



**Announcement Regarding the Establishment of a Joint Venture Company
between Daiichi Sankyo and The Kitasato Institute**

Tokyo, Japan (July 30, 2010) - Daiichi Sankyo Company, Limited (head office: Chuo-ku, Tokyo; hereafter; Daiichi Sankyo) and The Kitasato Institute (head office: Minato-ku, Tokyo; hereafter, Kitasato) announced today that they have reached a basic agreement to establish a joint venture company. The joint venture company will assume the research, development and manufacture of vaccines that to-date have been conducted by The Kitasato Institute Research Center for Biologicals.

1. Background and Significance of the Joint Venture Company

(1) Background

In recent years, interest in vaccines has grown significantly as a result of global pandemics of new influenza strains and progress made in preventive medicine underpinned by scientific advances. In particular, the Japanese government's "Vaccine Industry Vision" (Ministry of Health, Labour and Welfare: March 2007) has called for legislation to strengthen the industry and eliminate approval delays, illustrating the great change and progress that Japan has seen in the environment surrounding vaccines. Given these changes, Daiichi Sankyo and Kitasato, based on the alliance master agreement concluded in December 2008, have mutually strengthened cooperation in the research, development, manufacture and marketing of human vaccines for the prevention and treatment of infectious diseases. To mark the next step in this relationship, Daiichi Sankyo and Kitasato have decided to establish a joint venture company that will take over Kitasato's vaccine business activities and further strengthen ties and cooperation between the two companies. Daiichi Sankyo firmly believes the establishment of the joint venture company will form a key structural foundation for the company to make full-scale inroads into the vaccine segment as well as enhance competitiveness of the overall Japanese vaccine industry. At the same time, Kitasato is taking this opportunity to grow and sustain a vaccine business originally founded by the company over 90 years ago.

(2) Significance

The following summarizes the significance of the new joint venture company.

- Manufacturing, research and development capabilities are the most important specialty requirements in the vaccine segment. With the addition of the joint venture business to its Group, Daiichi Sankyo will be able to build the internal operating structure needed to actively apply and develop these capabilities for vaccines.
- By combining Kitasato's vast knowledge base and considerable expertise in vaccines with Daiichi Sankyo's advanced product planning capabilities, biotechnologies and drug delivery systems, the joint venture company will be able to develop more innovative vaccines that meet the needs of customers. In particular, this will bolster an already strong competitive advantage in the combination vaccine segment, which is well poised for strong growth.
- By integrating the efforts of a major Japanese pharmaceutical company and a Japanese vaccine maker with a long history and tradition, Daiichi Sankyo and Kitasato can work together through the joint venture company to contribute to the development of effective systems and procedures and achieve a stable supply of high-quality vaccines.
- The joint venture company will help enhance Japan's public health and preventative medicine environment, develop its crisis management systems for global pandemics, and boost the global competitiveness of Japan's vaccine industry.

2. Joint Venture Company Profile

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| (1) Company Name: | Kitasato Daiichi Sankyo Vaccine Co., Ltd. |
| (2) Establishment: | April 1, 2011 |
| (3) Principal Office: | Kitamoto City, Saitama Prefecture |
| (4) Representative: | To be appointed by Daiichi Sankyo |
| (5) Paid-in Capital: | To be determined based on future discussions |
| (6) Investment Ratio: | Daiichi Sankyo 51%, Kitasato 49% |

(7) Principal Businesses:

- Manufacturing and marketing of biological drug products for humans and animals.
- Research and development of new vaccines using cutting-edge technologies together with Kitasato University, other domestic and overseas universities, and research institutes.
- Activities with the purpose of international cooperation, such as supplying vaccines and supporting technologies for the manufacture of biological drug products for humans and animals
- Other necessary activities required to develop the business of the joint venture company

(Note) The above represents plans at present. Based on discussions between Daiichi Sankyo and Kitasato, the principal businesses of the joint venture company will be determined in the final agreement scheduled to be concluded by the end of November 2010.

3. Schedule Going Forward

July 30, 2010	Conclude basic agreement on the establishment of the joint venture company
End of November 2010 (planned)	Conclude final agreement
April 1, 2011 (planned)	Incorporate joint venture company, commence business

(Note) The above schedule is subject to change when necessary pursuant to discussions between Daiichi Sankyo and Kitasato.

4. Daiichi Sankyo Corporate Profile

Company Name	Daiichi Sankyo Company, Limited
Representative	Joji Nakayama, President and Representative Director
Established	September 28, 2005
Location	3-5-1 Nihonbashi-Honcho, Chuo-ku, Tokyo, Japan
Paid-in Capital	¥50 billion
Principal Businesses	Research, development, manufacture and marketing of ethical pharmaceuticals, etc.
Employees	29,800 (consolidated; as of March 2010)

5. The Kitasato Institute and Research Center for Biologicals Profile

(1) The Kitasato Institute

Institution Name	The Kitasato Institute
Representative	Tadayoshi Shiba, Chairman of the Board of Trustees
Established	November 5, 1914 - Established as the Kitasato Institute Research Center by Shibazaburo Kitasato January 20, 1962 - The 50 th anniversary of its foundation, approved as an educational corporation April 1, 2008 – Integration of Kitasato Institute and Kitasato Gakuen
Locations	5-9-1 Shirokane, Minato-ku, Tokyo, Japan
Principal Divisions	(1) Kitasato University <Faculties> Pharmacy, Veterinary Medicine, Medicine, Marine Biosciences, Nursing, Science, Allied Health Sciences <Graduate Schools> Pharmaceutical Sciences, Veterinary Medicine and Animal Science, Fisheries Sciences, Nursing, Science, Medical Sciences, Infection Control Sciences <Research Laboratories> Kitasato Institute for Life Sciences, Oriental Medicine Research Center

	<University Hospitals> Kitasato University Hospital, Kitasato University East Hospital, Kitasato Institute Medical Center Hospital (2) Kitasato Junior College of Health and Hygienic Sciences (3) Kitasato Nursing School (4) The Kitasato Institute Research Center for Biologicals (the only university which produces vaccines in Japan, for further information please see (2))
Employees	5,881 (educators: 1,591, staff: 4,290) as of May 1, 2010

(2) Research Center for Biologicals

Institution Name	The Kitasato Institute Research Center for Biologicals
Established	Kitasato Institute Research Center, Established by Shibazaburo Kitasato on November 5, 1914
Location	6-111 Arai, Kitamoto-shi, Saitama Prefecture, Japan
Principal Activities	(1) Manufacture and marketing of biological drug products for humans and animals. (2) Research and development of new vaccines using cutting-edge technologies together with Kitasato University, other domestic and overseas universities, and research institutes. (3) Activities with the purpose of international cooperation, such as supplying vaccines and supporting technologies for the manufacture of biological drug products for humans and animals (4) Other necessary activities required to develop the business of the joint venture company
Employees	243 (as of May 1, 2010)

6. Effect on Corporate Earnings

Daiichi Sankyo will issue a separate news release if and when this matter materially affects corporate earnings going forward.

<For further information>

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