



Press Release

Company name: DAIICHI SANKYO COMPANY, LIMITED

Representative: Sunao Manabe, Representative Director, President and COO

(Code no.: 4568, First Section, Tokyo Stock Exchange)

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Daiichi Sankyo to Absorb Japan Research Subsidiary, Asubio Pharma Co., Ltd.

Tokyo, Japan (November 30, 2017) - Daiichi Sankyo Company, Limited (Headquarters: Chuo-ku, Tokyo; hereafter, Daiichi Sankyo) today announced that at a Board of Directors Meeting held today a resolution was passed for an absorption-type merger (hereafter, the merger) with its research subsidiary Asubio Pharma Co., Ltd. (Office location: Kobe-shi, Hyogo Prefecture; hereafter, Asubio), effective April 1, 2018, and an absorption-type merger agreement dated today was concluded.

As the merger is a simplified absorption-type merger with a wholly owned subsidiary company, some items and details are omitted in its disclosure.

1. Purpose of merger

Asubio mainly focuses on psychiatric and neurological diseases, immune and inflammatory diseases and regenerative medicine, conducting research based on its position as a drug discovery venture within the Daiichi Sankyo Group.

Daiichi Sankyo expects the integration of the venture spirit of Asubio into other research activities of Daiichi Sankyo to contribute to improving R&D productivity.

2. Summary of merger

(1) Merger schedule

| | |
|--|-------------------|
| Date of Board of Directors resolution (Asubio) | November 29, 2017 |
| Date of Board of Directors resolution (Daiichi Sankyo) | November 30, 2017 |
| Date of conclusion of merger agreement | November 30, 2017 |
| Date of merger (effective date) | April 1, 2018 |

Note: For Daiichi Sankyo the merger is a simplified merger as stipulated in Article 796, Paragraph 2 of the Companies Act and for Asubio it is a short form merger as stipulated in Article 784, Paragraph 1 of the Companies Act. Therefore, neither company will hold a general shareholders meeting to approve the merger agreement.

(2) Form of merger

The form of the merger is an absorption-type merger with Daiichi Sankyo as the surviving company; Asubio will be dissolved.

(3) Allocations with merger

Since Asubio is a wholly owned consolidated subsidiary of Daiichi Sankyo, there will be no issuance of new shares or cash allocation with the merger.

(4) Handling of subscription rights to shares and bonds with subscription rights to shares of extinct company

Asubio has not issued any subscription rights to shares or bonds with subscription rights to shares.

3. Outline of merging companies

[Surviving company]

| | |
|---|--|
| (1) Company name | Daiichi Sankyo Company, Limited |
| (2) Headquarters location | 3-5-1, Nihonbashi Honcho, Chuo-ku, Tokyo, Japan |
| (3) Representative | Sunao Manabe, Representative Director, President and COO |
| (4) Type of business | Research & development, manufacture, sales, and marketing of pharmaceutical products, etc. |
| (5) Paid-in capital | 50 billion yen |
| (6) Foundation date | September 28, 2005 |
| (7) Number of ordinary shares issued | 709,011,343 |
| (8) Settlement of accounts | March 31 |
| (9) Primary shareholders and percent of shares held (As of September, 2017) | <ul style="list-style-type: none"> • The Master Trust Bank of Japan, Ltd. (trust account): 7.95% • Japan Trustee Services Bank, Ltd. (trust account): 6.80% • Nippon Life Insurance Company: 5.05% • JP MORGAN CHASE BANK 380055: 2.26% • Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd.: 2.03% |

| (10) Financial position and operating results for immediately preceding business year (ending March, 2017) Japanese accounting standards | |
|--|-----------------------|
| Net assets | 888,519 million yen |
| Total assets | 1,463,461 million yen |
| Net assets per share | 1,336.57 yen |
| Revenue | 629,151 million yen |
| Operating income | 18,483 million yen |
| Ordinary income | 40,976 million yen |
| Net income | 10,479 million yen |
| Net income per share | 15.61 yen |

[Extinct company]

| (1) Company name | Asubio Pharma Co., Ltd. |
|---|--|
| (2) Office location | 6-4-3 Minatojima-minamimachi, Chuo-ku, Kobe-shi, Hyogo Prefecture, Japan |
| (3) Representative | Yoshiharu Minamitake, President & CEO |
| (4) Type of business | Entrusted research & development of pharmaceuticals, etc. |
| (5) Paid-in capital | 50 million yen |
| (6) Foundation date | October 16, 2009 |
| (7) Number of ordinary shares issued | 1,000 |
| (8) Settlement of accounts | March 31 |
| (9) Principal shareholders, percent of shares held | Daiichi Sankyo Company, Ltd.; 100% |
| (10) Financial position and operating results for immediately preceding business year (ending March 2017) Japanese accounting standards | |
| Net assets | 417 million yen |
| Total assets | 5,753 million yen |
| Net assets per share | 417,792.94 yen |
| Revenue | 8,153 million yen |
| Operating income | 2,870 million yen |
| Ordinary income | 2,870 million yen |
| Net loss | 32 million yen |
| Net loss per share | 32,248.23 yen |

4. Situation after merger

Asubio's office and base of operations in Kobe will be closed and Daiichi Sankyo will take over its business and functions. There will be no change to Daiichi Sankyo's company name, headquarters location, name and title of representative, type of business, paid-in capital or accounts settlement date with the merger.

5. Expected effect of merger on results

As the merger is with a wholly owned subsidiary, it will have a marginal effect on Daiichi Sankyo's consolidated results.