 10 members including Environment Management Officer (Head of CSR Division) assigned by the chairperson

It is established to promote environment-friendly and balanced management which contributes to sustainable society through its overall corporate activities.

3) Basic Policy on Establishing Internal Control Structure

Concerning systems for ensuring compliance with laws and ordinances and the Company's Articles of Incorporation in the execution of duties by Members of the Board and other systems for securing appropriateness of duties, the Company has resolved the basic policies at the Board of Directors' Meeting held on April 28, 2015 and effective on May 1, 2015, as follows. Major changes from the previous basic policy are to fulfill (1) a system on the Group's internal control and (2) a system on arranging audit environment for Members of the Audit & Supervisory Board, considering the revision of the Companies Act in 2014.

a. Systems for Ensuring Compliance with Laws and Regulations and the Company's Articles of Incorporation in the Execution of Duties by Members of the Board

- The Company shall establish a compliance system by stipulating the Daiichi Sankyo Group Corporate Conduct Charter, Daiichi Sankyo Group Principles of Individual Behavior, etc. as the code of conduct for Members of the Board and employees and setting up a meeting body, including outside experts.
- The Company shall appoint Members of the Board (Outside) for the strengthening and enhancing the function to supervise management.
- Members of the Audit & Supervisory Board shall audit the execution of duties by Members of the Board, process and contents of decision making and the status of the establishment and implementation of internal control systems.

- b. Systems Regarding the Retention and Management of Information Relating to the Execution of Duties by Members of the Board
 - The Company shall establish information security systems, and properly store and manage information relating to the execution of duties by Members of the Board, including the minutes of the Board of Directors, in accordance with laws, ordinances and internal regulations of the Company.
- c. Rules and Other Systems for Risk Management
 - The Company shall stipulate various internal regulations to establish risk management systems.
 - The Internal Audit Department shall audit the status of operation of the systems mentioned above.
- d. Systems for Ensuring the Efficient Execution of Duties by Members of the Board
 - The Company shall form a Management Executive Meeting - consisting of Members of the Board excluding Members of the Board (Outside), and executives appointed by the President who are responsible for the main regions, corporate bodies and functions - which shall deliberate important matters for strategic decision-making by the President. The Company shall also set up an approval system as a means of decision-making.
 - The Company shall introduce a corporate officer system in consideration of speedy decision making and execution of duties.
- e. Systems for Ensuring Compliance with Laws and Ordinances and the Company's Articles of Incorporation in the Execution of Duties by Employees
 - The Company shall establish a compliance system by stipulating Daiichi Sankyo Group Corporate Conduct Charter, Daiichi Sankyo Group Principles of Individual Behavior, etc. as the code of conduct for Members of the Board and Members of the Audit & Supervisory Board and employees and setting up a meeting body, including outside experts.
 - Vice Presidents and executives responsible for the main regions, corporate bodies and functions who receive orders from the President shall manage duties in their charge and supervise, manage and direct members of their business units in accordance with the "Global Management Regulations", the "Organizational Management Regulations" and other Company rules.
 - Each of the functions related to the improvement of systems concerning personnel management, risk management, etc. shall convey policies to manage and guide each department.
 - The Internal Audit Department shall implement internal audit of the status of compliance with laws and ordinances, and the Articles of Incorporation and internal regulations.
- f. Systems for Ensuring the Proper Operation of the Group, Consisting of the Company and Its Subsidiaries
 - The Company shall establish "Global Management Regulations" and "Internal Control System Establishment Regulations" to clarify the management control system of the Daiichi Sankyo Group, and transmit management policies, etc. to Group companies and set a system in place for receiving reports on management and financial results from the Board of group companies.
 - The Company shall establish "Group Company Management Regulations" to clarify responsibilities and authorities of each group company.
 - The Company shall establish "Risk Management Promotion Regulations" to develop the Daiichi Sankyo Group risk management system.
 - The Company shall establish Daiichi Sankyo Group Principles of Individual Behavior,

- etc. to develop it to all Group companies and also arrange the Group's compliance promotion system to keep all Group companies informed about it.
 - The Company shall establish "Internal Control Regulations on Financial Reporting" and ensure the reliability of financial reporting by properly implementing those regulations.
 - The Company shall establish "Internal Audit Regulations" and implement internal audit on Group companies.
- g. Systems Regarding Employees Assisting Duties of Members of the Audit & Supervisory Board, when Members of the Audit & Supervisory Board Ask to Appoint Such Employees
- The Company shall appoint full-time staffers who assist with the duties of Members of the Audit & Supervisory Board.
- h. Matters Regarding the Independence of the Employees Specified in the Preceding Paragraph (g) from Members of the Board and Ensuring of Effectiveness of Instructions by Members of the Audit & Supervisory Board
- Full-time staffers assisting Members of the Audit & Supervisory Board shall be independent of Members of the Board, and shall execute duties under the directions and orders from Members of the Audit & Supervisory Board.
 - Personnel changes, performance appraisal, etc. of full-time staffers assisting Members of the Audit & Supervisory Board shall require prior consent of the Audit & Supervisory Board.
- i. Systems of Reporting to Members of the Audit & Supervisory Board of the Company by Members of the Board and Employees of the Company and Subsidiaries and Other Systems Regarding Reporting to Members of the Audit & Supervisory Board of the Company
- The Company shall establish a system under which when Members of the Board find facts that could badly hurt the Company, they shall immediately report the facts to Members of the Audit & Supervisory Board.
 - Members of the Audit & Supervisory Board of the Company shall receive reports on the status of execution of duties from executives and employees of the Company as well as executives and employees of Group companies.
 - Members of the Audit & Supervisory Board of the Company shall attend the Management Executive Meeting and other important meetings.
 - To verify process and details of approvals, the Company shall establish the Members of the Audit & Supervisory Board as permanent recipients of approval document notification.
- j. Other Systems for Ensuring the Effective Audit by Members of the Audit & Supervisory Board
- Members of the Audit & Supervisory Board of the Company shall have meetings with Representative Members of the Board on a regular basis to check management policies and exchange views concerning important issues related to auditing.
 - Members of the Audit & Supervisory Board of the Company shall exchange information with Members of the Audit & Supervisory Board of the Group companies and closely cooperate with them.
 - Members of the Audit & Supervisory Board of the Company shall coordinate and exchange views with external auditors and the Internal Audit Department.
 - The Company shall not treat unfairly any person who reports under the second paragraph in the preceding article or any person who reports according to Daiichi Sankyo Group Principles of Individual Behavior, etc. because of the fact of such reporting.
 - The Company shall bear expenses that may be occurred in executing the duties of the Members of the Audit & Supervisory Board.

k. Basic Ideas About and Systems for Eliminating Antisocial Forces

- The Company shall take a firm stance toward antisocial forces and organizations that threaten the order and safety of civil society. To prevent antisocial forces and organizations from being involved in the Company's management activities and to stop such forces and organizations from harming the Company, the Company shall stipulate, as its basic policy, in the Daiichi Sankyo Group Corporate Conduct Charter, etc. that it shall thoroughly forbid relations with antisocial forces and organizations. In addition, the Company shall establish an organizational structure to that end, and strive to eliminate relations with antisocial forces and organizations through means such as collecting information in cooperation with the police and other bodies, and conducting activities to train Members of the Board and other Officers, and employees.

(2) Basic Policy Regarding Moves toward Large-Scale Acquisition of Company Stock

The Company believes that it is the shareholders to decide whether or not to respond to any moves toward large-scale acquisition of Company stock. The Company does not deny the potentially significant impact that transfers of management control may have in terms of stimulating business enterprise. In line with this belief, the Company has not prepared any specific takeover defenses.

Nonetheless, the Company would consider it a self-evident duty of the Company management to oppose any takeover plans whose aims were generally considered inappropriate (such as schemes to inflate the share price and sell the share for the inflated price) or that would otherwise be deemed detrimental to the value of the Company or the common interests of shareholders. Accordingly, the Company will continue monitoring closely share transactions and changes in shareholders. In the event any moves toward large-scale acquisition of Company stock are noticed, the Company would evaluate any takeover proposal with outside experts and determine carefully the impact of such on the value of the Company and the common interests of shareholders. If any proposal were deemed detrimental to such value or interests, the Company would institute appropriate anti-takeover measures depending on individual cases.

Consolidated Statement of Financial Position (IFRS)
(As of March 31, 2015)

(Millions of yen)

Item	9th Fiscal Period (for reference)	10th Fiscal Period
[ASSETS]		
Current assets		
Cash and cash equivalents	183,070	189,372
Trade and other receivables	269,194	241,547
Other financial assets	324,160	186,457
Inventories	189,408	150,093
Other current assets	24,769	14,697
Subtotal	990,603	782,168
Assets held for sale	-	3,165
Total current assets	990,603	785,334
Non-current assets		
Property, plant and equipment	316,304	266,491
Goodwill	85,518	71,366
Intangible assets	171,417	199,411
Investments accounted for using the equity method	2,624	1,347
Other financial assets	141,553	593,944
Deferred tax assets	122,550	45,330
Other non-current assets	23,464	19,059
Total non-current assets	863,433	1,196,951
Total assets	1,854,037	1,982,286

Note: Amounts less than one million yen have been rounded down to the nearest million yen.

(Millions of yen)

Item	9th Fiscal Period (for reference)	10th Fiscal Period
[LIABILITIES AND EQUITY]		
Current liabilities		
Trade and other payables	245,422	235,546
Bonds and borrowings	160,326	20,000
Other financial liabilities	15,115	7,576
Income taxes payable	5,636	7,767
Provisions	22,702	19,444
Other current liabilities	11,985	6,735
Subtotal	461,188	297,070
Liabilities directly associated with assets held for sale	-	426
Total current liabilities	461,188	297,496
Non-current liabilities		
Bonds and borrowings	263,289	201,000
Other financial liabilities	14,177	8,337
Post employment benefit liabilities	8,947	11,631
Provisions	3,747	2,713
Deferred tax liabilities	39,838	88,357
Other non-current liabilities	55,320	65,707
Total non-current liabilities	385,321	377,747
Total liabilities	846,509	675,244
[EQUITY]		
Equity attributable to owners of the Company		
Share capital	50,000	50,000
Capital surplus	105,267	105,267
Treasury shares	(14,408)	(14,198)
Other components of equity	121,753	169,034
Retained earnings	717,320	993,953
Total equity attributable to owners of the Company	979,933	1,304,057
Non-controlling interests		
Non-controlling interests	27,594	2,984
Total equity	1,007,527	1,307,041
Total liabilities and equity	1,854,037	1,982,286

Note: Amounts less than one million yen have been rounded down to the nearest million yen.

Consolidated Statement of Profit or Loss (IFRS)
(From April 1, 2014 to March 31, 2015)

(Millions of yen)

Item	9th Fiscal Period (for reference)	10th Fiscal Period
Revenue	899,126	919,372
Cost of sales	282,851	323,087
Gross profit	616,274	596,284
Selling, general and administrative expenses	322,688	331,195
Research and development expenses	180,664	190,666
Operating profit	112,922	74,422
Financial income	5,163	9,600
Financial expenses	4,543	3,160
Share of loss of investments accounted for using the equity method	591	925
Profit before tax	112,950	79,936
Income taxes	47,157	36,370
Profit from continuing operations	65,792	43,566
Profit (loss) from discontinued operations	(12,435)	275,357
Profit for the year	53,357	318,923
Profit attributable to:		
Owners of the Company	60,943	322,119
Non-controlling interests	(7,585)	(3,195)

Note: Amounts less than one million yen have been rounded down to the nearest million yen.

Non-Consolidated Balance Sheet (Japanese GAAP)
(As of March 31, 2015)

(Millions of yen)

Item	9th Fiscal Period (for reference)	10th Fiscal Period
[ASSETS]	1,296,974	1,597,689
I. Current assets	613,412	500,202
Cash and time deposits	41,125	41,035
Trade notes receivable	203	220
Accounts receivable	184,735	185,853
Securities	238,944	114,049
Merchandise and finished goods	46,343	53,890
Raw materials	8,882	14,112
Prepaid expenses	1,422	3,373
Deferred tax assets	54,230	48,608
Short-term loans	11,287	22,800
Other receivables	20,152	8,260
Other current assets	6,083	7,997
II. Non-current assets	683,562	1,097,486
Property, plant and equipment	115,207	111,281
Buildings and structures	75,312	77,505
Machinery and equipment	2,286	3,344
Vehicles, tools, furniture and fixtures	10,266	9,037
Land	21,424	19,841
Lease assets	21	4
Construction in progress	5,896	1,547
Intangible assets	17,385	26,244
Patent right	3,839	2,521
Software	5,105	5,683
Other	8,440	18,040
Investments and other assets	550,969	959,959
Investment securities	104,616	559,771
Stocks of subsidiaries and affiliates	320,612	266,861
Investments in capital of subsidiaries and affiliates	105,826	105,826
Long-term loans	6,304	13,490
Prepaid pension costs	8,942	9,288
Other assets	4,856	4,881
Allowance for doubtful accounts	(189)	(159)
Total assets	1,296,974	1,597,689

Note: Amounts less than one million yen have been rounded down to the nearest million yen.

(Millions of yen)

Item	9th Fiscal Period (for reference)	10th Fiscal Period
[LIABILITIES]	473,110	523,528
I. Current liabilities	244,804	223,004
Accounts payable – trade	32,272	41,511
Short-term bonds payable	60,000	-
Short-term loans payable	30,000	20,000
Lease obligations	17	2
Accounts payable – other	41,181	46,693
Accrued expenses	45,262	66,164
Income taxes payable	62	1,485
Consumption taxes payable	2,164	5,175
Deposit received	32,848	34,602
Unearned revenue	161	134
Allowance for sales returns	133	130
Allowance for sales rebates	337	479
Provision for environmental measures	359	-
Other current liabilities	2	6,623
II. Non-current liabilities	228,306	300,524
Bonds payable	80,000	80,000
Long-term loans payable	141,000	121,000
Lease obligations	4	2
Long-term accounts payable – other	1,293	1,050
Deferred tax liabilities	2,825	95,398
Other non-current liabilities	3,182	3,073
[NET ASSETS]	823,864	1,074,160
I. Shareholders' equity	790,899	1,015,237
Capital stock	50,000	50,000
Capital surplus	663,931	663,728
Legal capital surplus	179,858	179,858
Other capital surplus	484,073	483,870
Retained earnings	91,376	315,707
Other retained earnings	91,376	315,707
Reserve for reduction entries for non-current assets	11,423	9,497
Retained earnings carried forward	79,952	306,210
Treasury stock, at cost	(14,408)	(14,198)
II. Valuation and translation adjustments	31,284	57,162
Net unrealized gain or loss on investment securities	31,284	58,504
Deferred gains or losses on hedges	-	(1,341)
III. Subscription rights to shares	1,680	1,760
Total liabilities and net assets	1,296,974	1,597,689

Note: Amounts less than one million yen have been rounded down to the nearest million yen.

Non-Consolidated Statement of Income (Japanese GAAP)
(From April 1, 2014 to March 31, 2015)

(Millions of yen)

Item	9th Fiscal Period (for reference)	10th Fiscal Period
Net sales	618,179	622,424
Cost of sales	200,763	207,087
Reversal of allowance for sales returns	3	3
Gross profit	417,419	415,340
Selling, general and administrative expenses	351,890	391,993
Operating income	65,528	23,347
Non-operating income	39,451	15,430
Interest income	144	180
Interest on securities	249	185
Dividend income	31,080	7,836
Rent income	4,632	4,576
Foreign exchange gains	2,539	2,053
Other income	804	596
Non-operating expenses	5,425	8,091
Interest expense	641	774
Interest on bonds	1,506	1,139
Provision of allowance for doubtful accounts	5	0
Cost of lease revenue	1,844	1,893
Depreciation of inactive non-current assets	197	112
Loss on valuation of investment securities	233	3,562
Other expenses	995	609
Ordinary income	99,554	30,686
Extraordinary income	30,952	344,321
Gain on sales of non-current assets	14,696	3,328
Gain on exchange from business combination	-	338,835
Gain on sales of investment securities	8,017	1,803
Gain on contribution of securities to retirement benefit trust	8,198	-
Other income	39	352
Extraordinary losses	26,314	17,938
Loss on disposal of non-current assets	1,079	1,181
Loss on business restructuring	1,477	10,215
Loss on valuation of investments in affiliates	10,684	4,494
Loss on impairment of long-lived assets	-	1,844
Adjustments for intra-group transfer pricing	12,305	-
Other losses	768	202
Income before income taxes	104,192	357,069
Income taxes – current	979	2,130
Income taxes – deferred	38,760	88,370
Net income	64,452	266,569

Note: Amounts less than one million yen have been rounded down to the nearest million yen.

Translation of a report originally issued in Japanese

Independent Auditor's Report

May 11, 2015

The Board of Directors
Daiichi Sankyo Company, Limited

KPMG AZSA LLC

Takuji Kanai (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masahiro Miyahara (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Atsushi Tanaka (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the related notes of Daiichi Sankyo Company, Limited as at March 31, 2015 and for the year from April 1, 2014 to March 31, 2015 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the latter part of Article 120-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required by International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material

misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of Daiichi Sankyo Company, Limited and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with the latter part of Article 120-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required by International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following:

As discussed in "7. Notes Concerning Subsequent Events" in Notes to Consolidated Financial Statements, the Company's Board of Directors resolved at the board meeting on April 20, 2015, to dispose of all or part of the shares owned in Sun Pharmaceutical Industries Ltd. The transaction was completed on April 21, 2015.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Translation of a report originally issued in Japanese

Independent Auditor's Report

May 11, 2015

The Board of Directors
Daiichi Sankyo Company, Limited

KPMG AZSA LLC

Takuji Kanai (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masahiro Miyahara (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Atsushi Tanaka (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets and the related notes, and the supplementary schedules of Daiichi Sankyo Company, Limited as at March 31, 2015 and for the year from April 1, 2014 to March 31, 2015 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or

error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Daiichi Sankyo Company, Limited for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following:

As discussed in "9. Notes Concerning Subsequent Events" in Notes to Non-Consolidated Financial Statements, the Company's Board of Directors resolved at the board meeting on April 20, 2015, to dispose of all or part of the shares owned in Sun Pharmaceutical Industries Ltd. The transaction was completed on April 21, 2015.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Translation of a report originally issued in Japanese

AUDIT REPORT

We, the Audit & Supervisory Board, have prepared upon consultation this Audit Report based on reports compiled by each Member of the Audit & Supervisory Board with respect to the Members of the Board performance of their duties during the 10th business year from April 1, 2014 to March 31, 2015, as follows:

1. Auditing methods used by Members of the Audit & Supervisory Board and the Audit & Supervisory Board, and details of audit

The Audit & Supervisory Board specified an audit policy and an audit plan, and received reports from each Member of the Audit & Supervisory Board on the status of implementation and results of audit as well as received reports from Members of the Board and accounting auditors on the status of the execution of their duties and asked them for explanations as needed.

Each Member of the Audit & Supervisory Board, according to the audit standard, the audit policy and the audit plan set up by the Audit & Supervisory Board, has maintained good communications with Members of the Board, the audit division and employees of other divisions, and strived to collect information and improve the audit environment as well as attended meetings of the Board of Directors and other meetings as deemed important, received from Members of the Board and employees reports on the execution of their duties, asked for explanations as necessary, perused the documents whereby the important decisions were made, and examined business and financial conditions at the head office and its major business offices. In addition, we have monitored and verified the details of the resolution made by the Board of Directors concerning the establishment of systems defined in Article 100, Paragraph 1 and Paragraph 3 of the Ordinance for Enforcement of the Corporation Law as what is necessary for ensuring compliance with laws and regulations and the Company's Articles of Incorporation in the execution of duties by Members of the Board, which are described in the Business Report, and for ensuring appropriateness of duties of a stock company. We have also monitored and verified the status of the systems established based on the said resolution (internal control systems) by periodically receiving from Members of the Board and employees reports on the status of development and operation of such systems. Also, we have maintained good communications and exchanged information with Members of the Board, Members of the Audit & Supervisory Board and others of the subsidiaries of the Company, and received from the subsidiaries reports on their business conditions, as needed. Based on the methods mentioned above, we have reviewed the Business Report for the said fiscal year and their annexed schedules.

We have also monitored and verified whether the accounting auditors maintain independency and properly implement audit, received from the accounting auditors' reports on the execution of their duties and asked them for explanations as necessary. We were reported by the accounting auditors that "systems for ensuring proper execution of duties" (listed in each item of Article 131 of the Corporate Accounting Rules) have been established in accordance with the quality control standards concerning audit (Business Accounting Council, October 28, 2005), etc., and asked them for explanations as necessary. Based on the methods mentioned above, we have reviewed financial statements for the said fiscal year (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets and notes to non-consolidated financial statements), their annexed schedules and consolidated financial statements (consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity and notes to consolidated financial statements).

2. Results of Audit

(1) Results of audit of the business report, etc.

- 1) We consider that the business report and their supplementary schedules fairly present the situation of the Company in accordance with relevant laws and regulations and the Company's Article of Incorporation.
- 2) With respect to the Members of the Board performance of their duties, we have found neither undue transactions nor material facts that violate relevant laws and regulations or the Company's Article of Incorporation.
- 3) We consider that the details of the resolution made by the Board of Directors concerning internal control systems are proper. With respect to the details described in the Business Report and the Members of the Board performance of their duties regarding the said internal control systems, we have found no items to be pointed out.

(2) Results of audit of financial statements and their supplementary schedules

We consider that the auditing methods and results of the Company's Accounting Auditors, KPMG AZSA LLC, are proper.

(3) Results of audit of consolidated financial statements

We consider that the auditing methods and results of the Company's Accounting Auditors, KPMG AZSA LLC, are proper.

3. Subsequent Event

As discussed in "5) Other Important Matters for Status of Shares," "2. Status of Shares and Subscription rights to shares" in Business Report, the Company's Board of Directors resolved at the board meeting on May 14, 2015 to purchase its own shares.

This matter did not have any impact on our opinion.

May 15, 2015

Audit & Supervisory Board of Daiichi Sankyo Company, Limited

Member of the Audit & Supervisory Board

Member of the Audit & Supervisory Board

Member of the Audit & Supervisory Board (Outside)

Member of the Audit & Supervisory Board (Outside)

Kazuo Koike

Takashi Chiba

Akiko Kimura

Yutaka Katagiri