Based on a long-term view, the Daiichi Sankyo Group aims to sustainable improvement for our corporate value through contribution to the enrichment of quality of life around the world.
Daiichi Sankyo Group is committed, as a corporate 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.”

There are still many diseases for which the level of satisfaction with treatment is insufficient or for which there is no established treatment. Pharmaceutical companies have a significant mission of addressing these unmet medical needs and providing solutions to these problems.

In addition to that, based on current global demographics, if we consider how the world will change over the next 50 years or so, it is clear that developed nations will have to bear the burden of an aging population with slowing growth, whereas India, African nations, and other emerging counties will lead the growth of the global economy, and economic disparity will spread. Under such circumstances, health and access to medical care issues will involve more conflicts than ever, posing a variety of social challenges. In fact, this trend is already being observed in many parts of the world. We have to confront such problems.

With these environmental changes, we think that the Daiichi Sankyo Group with two pillars of new drugs and generics should aim to be able to provide global solutions as a Japan-based company in the future.

At present, the overall pharmaceutical industry is facing the serious problem of lost productivity in research and development. The larger issue is that we need to be able to serve patients with unmet medical needs. Therefore, we must look harder for ways to provide our society new innovative medicines and serve more patients. At the same time, we plan to put more of our efforts into social contribution, an area that cannot be accomplished only through ordinary business operations, so that such contribution can last much longer time in liaison with business.

For instance, we have initiated the promotion of open innovation in stronger alliance with academia in the drug discovery stage, partnership in vaccine businesses with foreign pharmaceutical companies, and public—private cooperation to fast-track new drug discovery processes for unmet medical needs, including muscular dystrophy.

For our pharmaceutical company, the enhancement of our corporate value is based on a cycle of economic values in which we generate innovative pharmaceuticals through R&D, deliver the gained economic values to stakeholders, including shareholders, local communities, and employees in a balanced manner and also make an investment for drug discovery activities, such as R&D toward the creation of pharmaceutical products. For the long-term, stable development of this value cycle, it is important to aggressively respond to the challenges created by ever-changing diverse social needs, perform our responsibilities and duties as social members, and grow with the society. More specifically, we have to operate an economic value cycle together with responsible corporate activities, such as encouraging corporate ethics, fostering excellent human resources, and our devotion to social agendas as a pharmaceutical company.

“We want to bring value to patients.” Realizing this earnest desire of ours by creating and providing innovative pharmaceuticals while earning the trust of stakeholders in the world is, I think, the goal that our company should strive for.
In fiscal 2013, Japanese economy modestly recovered, but the pharmaceutical industry remained in a very challenging business climate due to the tightening of safety and quality regulations and promotion of medical cost cutting measures. In this tough environment, the Daiichi Sankyo Group recorded increases in both revenues and profits in fiscal 2013, owing to domestic sales in Japan of pharmaceuticals.

The sales revenue increased by ¥123.6 billion, or 12.4% year on year, to ¥1,118.2 billion. The operating income increased by ¥12.8 billion, or 13.0% year on year, to ¥111.6 billion.

The profit attributable to owners of the Company declined by ¥3.1 billion, or 4.8% year on year, to ¥60.9 billion. Higher income taxes partly reflected a reversal of deferred tax assets related to a change in the tax rate following the expiration of the special corporation tax for reconstruction.

Looking back on the fiscal year of 2013, Daiichi Sankyo Group had two big events.

First, we completed New Drug Applications for the marketing of edoxaban, an anticoagulant expected to become one of our next flagship products, in Japan, the US, and EU, supported by the favorable results of Hokusai-VTE and ENGAGE-AF trials. We anticipate approval and launch by the end of fiscal 2014.

In contrast, Ranbaxy Laboratories Ltd. (“Ranbaxy”), our generic drug subsidiary based in India, has strived to reinforce quality assurance and enhance data reliability, in response to the US Food and Drug Administration’s ban on the import of products from four factories in India. In addition to our greater support for Ranbaxy, we considered different strategies to improve their business performance and corporate value and finally decided that the best strategy would be a merger of Ranbaxy into Sun Pharmaceutical Industries Ltd. (“Sun Pharma”), with Daiichi Sankyo Group receiving a stake of about 9% in the expanded Sun Pharma. As a result, the three companies concluded a contract on April 6, 2014. After the completion of the merger which is scheduled to occur at the end of December 2014 subject to final regulatory approvals, we will enter negotiations with Sun Pharma about partnership in our group operations in emerging countries.

**Chart 1**
Composition Ratio of Fiscal 2013 Sales Revenue by Segment
Among our important business challenges in fiscal 2014, we will describe our ongoing corporate efforts from the viewpoints of fostering of global products, growth of individual regional operations, and achievement of revenue and profit growths.

Fostering of Global Products

1. Maintenance and Expansion of Olmesartan

Antihypertensive Olmesartan, our anchor product, is distributed in more than 100 countries, including Japan, the US, and EU as major markets. Its sales in fiscal 2013 exceeded ¥300 billion in terms of yen. [Chart 2]

For the US and EU markets, where competition with branded and generic medicines in the same class or treating the same conditions, is extremely intense, we will further enhance the efficiency of our promotional activities and seek to expand the potential of the product.

In other regions, we will strive to maintain the position of Olmesartan by focusing our efforts on new combination therapies.

The patent term of Olmesartan in major markets will expire in sequence from 2016 onward, which will inevitably exert a large impact on our sales performance. The strategy to foster global products that will serve as the mainstay of our company represents our principal business challenge. [Chart 3]

### Chart 2

Sales of Olmesartan (local currency basis)

<table>
<thead>
<tr>
<th></th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014 (Planned)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan (100 million yen)</td>
<td>870</td>
<td>944</td>
<td>952</td>
<td>976</td>
<td>1,010</td>
</tr>
<tr>
<td>US (million US dollars)</td>
<td>1,102</td>
<td>1,112</td>
<td>1,142</td>
<td>1,120</td>
<td>1,050</td>
</tr>
<tr>
<td>EU (million euros)</td>
<td>408</td>
<td>468</td>
<td>448</td>
<td>488</td>
<td>450</td>
</tr>
<tr>
<td>ASCA* and other regions</td>
<td>139</td>
<td>165</td>
<td>207</td>
<td>247</td>
<td>240</td>
</tr>
</tbody>
</table>

<sup>*Asia, South and Central America</sup>

### Chart 3

Sustainable Growth with Smooth Transition of Key Drivers (100 million yen)

- Pravastatin
- Levo/floxacin
- Olmesartan
- Edoxaban
- Prasugrel
- Levofloxacin
2. Fostering of Prasugrel into a Major Product

Prasugrel, an antiplatelet drug already well-established on the market in more than 70 countries, including the US and EU, was recently launched in Japan on May 27, 2014 (Product name: Efient).

Prasugrel in Japan is indicated to prevent vascular stenosis and occlusion by inhibiting platelet aggregation and is expected to reduce the recurrences of myocardial infarction and angina pectoris.

The dose tailored to Japanese subjects was lower than that used in the US and EU. In Phase III trials in Japan, prasugrel more effectively reduced cardiovascular events, including myocardial infarction from the early stage of treatment onward compared with the competitor clopidogrel. The stable effect of prasugrel and the same level of safety as with existing drugs have also been confirmed in these studies.

In Japan, a Phase III trial for an additional indication of ischemic stroke is currently ongoing.

The Japanese market for competitive drugs exceeds 180 billion yen on a drug price basis and has expanded by more than 30% over the past five years. We will emphasize the excellent profile of prasugrel to make it a major product and a standard treatment in Japan.
3. Edoxaban, a potential future growth driver

Edoxaban is a novel oral anticoagulant (NOAC) developed by Daiichi Sankyo that specifically inhibits factor Xa, which is a factor in the coagulation system that leads to blood clotting.

Under the name of LIXIANA, edoxaban was approved in Japan in April 2011, for the prevention of VTE after major orthopedic surgery and was launched in July 2011.

We submitted an application for additional indications in Japan for the prevention of ischemic stroke and systemic embolism in patients with non-valvular atrial fibrillation (NVAF) and for the treatment and recurrence prevention of venous thromboembolism (VTE) [deep vein thrombosis (DVT) and pulmonary thromboembolism]. Daiichi Sankyo has also filed for approval of once-daily edoxaban in both the U.S. and EU for the prevention of stroke in NVAF and for symptomatic VTE in patients with DVT and/or pulmonary embolism (PE). Regulatory review is currently under way.

In preparation for full-scale commercialization across the globe, we have analyzed the characteristics of the anticoagulant market and determined a desirable approach to commercializing this product.

While the novel oral anticoagulant (NOAC) market is rapidly growing, warfarin still represents the standard of care. Currently the NOACs seem to have the potential to replace warfarin and are expected to gain new prescriptions for further growth and edoxaban will be one of the agents.

In the NOAC market, Bayer’s rivaroxaban is a market leader at present. The reasons for its success may include the convenient once-daily dosing and their consistent brand strategy tailored to each market.

Geographically, this market mainly comprises developed nations including Japan, the US, and the EU.

Based on these market characteristics, we have concluded that “quality” is more important than “quantity [number of medical representatives (MRs)]” of our marketing efforts.

We believe that the determinant of success in this market is the qualitatively excellent business skills with which we can effectively approach a variety of stakeholders, rather than the quantitative approach focused on MR activities to physicians that is adopted in the antihypertensive market.

In the anticoagulant market, once a specific agent is prescribed, a patient tends to stay on that medication. As a result, there is very little switching from one anticoagulant medication to another. For this reason it is especially important that specialists who first treat patients understand edoxaban. Generating and conveying a wide variety of information that helps to provide helpful information about edoxaban to these specialists is key. A consistent brand strategy and speedy decision making are essential for such quality marketing activities.

The strengths of edoxaban are, as seen in Phase III trials, convenience of once-daily dosing and a high level of safety.

In addition, backed by data from clinical trials with multiple dose levels, the dose can be adjusted depending on patient conditions.

We conducted two global Phase III trials in a world largest scale: ENGAGE-AF TIMI 48 trial in 21,105 patients with a 2.8-year follow-up and Hokusai-VTE trial in 8,292 patients with a 12-month follow-up. In both high-quality trials, edoxaban was found to be non-inferior in efficacy and superior in safety to warfarin (the comparator medication) that was prescribed in an extremely well-controlled condition.

In Japan, edoxaban has already been prescribed to more than 150,000 patients since its initial sales in 2011 as an inhibitor of venous thromboembolism following orthopedic surgery, and a substantial body of safety data has been accumulated.

Market Characteristics and Desirable Commercialization Mode

Marketing Characteristics

- The NOAC market is growing rapidly.
- Warfarin still accounts for a large part of prescriptions.
- Rivaroxaban is a market leader.
- The market mainly comprises developed countries, including Japan, the US, and the EU.

Desirable Marketing System

- “Quality” is more important than the “quantity” of marketing efforts.
- Ability to serve a variety of stakeholders
- Consistent brand strategy and speedy decision making

Strengths of Edoxaban

- Convenient once-daily dosing
- Less major bleeding than warfarin
- The dose can be adjusted depending on patient conditions.
- The results achieved in large, worldwide high-quality Phase III trials in a world largest scale.
- Accumulation of safety data from over 150,000 patients in Japan

Please refer to “Special Topic Edoxaban from Japan to the World” on page 26 for details.
Maximization of Sales and Profits in Individual Regional Businesses

1. Further Market Penetration through Continued Growth of New Products

In Japan, our products launched from 2010 onward, namely, Rezaltas, Inavir, Memary, Nexium, Ranmark, and Pralia, have contributed to our sales increase and a rapid increase of our market share.

Our estimated share of the Japanese market was 5.26% in fiscal 2011, 5.53% in fiscal 2012, and 5.58% in fiscal 2013.

The launches of Efient in May 2014 and Canaglu, a treatment of type 2 diabetes mellitus, in August the same year has helped further reinforce our product portfolio. We are making every effort to increase our sales and market share with an aim to gain a top share in the Japanese market.

Sales of edoxaban have the potential to surpass the rate of growth of the overall NOAC market and become a key growth driver for our company.

One of the strengths of the Daiichi Sankyo Group’s business operation is our experience in the cardiovascular and thrombosis fields through the active marketing of olmesartan launched in 2002 and prasugrel launched in 2009.

In the US and EU markets, olmesartan has been very successful in the market for antihypertensive drugs, supported by our own sales force network. We have established relationships with thrombosis specialists through the development of prasugrel and learned a great deal in the course of operating activities in this field.

We have high-quality marketing abilities in Japan, the US, and the EU.

As described above, we have concluded that we will be able to successfully commercialize edoxaban to maximize its value in the future, pending approval by health authorities where it is currently under review, if we capitalize on the strengths of the product as well as our business operations.

Daiichi Sankyo will act as the sole supplier of edoxaban in Japan, the US, and the EU. In other countries/regions, we will select the most suitable partners for individual countries/regions to commercialize edoxaban as a joint project, considering marketing conditions and our operating base in each country/region.

Maximization of Sales and Profits in Individual Regional Businesses

Sales Plan for Main Products in Japan

<table>
<thead>
<tr>
<th></th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014 (planned)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Olmetec</td>
<td>78.3</td>
<td>79.1</td>
<td>79.0</td>
</tr>
<tr>
<td>Rezaltas</td>
<td>16.9</td>
<td>18.5</td>
<td>22.0</td>
</tr>
<tr>
<td>Loxonin</td>
<td>59.6</td>
<td>59.3</td>
<td>52.0</td>
</tr>
<tr>
<td>Nexium</td>
<td>21.6</td>
<td>54.2</td>
<td>67.0</td>
</tr>
<tr>
<td>Memary</td>
<td>23.8</td>
<td>33.3</td>
<td>50.0</td>
</tr>
<tr>
<td>Inavir</td>
<td>11.1</td>
<td>13.4</td>
<td>10.0</td>
</tr>
<tr>
<td>Ranmark</td>
<td>4.4</td>
<td>8.1</td>
<td>10.0</td>
</tr>
<tr>
<td>Pralia</td>
<td>–</td>
<td>3.2</td>
<td>12.0</td>
</tr>
</tbody>
</table>
2. Growth Path of Luitpold by Boosting Injectafer

Luitpold Pharmaceuticals in the US is pursuing growth opportunities by leveraging Injectafer for iron-deficiency anemia.

Injectafer, first launched in 2013, is indicated in a wide range of patients, not limited to patients with chronic kidney disease. It can be administered to patients who have a broad range of etiologies who either are intolerant to or respond poorly to the oral treatment of anemia. In this class of drugs, Injectafer can be used at the highest dose with confirmed safety and efficacy. The shortest infusion takes only 15 minutes, offering excellent convenience to patients and providers.

In the US, the non-dialysis market for treatments of iron-deficiency anemia, more specifically, gastrointestinal, oncological and gynecological market, currently suffers low treatment satisfaction due to the limitations of available options. Injectafer is able to address these limitations.

Because this market is expected to show a double-digit yearly growth, we are planning to target the non-dialysis market with the medium-term objective of making Injectafer into Luitpold’s flagship product.

Achievement of Revenue and Profit Increases

Through unified efforts in addressing the above-mentioned challenges, we are determined to increase our revenue and profit in fiscal 2014 to accomplish the estimated sales revenue of ¥920 billion (a 2.3% increase year on year) and the estimated operating income of ¥120 billion (a 6.3% increase year on year). *The operation of Ranbaxy group will be discontinued after a merger with Sun Pharma that is expected to occur at the end of 2014. The figures shown here are, therefore, for the Daiichi Sankyo Group (continuing operations) excluding Ranbaxy group.

Consolidated Forecasts for Fiscal 2014

<table>
<thead>
<tr>
<th></th>
<th>FY2013</th>
<th>FY2014 Forecast</th>
<th>Increase/decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>899.1</td>
<td>920.0</td>
<td>+ 20.9 (+ 2.3%)</td>
</tr>
<tr>
<td>Operating income</td>
<td>112.9</td>
<td>120.0</td>
<td>+ 7.1 (+ 6.3%)</td>
</tr>
<tr>
<td>Profit attribute to owners of the Company</td>
<td>68.8</td>
<td>78.0</td>
<td>+ 9.2 (+ 13.3%)</td>
</tr>
<tr>
<td>Dividends per share</td>
<td>60 (yen)</td>
<td>60 (yen)</td>
<td></td>
</tr>
</tbody>
</table>
Responsible Corporate Activities Based on Corporate Conduct Charter

As a life-science oriented company, we comply with laws, regulations and rules regarding global corporate activities, and act with the highest ethical standards and a good social conscience appropriate for a company engaged in a business that affects human lives based on the following principles. We fulfill our corporate social responsibility (CSR) by actively responding to an ever-changing society and enacting improvements for corporate value. Daiichi Sankyo Group is performing responsible corporate activities based on the Daiichi Sankyo Group Corporate Conduct Charter as the corporate conduct principles (refer to page 03).

1. Encouraging Corporate Ethics
The conduct of our activities in accordance with national/regional laws and regulations, social norms, ethics, and convention must be ensured for sustained business operations. In particular, because of our industry's connection to patients' health, pharmaceutical companies are required to ensure legal compliance in all of their business activities from R&D and drug production to supply chain, quality assurance, marketing, and sales. The Daiichi Sankyo Group has the Corporate Conduct Charter to ensure the highest ethical standards and good social conscience appropriate for a company. Based on the spirit of the Charter, Daiichi Sankyo and each Group company has developed a code of conduct suited to each region and its legal, regulatory, industrial and social requirements and holds all executive officers and employees accountable to it. Against the backdrop of increasing cross-border laws and regulations as well as growing social demands, we have developed a Group-wide policy concerning behavioral principles for corporate officers and employees on an individual level and base our sustained growth on their full compliance.

In Japan, the regulatory authorities have requested pharmaceutical companies about the way of supporting clinical studies. We realigned our organizational functions by the end of fiscal 2013 in our continued efforts to address this issue.

2. Fostering Excellent Human Resources
The pharmaceutical industry is an innovation business, and innovation cannot be achieved without creative thinking and science. Therefore, it can be said that placing human resources as the most significant assets, securing excellent staff, and maintaining their motivation is one of our paramount management objectives.

Our researchers are ambitious to create excellent drugs for patients, and this ambition is one of the main drivers to realize innovation. Securing people with unique ideas and a venture spirit who can strive for innovation without the fear of failure is the foundation of our sustained growth.

It is also important for us to accomplish diversification and globalization at a faster pace than before to conduct our operational strategies. Sharing a clear attitude toward work with all of the Group employees is necessary in order for us, a group of people with different cultural backgrounds and ways of thinking and diverse talents, to make concerted efforts toward the same goal. We believe that our long-term success, in other words, the fulfillment of our corporate philosophy, will become a reality when our employees who share the values of our company grow together with Daiichi Sankyo through active open-minded communication and work with passion.

Please refer to "Promote Ethical Business Management in Compliance with Law" on page 56 for details.

Please refer to "Mutual Growth of Employees and the Company" on page 62 for details.
3. Our Devotion to Social Agendas as a Pharmaceutical Company

As health and medical issues are expected to become a critical and social concern, the Daiichi Sankyo Group regards expanding access to medicine as a social responsibility and is committed to contributing to society by globally providing solutions in various ways.

For instance, many people in developing countries are suffering a lack of access to medical services for economic reasons or owing to inadequate social infrastructure. As a member of the healthcare industry, we will contribute to the resolution of such global health issues in cooperation with NGOs, public administrators, and communities. In addition, there are patients with rare diseases that require an adequate treatment, but have seen a poor progress in the research and development of pharmaceuticals or medical devices.

We will make Group-wide efforts in expanding access to medical services, including the resolution of global health issues and R&D activities for rare diseases, to meet unmet medical needs in the world. We firmly believe that such a strategic approach to the expansion of access to medical services will bring opportunities for our innovation and unique partnerships and these efforts will support our sustained growth.

Please refer to "Broaden the Opportunities of Access to Medical Services" on page 72 for details.