

October 19, 2006

For Immediate Release

Company name: DAIICHI SANKYO COMPANY, LIMITED
Representative: Takashi Shoda, President and Representative Director
(Code no.: 4568, First Section, Tokyo, Osaka and Nagoya Stock Exchanges)
Please address inquiries to Toshio Takahashi, Corporate Officer in Charge,
Corporate Communications Department
Telephone: +81-3-6225-1126

Spin-off and Share Transfer of the Animal Health Products Business of Sankyo Lifetech (a subsidiary of Sankyo)

Sankyo Co., Ltd. of Daiichi Sankyo Group (President: Yasuhiro Ikegami, hereafter "Sankyo"), its subsidiary Sankyo Lifetech Co., Ltd. (President: Koichi Ando, hereafter "Sankyo Lifetech") and Novartis Animal Health K.K. (President and Representative Director: Dr. Kai-Uwe Grathwohl, hereafter "Novartis Animal Health"), a group company of Novartis AG (Chairman & CEO: Dr. Daniel Vasella), have signed an agreement today to transfer to Novartis Animal Health all the shares of a new wholly-owned subsidiary of Sankyo Lifetech (hereafter "New Company") to be established by spinning off its Animal Health Products business.

New Company will become a wholly owned subsidiary of Novartis Animal Health and further develop their businesses in future. The employees of New Company will be the assigned staff by Sankyo or Sankyo Lifetech, who will be transferred to the New Company following the date of share transfer subject to the consent of each individual.

Daiichi Sankyo Group has been reviewing its non-pharmaceutical businesses to concentrate its management resources on its pharmaceutical businesses. In so doing, the company plans to make all non-pharmaceutical businesses of Daiichi Sankyo Group independent by the end of March 2007.

The effect that this share transfer will have on Daiichi Sankyo's business performance after March 2007 will be disclosed at a later date.

1. Planned dates of spin-off and share transfer

Conclusion of Share Transfer Agreement	October 19, 2006
Board of Directors Meeting to approve spin-off plan	November 2006
Shareholders' Meeting to approve spin-off plan	November 2006
Spin-off and its Registration	January 2007
Share Transfer of New Company	March 30, 2007

2. Outline of the Companies Involved

(1) Sankyo Lifetech Co., Ltd.

Location of Head Office: 23-14, Hongo 4-chome, Bunkyo-ku, Tokyo

Date Established: April 1, 2003

Representative: Koichi Ando

Capital: 300 million yen

Sales: 16,716 million yen (Fiscal Year Ended March 2006)

Number of Employees: Approximately 150 (Fiscal Year Ended March 2006)

Main Businesses:

Manufacture, import and sale of veterinary pharmaceutical products, food additives, drug ingredients, wood preservatives, pesticides for public health, polymer stabilizers, and other products

<Outline of Animal Health Products business of Sankyo Lifetech>

Sales: 5,749 million yen (Fiscal year ended March 2006)

Number of employees: Approximately 50 (Fiscal year ended March 2006)

Major products:

Product Area	Major Products
Preventive for heartworm and treatment for roundworm, hookworm and whipworm in dogs	Milbemycin A
Preventive for heartworm and treatment for canine roundworm, hookworm and whipworm, and Control of flea infestation in dogs	Systec®
Vaccine for dogs and cats	NOBIVAC®
Treatment for degenerative joint disease in dogs	Adequan ®
Renal failure treatment for	Covalzin®

cats	
Heart failure treatment for dogs	Aceworker®

(2) Novartis AG

Location of Head Office: CH-4002, Basel, Switzerland

Date established: December 20, 1996

Representative: Dr. Daniel Vasella

Capital: US\$994 million

Sales: US\$32,212 million (Fiscal Year Ended December 2005)

Employees: 97,000 (Fiscal Year Ended December 2005)

Major businesses:

Development, manufacture and sales of ethical drugs, generic drugs, over-the-counter drugs, veterinary drugs, contact lens and lens care products, medical nutrition products, baby/infants nutrition products

Novartis Animal Health K.K.

Location of Head Office: 4-1, Hamamatsucho 2-chome, Minato-ku, Tokyo

Date established: July 1, 2000

Representative: Dr. Kai-Uwe Grathwohl

Capital: 50 million yen

Number of employees: 30 (as of July 2006)

Major businesses:

Product Field	Major Products
ACE Inhibitor for heart failure in dogs and chronic renal insufficiency in cats	FORTEKOR
Oral soft capsule for the treatment of chronic manifestations of atopic dermatitis in dogs	ATOPICA Capsule
Inspection kit for dirofilaria immitis	Solostep CH
Flea control	PROGRAM
An aid in the treatment of separation-related disorders in dogs	CLOMICALM
Insect growth regulator for the control of fly larvae	NEPOREX