

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)  
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### **DAIICHI SANKYO Announces Simplified Merger with Subsidiaries**

**Tokyo, November 30, 2006** –DAIICHI SANKYO COMPANY, LIMITED (hereafter; DAIICHI SANKYO) announced its decision to merge with its fully owned subsidiaries Sankyo Co., Ltd., (hereinafter; Sankyo) and Daiichi Pharmaceutical Co., Ltd., (hereinafter; Daiichi Pharmaceutical), following a meeting held by the Board of Directors. A merger agreement was also signed today.

#### **1. Purpose of the Merger:**

Aiming to become a Japan-based Global Pharma Innovator, DAIICHI SANKYO was established as a pure holding company in September last year by way of a stock transfer from Sankyo and Daiichi Pharmaceutical. Since then, acting as a holding company, the company has been carrying out a program of integration with various group and other companies. Now that the company has reached the final stages of integration it will merge with these two companies and emerge as an all-new DAIICHI SANKYO in April 2007.

As for the future, DAIICHI SANKYO aims to realize high growth and maximize its corporate value by improving its ability to create innovative drugs, maintaining its high competitiveness both domestically and overseas, and pursuing the highest operational efficiencies in the industry by way of integration.

## 2. Outline of the merger

### 1. Merger schedule

Board meeting for approval of merger	November 30, 2006 (Directors of the acquiring company and the two target companies)
Signing of merger agreement	November 30, 2006 (Directors of the acquiring company and the two target companies)
Merger effective	Scheduled for April 1, 2007
Registration of merger	Scheduled for April 2, 2007

Note: The company will not hold a general shareholders' meeting to attain approval of the merger as it is a simplified merger pursuant to Article 796, Paragraph 3 of the Japanese Companies Law.

### 2. Method of merger

The merger will take the form of an acquisition with DAIICHI SANKYO being the surviving company and Sankyo and Daiichi Pharmaceutical being dissolved.

### 3. Merger ratio

As DAIICHI SANKYO already owns all shares of Sankyo and Daiichi Pharmaceutical, there will be no issuance of shares or increase in capital as a result of the merger.

### 4. Outline of accounting treatment

For accounting purposes, the merger will be treated as an incorporation transaction under a common authority using the accounting standards that apply for a corporate merger.

## 3. Outline of companies concerned with the merger, as of September 30, 2006

Company name	DAIICHI SANKYO (Acquiring company)	Sankyo (Target company)	Daiichi Pharmaceutical (Target company)
Main business	Management of group companies and subsidiaries operating pharmaceutical businesses	Manufacture, trading, import and export of pharmaceutical products	Manufacture, trading, import and export of pharmaceutical products
Date of est.	September 28, 2005	March 1, 1913	January 31, 1918
Headquarters	3-5-1, Nihonbashi-Honcho, Chuo-ku, Tokyo 103-8426, Japan	3-5-1, Nihonbashi-Honcho, Chuo-ku, Tokyo 103-8426, Japan	3-14-10, Nihonbashi, Chuo-ku, Tokyo 103-8234, Japan
Representative	Takashi Shoda, President and Representative Director	Yasuhiro Ikegami, President and Representative Director	Kiyoshi Morita, President and Representative Director
Capital	¥50 billion	¥68.7 billion	¥45.2 billion
Total no. of shares outstanding	735,011,343 shares	422,753,456 shares	269,420,093 Shares
Net assets	¥1,188.4 billion	¥746.9 billion	¥473.8 billion
Total assets	¥1,214.8 billion	¥896.9 billion	¥567.7 billion
FY-end	March 31	March 31	March 31
Employees	83	5,181	3,290

Key business partners	N/A	Alfresa Corporation Toho Pharmaceutical Co., Ltd. Suzuken Co., Ltd	Alfresa Corporation Mediceo Paltac Holdings Co., Ltd. Suzuken Co., Ltd.
Major share- holders & holding ratios	The Master Trust Bank of Japan, Ltd. (Trust Account): 8.16% Japan Trustee Services Bank, Ltd. (Trust Account): 6.00% Nippon Life Insurance Company: 5.69% The Chase Manhattan Bank NA London SL Omnibus Account: 2.28% Sumitomo Mitsui Banking Corporation: 1.82%	DAIICHI SANKYO: 100%	DAIICHI SANKYO: 100%
Main transaction banks	Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation	Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation Shizuoka Bank, Ltd.	Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation Bank of Tokyo-Mitsubishi UFJ, Ltd.
Corporate relationships	Capital	The target companies are fully-owned subsidiaries of the acquiring company	
	Personnel	Officers and employees of the acquiring company hold concurrent positions or are on temporary transfer to the target companies.	
	Transactions	Management instruction consignment and profit dividend transactions	

Performance over the last three fiscal years

	DAIICHI SANKYO			Sankyo			Daiichi Pharmaceutical		
	FY 2003	FY 2004	FY 2005	FY 2003	FY 2004	FY 2005	FY 2003	FY 2004	FY 2005
Net Sales (¥ bill.)	—	—	76.6	376.6	340	318.1	253.4	259.9	278.1
Operating income (¥ bill.)	—	—	73.9	92.8	64.4	46.3	45.3	54.4	71.1
Ordinary income (¥ bill.)	—	—	73.5	93.8	64.1	48.9	46.5	56.3	74.1
Net income (¥ bill.)	—	—	73.5	56.2	37.5	23.1	27.9	19.3	31.1
Net income per share (¥)	—	—	100.06	128.47	87.23	54.26	102.29	71.53	115.65
Dividend per share (¥)	—	—	25.00	30.00	40.00	—	30.00	40.00	—
Net assets per share (¥)	—	—	1,641.98	1,640.33	1,694.75	1,660.81	1,502.24	1,545.88	1,587.54

Note:

1. FY2005 is dated from September 28, 2005 to March 31, 2006.
2. DAIICHI SANKYO paid each of the shareholders of Sankyo or Daiichi Pharmaceutical as listed in the final Shareholder Registrar on September 27, 2005 a share transfer subsidy of 25 yen per each ordinary share in place of the usual first-half dividend payments of these two companies.

4. Summary of Merger

Company	DAIICHI SANKYO COMPANY, LIMITED
Main businesses	Manufacture, trade, import and export of pharmaceutical products
Headquarters	3-5-1, Nihonbashi-Honcho, Chuo-ku, Tokyo
Representative	Takashi Shoda, President & Representative Director
Capital	¥50 billion (No capital increase will occur as a result of the merger)
Total assets	¥1,500 billion (Rough estimate)
FY-end	March 31
Affect on operations	As the target companies are already fully owned subsidiaries, the merger will have no effect on our consolidated performance.