

**For Immediate Release**

Company name: DAIICHI SANKYO COMPANY, LIMITED  
Representative: Takashi Shoda, President and CEO  
(Code no.: 4568, First Section of Tokyo, Osaka and Nagoya Stock Exchanges)  
Please address inquiries to Toshiaki Sai, General Manager,  
Corporate Communications Department  
Telephone: +81-3-6225-1126  
<http://www.daiichisankyo.com/>

**Daiichi Sankyo Announces Second Mid-term Business Management Plan  
(FY 2010-2012)**

**Tokyo, Japan, March 12, 2010** – Daiichi Sankyo Company Limited (hereafter; Daiichi Sankyo) today announced that it will launch its Second Mid-term Business Management Plan, effective April 2010. The plan will be in effect through fiscal year 2012.

The current mid-term plan, which began in April 2007 and ends on March 31, 2010, focused on broadening Daiichi Sankyo's foundation for growth by optimizing the operational synergies of the two companies, Daiichi Pharmaceutical Co., Ltd. and Sankyo Co., Ltd. The plan also focused on accelerating the company's globalization initiatives in keeping with its vision of becoming a "Global Pharma Innovator" by 2015.

The Second Mid-term Business Management Plan will prioritize creating more innovative products while pushing ahead with a "Hybrid Business Model" that emphasizes vaccines, established pharmaceuticals, and OTC products to address market and customer diversity. For its new plan, Daiichi Sankyo has outlined the following growth targets, which exceed the global market average. The foundation of these targets is the strength of the company's diverse lineup of pharmaceutical products.

**Overview of Second Mid-term Business Management Plan**

**I. Fiscal 2012 Consolidated Targets**

	Fiscal 2012 Target *	Fiscal 2009 Forecast
Net sales	¥1,150 billion	¥960 billion
Operating income	¥180 billion	¥96 billion
Overseas sales	¥650 billion	¥488 billion
Overseas sales ratio	56.5%	50.8%
Earnings per share	At least ¥140	¥63.9
Return of equity	At least 10%	5.2%

\* Foreign Exchange assumption: USD/JPY 90.0, EUR/JPY 130.0

## **II. Basic Policies of Second Mid-term Business Management Plan**

### **1. Regional Business Strategies**

#### **(1) Japan**

- **Innovative Pharmaceuticals**  
Maximize sales of the olmesartan franchise centering on the antihypertensive agent Rezaltas while launching laninamivir, a long-acting neuraminidase inhibitor for the treatment of influenza, memantine, a treatment of Alzheimer's type Dementia, and other high-potential products to generate earnings and sustainable growth in this core Group business
- **Vaccines**  
Reinforce and expand the prophylactic vaccine business in which medical needs are strong
- **Established Pharmaceuticals**  
Address diverse market needs in a changing operating climate by establishing Daiichi Sankyo Espha Co., Ltd. in April 2010
- **OTC**  
Promote OTC operations by focusing on consumers' self-medication needs

#### **(2) United States**

- Maximize the olmesartan franchise and position the antiplatelet agent Effient as the first-choice treatment for acute coronary syndrome patients with percutaneous coronary interventions to achieve combined Group sales in the US of \$3.5 billion and a 1% share of the prescription drugs market

#### **(3) Europe**

- Maximize the olmesartan franchise and Effient sales and bolster in-house sales and marketing capabilities to generate combined Group sales in Europe of 1.2 billion euros

#### **(4) ASCA (in-house term for markets outside of Japan, US and Europe)**

- Expand the olmesartan franchise, launch and build sales of prasugrel, and cultivate synergies with Ranbaxy to grow at a faster rate than Japan, the US, and Europe to generate sales of at least ¥150 billion

### **2. R&D Strategies**

#### **(1) Enhance competitiveness in priority areas, including oncology and cardiovascular-metabolics, where significant unmet medical needs remain**

- Draw on R&D foundations to reinforce research in oncology and cardiovascular-metabolics areas towards 2015

#### **(2) Promote implementation of international clinical studies**

- Undertake simultaneous global development for an oral factor Xa inhibitor edobaxan and other drugs

#### **(3) Discover new lines of research through open innovation**

### **3. Global CSR and Cultivating Personnel**

- (1) Harmonize with society and the global environment by enhancing employee diversity and valuing consideration of others as a company that supports humanity and health
- (2) Continue to build a corporate culture in which all our employees are professional, responsible and accountable, and where they feel both satisfaction and challenge from their work and are able to demonstrate their abilities and talents

### **III. Shareholder Returns**

Balance funding for growth investments and internal reserves, maintaining stable dividends while generating shareholder returns in-line-with results

Please see the appended materials for details.

# 1. Our Vision for 2015

## Our Vision for 2015

### Mission

To Contribute to the Enrichment of Quality of Life Around the World  
Through the Creation of Innovative Pharmaceuticals, and  
Through the Provision of Pharmaceuticals Addressing Diverse Medical Needs

### Our Vision for 2015 Realization of Global Pharma Innovator

Expanding our  
business reach

#### Global

Establish operations in key  
areas and strengthen  
worldwide presence

Fulfilling unmet  
medical needs

#### Pharma

Concentrate resources to  
consistently produce and supply  
innovative pharmaceutical  
products that address diverse  
medical needs

Building new  
business model

#### Innovator

Extend innovation beyond  
science and technology to  
encompass our business  
model

## 2. Review of First Mid-Term Business Management Plan

### Goals: First Mid-Term Business Management Plan

2007 2008 2009

Solidify growth foundation

#### Key Messages

- Maximize integration synergies of Daiichi and Sankyo.
- Accelerate business globalization

Launch new products and expand sales

Invest in strategic business development

Expand US and European business foundations

Build integration synergies of the two companies

#### Key goals

1. Strengthen our foundation for earnings growth
2. Build solid global organization and functions
3. Ensure consistent shareholder returns
4. Create a new corporate culture and enhance our human and social values

#### Operating climate changes

- Tighter global medical spending and deteriorating economic climate
- Stricter drug approval assessments
- Japanese drug price revision (additional price cut in response to market expansion)
- Higher yen (assumed yen valuations for the First MTP\* was \$1 = ¥115 and 1€ = ¥140)

\* MTP: Mid-term Plan

## First MTP: Overall Review

**Assessment: We solidified our growth foundation, although numerical challenges remain for the new business management plan and beyond**

Qualitative evaluation	Achievements	Challenges	Evaluation
1. Strengthen our foundation for earnings growth  <b>Deploying Hybrid Business Model</b>	<ul style="list-style-type: none"> <li>Strengthened US and European business foundations</li> <li>Launched Effient/Efient</li> <li>Undertook solo worldwide development of Edoxaban</li> <li>Steadily expanded Olmesartan sales</li> <li>Bolstered oncology pipeline</li> <li>Integrated Ranbaxy</li> </ul>	<ul style="list-style-type: none"> <li>Further reinforce Japan business foundations</li> <li>Increase Effient/Efient prescriptions</li> <li>Commercialize oncology business</li> <li>Resolve Ranbaxy-related U.S. import alert and AIP issues</li> <li>Further create and develop synergies with Ranbaxy</li> </ul>	Partly attained /Attained
2. Build solid global organization and functions	<ul style="list-style-type: none"> <li>Established global R&amp;D structure and pursued functional collaboration</li> </ul>	<ul style="list-style-type: none"> <li>Formulate global management system (from fiscal 2010)</li> </ul>	Attained
3. Ensure consistent shareholder returns	<ul style="list-style-type: none"> <li>Delivered 100% total payout ratio over three years of plan</li> </ul>	<ul style="list-style-type: none"> <li>Provide consistent dividends</li> </ul>	Partly attained
4. Create a new corporate culture and enhance our human and social values	<ul style="list-style-type: none"> <li>Formulated and implemented new performance assessment system</li> </ul>	<ul style="list-style-type: none"> <li>Develop global CSR initiatives</li> </ul>	Partly attained
Quantitative evaluation	Did not meet initial numerical targets (See next page)		Unattained

6

## First MTP: Quantitative Evaluation

(Units: billion yen, top of amount is composition ratio to sales)

	Fiscal 2009 Target under the 1st MTP (1)	Latest Forecast for Fiscal 2009		
		(2)	Difference (2) - (1)	Main Factors
Net Sales	100.0% <b>960</b>	100.0% <b>960</b>	<b>0</b>	<ul style="list-style-type: none"> <li>Japan (-64 billion)</li> <li>Overseas (-84 billion) (including forex impact of around 63 billion)</li> <li>Contribution of Ranbaxy (148 billion)</li> </ul>
COG + SG&A	75.0% <b>720</b>	90.0% <b>864</b>	<b>144</b>	<ul style="list-style-type: none"> <li>Higher cost ratio stemming from product mix changes</li> <li>Increase reflecting inclusion of Ranbaxy SG&amp;A expenses</li> </ul>
R&D expenses	17.2% <b>165</b>	20.2% <b>194</b>	<b>29</b>	<ul style="list-style-type: none"> <li>Expanded development for Edoxaban</li> <li>Securing external resources to reinforce pipeline (acquisition of U3 Pharma and in-licensing of Denosumab)</li> </ul>
Operating Income	25.0% <b>240</b>	10.0% <b>96</b>	<b>-144</b>	

7

### 3. Second Mid-Term Business Management Policy

8

#### Group Operating Climate



##### Market diversity

Developed and emerging markets  
Aging societies and population growth  
Differing paces of economic expansion

- Diverse medical needs
  - High-quality, affordable drugs
  - Unmet medical needs

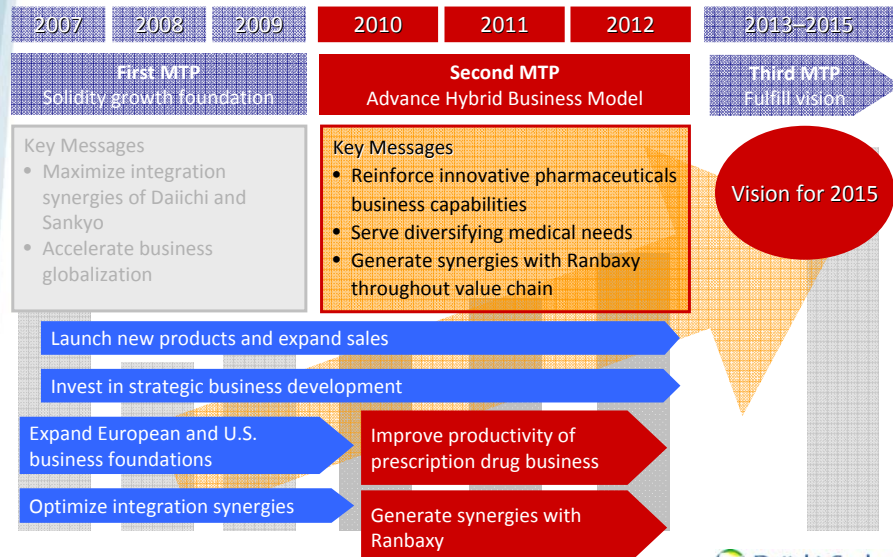
- Matching patient needs
  - New drugs
  - Generic drugs
  - Vaccines
  - OTC drugs

##### Daiichi Sankyo Group

Accelerating global management  
Rising R&D costs

9

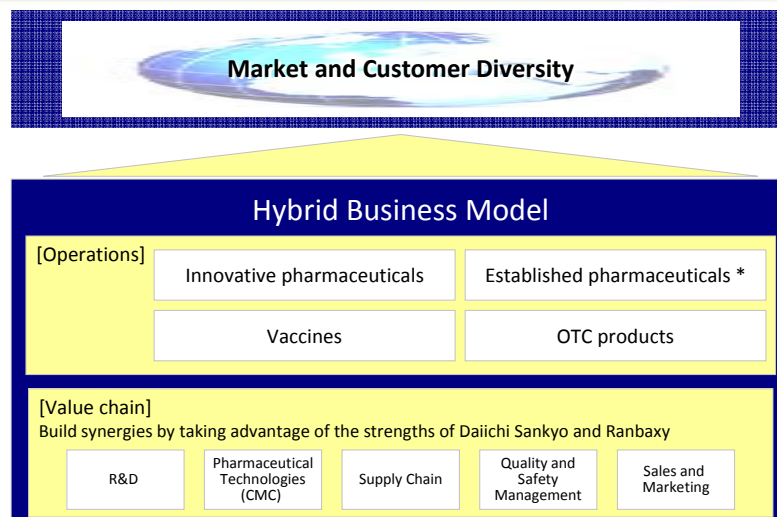
## Positioning of Second Mid Term-Business Management Plan



10

Daiichi-Sankyo

## Hybrid Business Model



\* Encompassing generics and off-patent, long-sellers with proven marketplace presence

11

Daiichi-Sankyo



## Numerical Targets

### Fiscal 2012 Targets

- Fully deploy Hybrid Business Model
- Stabilize operational foundations and expand earnings

	Fiscal 2009 Forecast (as of January)		Fiscal 2012 Target	
	billion yen	%	billion yen	%
Net Sales	960	100.0	1,150	100.0
Contribution from Ranbaxy	148	—	270	—
COG + SG&A	864	90.0	970	84.3
R&D expenses	194	20.2	200	17.4
Operating Income	96	10.0	180	15.7
Overseas Sales	488	50.8	650	56.5
Forex Assumption	USD/JPY	92.6	90.0	
	EUR/JPY	132.2	130.0	

12

## 3-(1) Regional Business Strategies

13

## Regional Business Strategies

### Japan

- Reinforce and expand innovative and established pharmaceuticals and vaccine businesses
- Promote OTC operations by focusing on consumers

### United States

- Target sales of \$3.5 billion
- Secure 1% of prescription drugs market

Hybrid Business Model

### Europe

- Target sales of 1.2 billion euros

### ASCA \*

- Target sales of at least ¥150 billion (grow faster than in Japan, Europe, and US)

\* In-house term for markets outside Japan, US and Europe

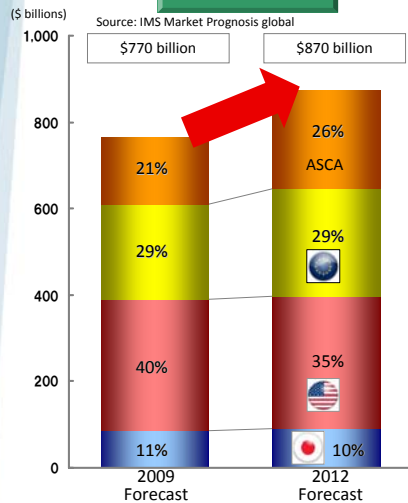
14

Daiichi-Sankyo

## Regional Sales Targets for 2012

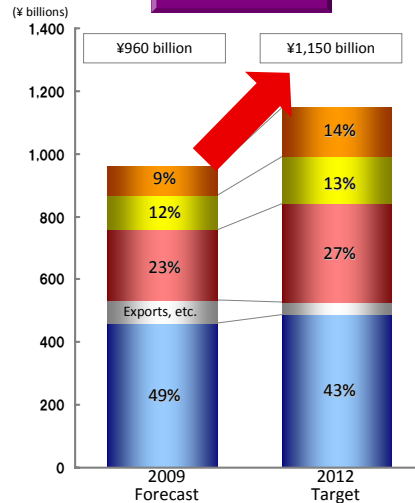
### Global Market

4.5% CAGR\*



### Daiichi Sankyo

6.2% CAGR



15

\* CAGR = Compound annual growth rate

Daiichi-Sankyo

## Japan Company: Innovative Pharmaceuticals Business

### Key Message

Generate earnings and sustainable growth  
as a core Group business

#### Become supplier of choice

Improve quality  
and quantity of  
information to satisfy  
doctors and strengthen  
customer relations

#### Maximize earnings foundations

Optimize sales of  
growth offerings,  
particularly in Olmesartan  
franchise and Rezaltas

#### Pursue further growth

Maximize sales of:

- Laninamivir
- Memantine
- Edoxaban
- Denosumab

16

## Japan Company: Vaccine Business

### Key Message

Reinforce and expand prophylactic vaccine business,  
for which medical needs are strong

Reinforce R&D,  
production, and sales functions

Pursue joint research

Strengthen collaboration with Kitasato Research Institute to  
bolster production of influenza vaccines

Expand sales of  
new and existing drugs

Launch measles and rubella vaccine in fiscal 2010

Swiftly establish structure for consistently supplying  
4 million doses annually of ActHib

Promote development projects

Quad combination vaccine, etc.  
(for inactivated poliomyelitis and diphtheria-tetanus-pertussis)

17

## Japan Company: Established Pharmaceuticals Business

### Key Message

Harness the Hybrid Business Model to address diverse market needs



## DAIICHI SANKYO ESPHA CO., LTD.

- To be established in April 2010, beginning operations in October 2010

Brand	Leveraging Daiichi Sankyo's brand strengths
Customer Needs	Providing high-quality, affordable drugs from collaboration with Ranbaxy
Distribution	Leveraging Daiichi Sankyo's channels
Information	Provided through collaboration with Daiichi Sankyo

18



## Daiichi Sankyo Healthcare Co., Ltd.: OTC Business

### Key Message

Promote OTC operations by focusing on consumers

Reinforce development pipeline capabilities (including in-licensed products)

Bolster capabilities in first-class drugs (including switch OTC from prescription drugs)

Loxonin, etc.

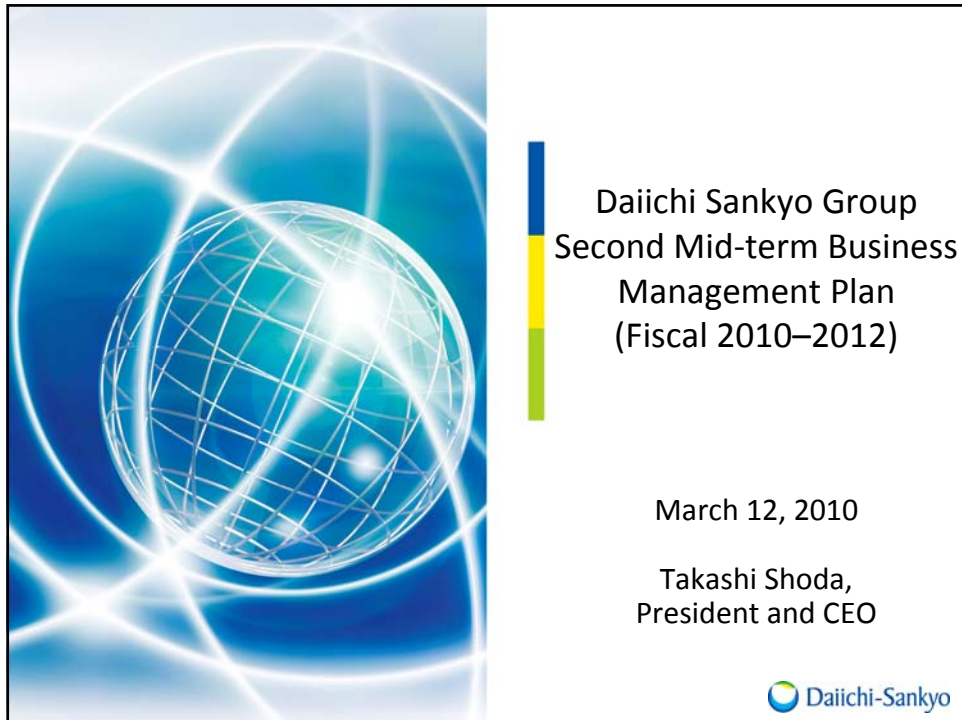
Create functional skincare business

Fiscal 2012 targets:

¥55 billion in sales and 10% operating income ratio

19





## Contents

1. Our Vision for 2015
2. Review of First Mid-Term Business Management Plan
3. Second Mid-Term Business Management Policy
  - (1) Regional Business Strategies
  - (2) R&D Strategies
  - (3) Global Product Strategies
  - (4) Business Process Reengineering
  - (5) Financial Strategy and Shareholder Returns
4. CSR Initiatives
5. Human Resources Cultivation and Corporate Culture Development

 Daiichi-Sankyo

1

## United States (1)

### Key Message

Target sales of \$3.5 billion  
Secure 1% of prescription drugs market

Reinforce dissemination  
of scientific information  
of Edoxaban

- Maximize Olmesartan franchise
- Position Effient as the treatment of first-choice for treating acute coronary syndrome patients with percutaneous coronary interventions

Resolve import alert  
and AIP issues  
relating to Ranbaxy

- Daiichi Sankyo, Inc.: Improve productivity by harnessing benefits from bolstered business infrastructure
- Luitpold Pharmaceuticals: Maintain high-profit structure while harnessing generic injection products to drive growth

20



## United States (2)

### ➤ Olmesartan

- Swiftly cultivate the update of CS-8635 (triple combination of olmesartan, amlodipine, and hydrochlorothiazide)
- Tackle the emergence of rival generic drugs

### ➤ Effient

- Promote heavily, highlighting product benefits of strength, rapid onset, and less interpatient variability
- Continue to address approaches to managed care

### ➤ Edoxaban

- Proactively produce information to optimally position Edoxaban
- Reinforce dissemination of scientific information

21



## Europe

### Key Message

Target sales of 1.2 billion euros

Increase sales productivity by bolstering in-house marketing capabilities

#### Focus on cardiovascular field

- Promote life-cycle management of Olmesartan franchise
- Maximize Efient sales
- Reinforce dissemination of scientific information of Edoxaban

#### Reengineer business processes

- Cut costs by enhancing supply chain efficiency
- Increase sales and cut costs by collaborating with Ranbaxy

- Expand sales an average 10% annually in tough market climate
- Enhance earnings structure to build robust business

22

## ASCA

### Key Message

Target sales of at least ¥150 billion  
(faster growth rate than in Japan, the United States, and Europe)

#### ➤ Daiichi Sankyo ASCA Operation

- Expand Olmesartan franchise
- Steadily launch and swiftly build sales of Prasugrel

#### ➤ Ranbaxy (in ASCA markets)

- Establish its presence as No.1 player in Indian prescription drug pharmaceuticals market
- Expand presence in African and Latin American markets

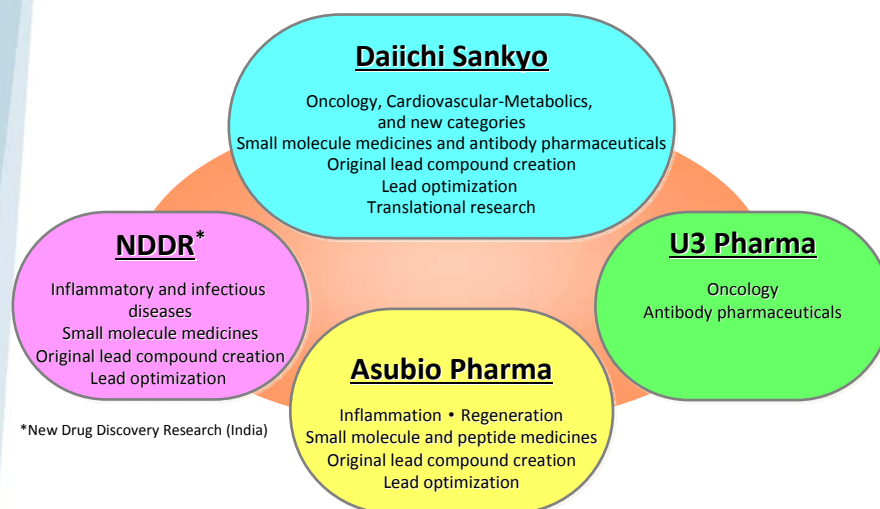
Daiichi Sankyo and Ranbaxy will collaborate in fast-growing, emerging markets and fully deploy the Hybrid Business Model

23

## 3-(2) R&D Strategies

24

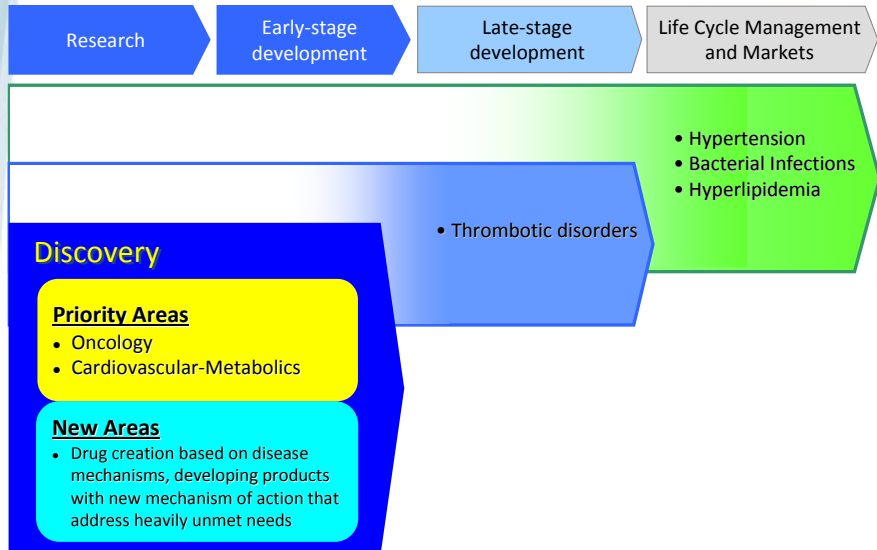
## Global R&D Functions



25

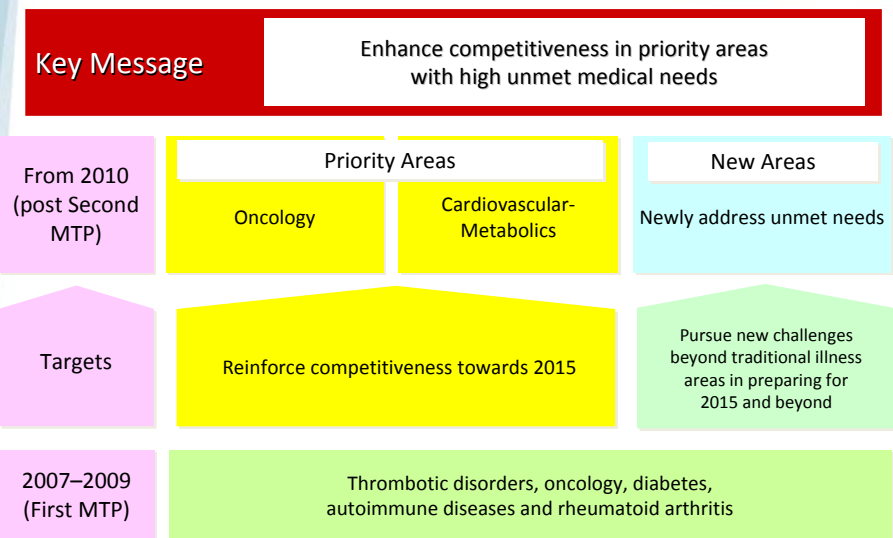


## Priority Areas in Terms of R&D Stages



26

## Priority Areas for Discovery



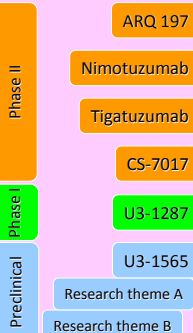
27

## Priority Area Efforts: Oncology

### Key Message

Build world-class pipeline by 2015

Research and early-stage development pipeline as of March 12, 2010



### Targets through 2015

- Secure market presence
- Accelerate proof-of-concept trial launches
- Accelerate market launches for new products and indications
- Reinforce pipelines with multiple new chemical entities (NCE)
- Enhance world class drug discovery capabilities and organization

### Undertake internal projects

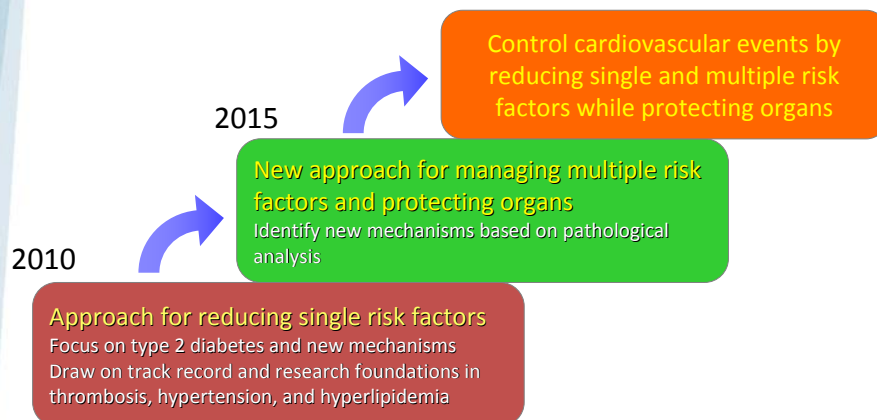
Secure external resources through in-licensing and M&As  
Establish R&D capabilities and technological foundations to underpin sustainable growth

28

## Priority Area Efforts: Cardiovascular-Metabolics

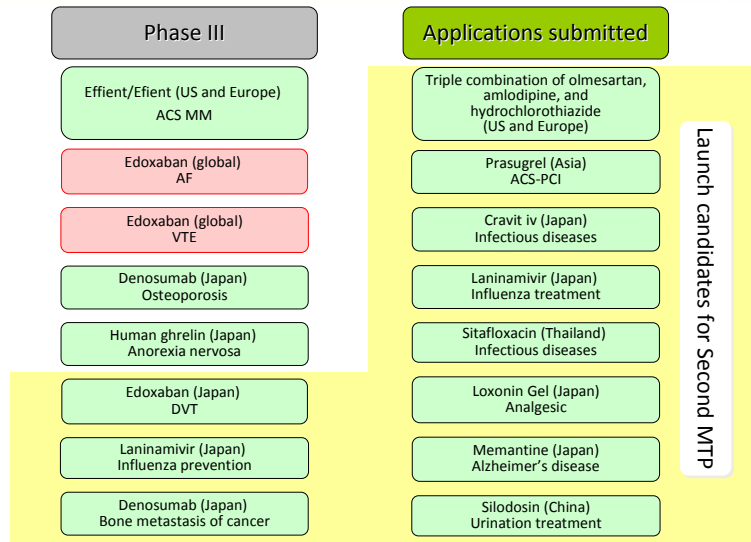
### Key Message

Further control cardiovascular events



29

## Development Projects (as of March 12, 2010)



30

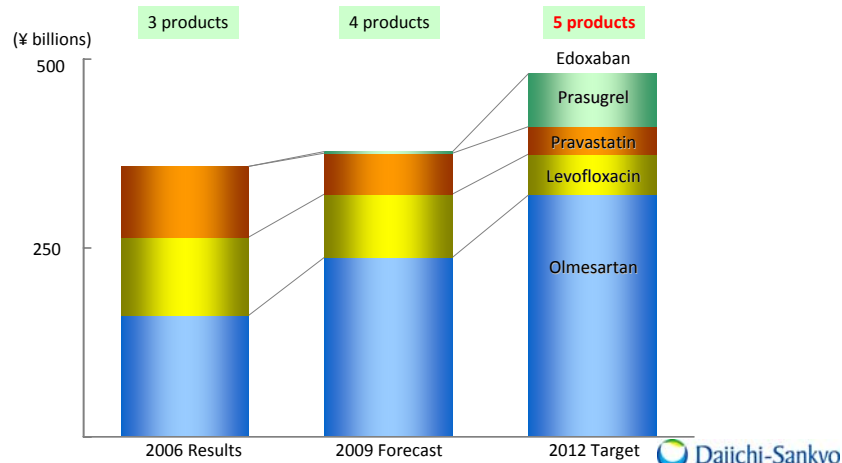
## 3-(3) Global Product Strategies

31

## Global Product Strategies

### Key Message

Maximize profits of Olmesartan franchise and Prasugrel, and launch Edoxaban



## Global Product Strategies: Olmesartan Franchise

### Key Message

Reach ¥300 billion in global sales

Swiftly expand Rezaltas in Japanese market

Swiftly expand CS-8635, particularly in US and Europe

Generate further growth by collaborating with Ranbaxy

➤ Optimize product value through life cycle management and marketing initiatives worldwide

## Global Product Strategies: Effient/Efient

### Key Message

Position Effient/Efient as first choice among oral antiplatelet agents by highlighting its strength, rapid onset, and less interpatient variability

Proactively promote efficacy in addition to safety

Conduct Trilogy ACS study

Launch in each country and build sales structures in emerging markets

- Highlight efficacy in suppressing cardiovascular events for acute coronary syndrome patients with percutaneous coronary interventions
- Swiftly expand applications for relevant indications

34



## Global Product Strategies: Edoxaban

### Key Message

Aim for Best-in-Class among oral factor Xa inhibitors

Pursue sole implementation of global development and quick NDA submissions

Enter DVT field in Japan as First-in-class product

Disseminate scientific information to maximize product potential



35



## 3-(4) Business Process Reengineering

36

### Business Process Reengineering

#### Key Message

Realize an industry-leading level of business management efficiency

Constrain Japanese Group staffing level

Promote standardization of worldwide business processes and global procurement

Harness value chain synergies with Ranbaxy

- Reduce selling, general and administrative expense ratio by 3 percentage points from fiscal 2009
- Reinforce front-end operations notably through Daiichi Sankyo Business Associe, Daiichi Sankyo RD Associe, and Daiichi Sankyo Happiness

37

## 3-(5) Financial Strategy and Shareholder Returns

38

## Financial Strategy and Shareholder Returns

### Key Messages

- Strengthen financial position
- Secure funds for investment
- Provide stable shareholder returns

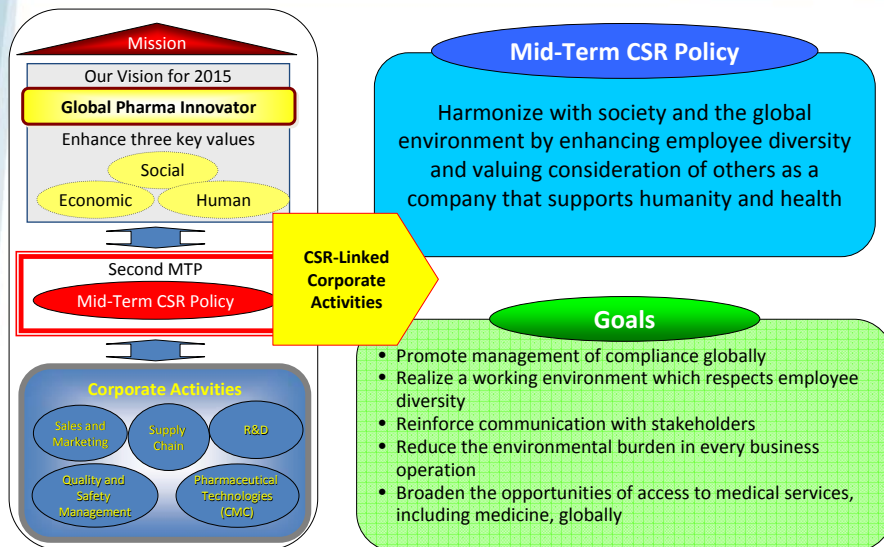
	Fiscal 2009 Forecast	Second MTP Target
EPS	¥63.9	Fiscal 2012: At least ¥140
ROE	5.2%	Fiscal 2012: At least 10%
Annual dividends	¥60 per share	Maintain stable dividends, raise dividends based on earnings levels

39

## 4. CSR Initiatives

40

### CSR Initiatives Commensurate with Our Global Operations



41



## 5. Human Resources Cultivation and Corporate Culture Development



42

### Human Resources Cultivation and Corporate Culture Development

#### Key Message

Continue to build a corporate culture in which all our employees are professional, responsible and accountable, and where they feel both satisfaction and challenge from their work and are able to demonstrate their abilities and talents

Cultivate employees with a global mindset who are self motivated and are able to demonstrate initiative

Re-energize communication and improve awareness of Our Values & Commitments

Increase mutual respect and caring within our workplaces and improve teamwork

➤ Three key concepts for creating a dynamic corporate culture:

- **Communication:** Conveying thoughts, sharing, and empathizing with each other
- **Commitment:** Taking responsibility and keeping promises
- **Caring:** Always taking interest and care in others and their work

43



Contact address for these materials

**Daiichi Sankyo Co., Ltd.**  
Corporate Communications Department

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

Numerical projections in these materials stem from management's judgments and assumptions based on currently available information, and may include risks and uncertainty. Results may differ from the forecasts.

These materials contain information on pharmaceuticals (including compounds under development) that is not intended to make representations regarding the efficacy or effectiveness of preparations or to provide any medical advice.