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[Translation]

Security Code No. 4506

May 30, 2013

Dear Shareholders:

Notice of Convocation of the 193rd Annual Shareholders' Meeting

You are cordially invited to attend the 193rd Annual Shareholders' Meeting (the "Meeting") of Dainippon Sumitomo Pharma Co., Ltd. (the "Company"), which will be held as stated below.

If you are unable to attend the Meeting in person, you may exercise your voting rights by either of the methods specified below. Please review the attached Reference Documents for the Shareholders' Meeting on pages 38 to 55 and exercise your voting rights no later than 5:00 p.m., Thursday, June 20, 2013 (JST).

■ Voting in Writing

Please indicate your approval or disapproval of the proposals on the voting form enclosed herewith, and return the form within such period that would allow the Company to receive the form by the deadline noted above.

■ Voting by Electromagnetic Methods (the Internet, etc.)

After reading the "Instructions for Voting by Electromagnetic Methods (the Internet, etc.)" on pages 56 to 57, please access the online voting website designated by the Company (<http://www.web54.net>) and indicate your approval or disapproval of the proposals by following the instructions displayed on the screen, within the deadline noted above.

1. **Date and Time:** 10:00 a.m. on Friday, June 21, 2013

2. **Place:** 7th Floor of the Company's
Corporate Headquarters Building
6-8, Doshomachi 2-Chome,
Chuo-ku, Osaka, Japan

3. **Purpose of the Meeting:**
Matters to be Reported:
 1. Business Report; Consolidated Financial Statements; and Non-consolidated Financial Statements for the 193rd Fiscal Year (from April 1, 2012 to March 31, 2013)
 2. Audit Report of the Accounting Auditor and Audit Report of the Audit & Supervisory Board on the Consolidated Financial Statements**Matters to be Resolved:**
 - First Proposal:** Appropriation of Surplus
 - Second Proposal:** Partial Amendments to the Articles of Incorporation
 - Third Proposal:** Election of Eight (8) Directors
 - Fourth Proposal:** Election of Three (3) Audit & Supervisory Board Members

Yours faithfully,

Dainippon Sumitomo Pharma Co., Ltd.
6-8, Doshomachi 2-Chome,
Chuo-ku, Osaka, Japan

By: Masayo Tada
Representative Director and President

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- If you will be attending the Meeting in person, please submit the voting form enclosed herewith to the receptionist at the place of the Meeting. Also, please bring this Notice with you on the day of the Meeting at the Meeting venue.
 - The Notes to Consolidated Financial Statements and Notes to Non-consolidated Financial Statements are posted on the Company's website in accordance with laws and regulations, as well as with Article 16 of the Company's Articles of Incorporation; accordingly, they are no longer included in the documents attached to this Notice.
 - The Consolidated Financial Statements and Non-consolidated Financial Statements, which have been audited by the Audit & Supervisory Board Members and the Accounting Auditor, include not only the documents contained in the documents attached to this Notice but also the Notes to Consolidated Financial Statements and Notes to Non-consolidated Financial Statements, which are posted on the Company's website.

- Any modification that may be made to the Reference Documents for the Shareholders' Meeting, Business Report, Consolidated Financial Statements and/or Non-consolidated Financial Statements will be displayed at the Company's website.
- The Company's website address is <http://www.ds-pharma.co.jp/>

Business Report

(From April 1, 2012 to March 31, 2013)

Note: In this Business Report, Dainippon Sumitomo Pharma. Co., Ltd. is referred to as the "Company", and the Dainippon Sumitomo Pharma Group, consisting of the Company and its subsidiaries, is referred to as the "DSP Group".

1. Matters Regarding the Current Circumstances of the DSP Group

(1) Course and Results of the Business of the DSP Group

The Japanese economy during the current consolidated fiscal year remained sluggish under the influence of a prolonged economic slump in Europe and the strong yen, but since the political power transfer in December last year, a sign of recovery of the economy, such as a correction of the yen appreciation and an upward trend of share prices, has been seen, and the future economic and fiscal policy movements, including the countermeasures for breaking out of the deflation at an early stage, are attracting much attention. In the meantime, as for the world economy, the U.S. economy, while still having certain fiscal concerns, is on track to a gradual recovery, and the economies in Asian countries are showing a trend toward expansion as a whole. However, there exists a deep and strong anxiety about the European fiscal crisis, and the world economy is still progressing under uncertainty over the future.

In the pharmaceutical industry, in addition to sluggish new drug creation and increased development costs, stricter screening procedures for approval and the measures to curb medical expenses are going on around the world, and also in Japan, a move toward the measures to promote the use of generic products is accelerating, and a severe business environment continues to exist.

Under such circumstances, in Japan, the DSP Group not only endeavored to achieve further sales expansion of strategic products, such as AVAPRO[®], a therapeutic agent for hypertension and LONASEN[®], an atypical antipsychotic, but also launched AIMIX[®], a therapeutic agent for hypertension, last December and focused its efforts on information provision activities aiming for market penetration at an early stage. In overseas markets, a U.S. subsidiary, Sunovion Pharmaceuticals Inc. (hereinafter, "Sunovion") strived for sales expansion primarily through LATUDA[®] (generic name: lurasidone hydrochloride), an atypical antipsychotic and increased sales in the United States. In addition, LATUDA[®] was also launched in Canada last September.

As for the efforts for future business expansion, the DSP Group reinforced development pipelines and improved the research and development system in the oncology area by acquiring Boston Biomedical, Inc. (hereinafter, "BBI") in the United States in April last year and newly establishing the DSP Cancer Institute last September. In addition, to acquire pipelines in the respiratory area, Sunovion acquired Elevation Pharmaceuticals, Inc. (currently, Sunovion Respiratory Development Inc., hereinafter, "SRD") in the United States last September. Furthermore, in January this year, as a base for our business expansion in Southeast Asia, the Company set up its 100% subsidiary, Sunovion Pharmaceuticals Asia Pacific Pte. Ltd. in Singapore.

Business performance for the current fiscal year resulted in a decrease in net sales in Japan due to the impact of the drug price revision of pharmaceutical products although net sales in the United States progressed satisfactorily, and as a result, consolidated net sales amounted to 347,724 million yen (a 0.8 % decrease from the previous fiscal year). As a result of the entire DSP Group's concerted efforts to reduce expenses, and so forth, operating income amounted to 25,043 million yen (a 22.8 % increase from the previous fiscal year) and ordinary income amounted to 24,505 million yen (a 29.8 % increase from the previous fiscal year). In addition, with business structure improvement expenses incurred as a result of promoting organizational and operational reforms in Japan and the U.S. having been posted as extraordinary loss, net income for the current fiscal year amounted to 10,043 million yen (a 16.4 % increase from the previous fiscal year).

Business performance by reportable segment is as follows:

① Japan

Although the sales of METGLUCO[®], a biguanide oral hypoglycemic and TRERIEF[®], a Parkinson's disease drug increased sharply and the sales of newly marketed AIMIX[®] contributed as well, due to the impact of the drug price revision and decreased sales of existing products, net sales amounted to 174,454 million yen (a 3.0 % decrease from the previous fiscal year). With regard to income, the drug price revision also had a significant impact, and although selling, general and administrative expenses decreased through the efforts to reduce expenses, segment income amounted to 60,644 million yen (an 8.7 % decrease from the previous fiscal year).

② North America

More significant sales performance of LATUDA[®] than the original sales plan and milestone revenue relating to licenses have offset the sales decrease of XOPENEX[®], a short-acting beta-agonist whose period of exclusivity expired, thus net sales amounted to 115,835 million yen (a 6.8 % increase from the previous fiscal year). As selling, general and administrative expenses decreased through the reduction effect of labor costs as a result of business structure improvement, segment income amounted to 15,045 million yen (in the previous fiscal year, a loss of 323 million yen).

③ China

In addition to the increased sales of MEROPEN[®], a carbapenem antibiotic, ALMARL[®], a therapeutic agent for hypertension, angina pectoris, and arrhythmia and GASMOTIN[®], a gastroprokinetic, also increased sales. As a result, net sales amounted to 7,642 million yen (a 16.8 % increase from the previous fiscal year) and segment income amounted to 1,831 million yen (an 89.7 % increase from the previous fiscal year).

④ Other regions

Export sales have decreased due to the fact that the period of duration of the patent of MEROPEN[®] in overseas major countries expired. As a result, net sales amounted to 9,267 million yen (a 39.1 % decrease from the previous fiscal year) and segment income

amounted to 4,341 million yen (a 38.1 % decrease from the previous fiscal year).

In addition to the above-mentioned reportable segments, the DSP Group markets food ingredients, food additives, materials for chemical products, veterinary drugs, diagnostic agents, etc., and net sales of those types of business amounted to 40,525 million yen (a 0.5 % increase from the previous fiscal year) and segment income amounted to 2,996 million yen (a 5.2 % decrease from the previous fiscal year).

The status of research and development activities is as follows:

The DSP Group has been carrying out drug discovery research, designating the psychiatry and neurology areas as “a key strategic area” and the specialty area for cancer, immune-related diseases, etc. that has increasing unmet medical needs, and requires a high level of expertise in each of research, development, and sales areas as “a frontier therapeutic area”. In the oncology area, the DSP Group has been striving to establish a global cancer research and development system in manners such as to newly establish the DSP Cancer Institute in Japan last September as an organization independent from the Drug Research Division and under the direct control of the president, and in the U.S. such as to set up a new base near Boston in February this year so as to expand the scale of research activities of BBI.

At the initial stage of research, the Company is not only endeavoring to improve research efficiency by making use of advanced technologies owned by itself, such as genomics, proteomics, and metabolomics, as well as the supercomputer, KEI that started functioning in Kobe City last September, but also making efforts to apply state-of-the-art science, such as iPS cells, to drug discovery. The Company is currently promoting joint research with the Center for iPS Cell Research and Application (CiRA), Kyoto University, aiming to create new treatments for rare intractable diseases, and actively participating in the cooperative industry-government-university project, Research on Intractable Diseases Making Use of Disease-Specific iPS Cells. As for regenerative medicine, the Company has been conducting joint research on spinal cord injuries with Keio University and, in addition, reached agreement with Retina Institute Japan, K.K., in March this year to have consultations about cooperation in the practical applications of iPS cell technology for the indications of retinal diseases.

At the latter stage of research and at the development stage, the Company is optimizing the portfolio of the entire DSP Group from the global point of view, focusing on the key therapeutic area and including other areas as well. In addition, the Company is actively implementing product life cycle management, including the development of formulations that aims to maximize product values. The progress status of main development projects during the current fiscal year is as follows:

[Psychiatry and Neurology]

- i. There has been the following progress in terms of lurasidone hydrochloride, an atypical antipsychotic:
 - In the United States, approval was obtained in April last year for a change to the upper limit of daily dosage of 160 mg.
 - In the United States and Canada, an application for approval was made last August in terms of the additional indication of bipolar type I disorder depression.

- In Canada, approval for schizophrenia was obtained last June, and the agent was launched last September.
 - In Europe, our business partner, Takeda Pharmaceutical Company Limited, made an application last September for approval by means of centralized authorization procedure in terms of the indications of schizophrenia.
 - In Australia, an application for approval was made in March this year in terms of the indications of schizophrenia.
- ii. With regard to STEDESA™, an antiepileptic agent, reapplication for approval was accepted in the United States in February this year.
 - iii. With regard to a transdermal tape that is a new formulation of LONASEN®, a Phase II clinical study started jointly with Nitto Denko Corporation in Japan last July.
 - iv. With regard to SEP-225289, a therapeutic agent for attention-deficit hyperactivity disorder (ADHD), a Phase II clinical study in the United States started last September.
 - v. With regard to SEP-363856, a treatment for schizophrenia, a Phase I clinical study in the United States started last August.

[Oncology]

- i. With regard to BBI608, a therapeutic agent for colorectal cancer and solid cancer, which was created to achieve an antitumor effect on cancer stem cells, there have been the following developments:
 - In the United States and Canada, an international joint Phase III clinical study for colorectal cancer started in January this year.
 - In Japan, a Phase I clinical study for solid cancer started in March this year.
- ii. With regard to amrubicin hydrochloride, an anticancer antibiotic, an application for approval was made in China last August.

[Specialty areas other than Oncology]

- i. Through the acquisition of SRD, SUN-101, a therapeutic agent for chronic obstructive pulmonary disease (COPD) was obtained. Phase II clinical study is still going on in the United States.
- ii. With regard to DSP-1747, a therapeutic agent for chronic liver diseases, Phase II clinical study of nonalcoholic steatohepatitis (NASH) in Japan started last October.

[Other areas]

- i. Approval for AIMIX® in Japan was obtained last September, and the agent was launched last December.
- ii. With regard to SUREPOST®, a rapid-acting insulin secretagogue, approval for the additional indications of combination therapy with biguanides and with thiazolidinediones in Japan was obtained in February this year.
- iii. With regard to MEROPEN®, an application for approval in terms of a change in dosage was made in Japan in January this year.
- iv. With regard to DSP-6952, a therapeutic agent for the irritable bowel syndrome (IBS) with constipation and chronic idiopathic constipation, a Phase II clinical study in Japan started last December.

The DSP Group has been actively introducing development articles from outside the DSP Group. During the current fiscal year, the Company signed a license agreement relating to the anti-cancer drug candidate compound targeting the Ras signaling pathway with Kobe University, National University Corporation, and KNC Laboratories Co., Ltd., last November. In addition, in March this year, the Company concluded a license agreement for the territory of Japan with Edison Pharmaceuticals, Inc. (U.S.A.) relating to the compound that is under development as a therapeutic agent for mitochondrial disease.

In addition to the above-mentioned ethical pharmaceuticals, the Group is conducting research and development of food ingredients, food additives, materials for chemical products, veterinary drugs, etc.

(2) Current Status of Capital Investments by the DSP Group

The total amount of capital investments made by the DSP Group during the current fiscal year is 10,360 million yen, and a major capital investment was made for the ongoing construction of the new chemistry research building of the Osaka Research Center.

(3) Financing Status of the DSP Group

The Company has no particular matter to report on its fund raising activities for the current fiscal year.

(4) Issues to be addressed by the DSP Group

The Company maintains its corporate mission to broadly contribute to society through value creation based on research and development activities for the betterment of healthcare and fuller lives of people. To accomplish this mission, at the time of formulating the 1st Mid-term Business Plan (“MTBP”) in 2007, the DSP Group set up a mid to long term vision of its envisioned company status ten years later (hereinafter, “the Vision for 2017”) which consisted of three aims: “establish a solid foundation for domestic business”, “expand the international business operation”, and “enrich the R&D product pipeline”, and has been promoting its business activities aiming to “be an internationally competitive R&D oriented pharmaceutical company” and “have two solid streams of revenue, from domestic operation and from international operation” as the future vision of fifteen years later.

In 2010, the DSP Group formulated the 2nd MTBP for the five years ending with fiscal 2014 and has been carrying out its operations. In fiscal 2012 which is the halfway point thereof, domestic net sales and income increased almost as planned, and in North America as well, Sunovion, which was acquired in fiscal 2009, expanded sales steadily. The DSP Group also made significant progress in research and development through the acquisition of BBI in April last year, giving the DSP Group promising compounds and a drug discovery platform in the oncology area.

However, toward fiscal 2014, which is the last fiscal year of the 2nd MTBP, it is becoming difficult to achieve the business goals of net sales of 420 billion yen and operating income of 70 billion yen due to factors such as a sharply increased risk of long-listed products in Japan

decreasing their earnings and a delay in launching a new product in North America. Furthermore, the DSP Group's business structure is substantially changing in preparation for the future with its entry into the oncology area.

Taking such circumstances into consideration, the DSP Group has formulated the 3rd MTBP for the five years beginning with fiscal 2013. In the 3rd MTBP, to not only achieve the Vision for 2017 but also promote further growth, the DSP Group has set its new vision, "Aspire to be a globally active R&D-based company" and "Contribute to medical care through leading-edge technologies," and is committed to taking on a challenge to achieve innovations.

① Business Goals of the 3rd MTBP

	Billions of yen		
	FY 2012 Actual	FY 2015 (Reference)	FY 2017 (Goals)
Net Sales	347.7	350.0	450.0
[Pharmaceuticals]	[307.2]	[300.0]	[400.0]
Operating Income	25.0	30.0	80.0
EBITDA	60.3	50.0	110.0
R&D Costs	59.8	65.0	80.0

Note: 1. Exchange rate: 1 USD=80JPY, 1 RMB=12JPY

2. EBITDA: Earnings before Interest, Taxes, Depreciation and Amortization, and Extraordinary income / loss.

② 3rd MTBP Basic Policies and Strategies

In the 3rd MTBP, the DSP Group is going to promote its business activities based on the following basic policies and strategies:

[Basic Policies]

- i. Establish a robust revenue base in Japan
- ii. Further expand overseas business and maximize earnings
- iii. Expand global pipeline
- iv. Continuously pursue operational efficiency and CSR
- v. Build an active corporate culture and develop talent

[Strategies]

i. Therapeutic area Strategy/Product Strategy

The DSP Group is committed to the psychiatry, neurology, and oncology areas and continues to actively invest management resources in such areas throughout the period of the 3rd MTBP.

In the psychiatry and neurology areas, by maximizing the product value through additional efficacy and by expanding business areas, the DSP Group aims to bring up a global strategic product, LATUDA[®] to a blockbuster. In the oncology area, the DSP Group aims to successfully complete the development and expand the business of BBI608 and BBI503 that are under development to be recognized as the world's first cancer therapeutic agent that has an

antitumor efficacy to cancer stem cells. In addition, the DSP Group intends to not only successfully develop post-LATUDA candidates primarily in the psychiatry, neurology, and oncology areas but also expand business on a global scale with new medicines as the growth driver by proactively promoting in-licensing and strategic alliances.

ii. Regional Strategies

The DSP Group will place a priority on maintaining and expanding business in Japan and North America. In Japan, resources will be concentrated on the growth products, such as AIMIX[®], METGLUCO[®], and SUREPOST[®] in the cardiovascular and diabetes areas, and LONASEN[®] and TRERIEF[®] in the psychiatry and neurology areas so as to maintain the scale of business operations. Furthermore, during the latter half of the 3rd MTBP, the DSP Group intends to increase sales by launching our global product, lurasidone hydrochloride and BBI608 in Japan, and will also proactively promote in-licensing and alliances. In North America, the DSP Group intends to minimize the impact of the sales decline of existing products by expanding sales of LATUDA[®] and launching STEDESA[™]. During the latter half of the 3rd MTBP, the DSP Group will significantly advance its North American business with the launch and quick expansion of its oncology business. Meanwhile, the DSP Group will continue to invest to expand its business in North America. In China, the DSP Group aims to expand business gradually through the launch of products that are currently under development. In Europe, the DSP Group will start selling lurasidone hydrochloride through its own sales organization in the United Kingdom and will consider the possibility of expanding business into several other European countries. In Southeast Asia, the DSP Group will also create a foundation with lurasidone hydrochloride to enter into business in Thailand and Malaysia via Singapore as a sales base and, furthermore, investigate opportunities for business expansion in the Oceania region.

iii. R&D Strategies

In the 3rd MTBP, in addition to the psychiatry and neurology areas, the DSP Group sets the oncology area as the key strategic area and will channel all energies into innovative drug discovery. In the psychiatry and neurology areas, the DSP Group will focus the improvement of current treatments that do not sufficiently result in adequate symptom relief, as well as the treatment of the patients who do not respond enough to existing medicines, and promote research and development of therapeutic agents in schizophrenia, depression, Alzheimer's disease, and other disorders. In the oncology area, under the global and consistent R&D system established by BBI and the DSP Cancer Institute, the DSP Group aims to lead the world in the cancer stem cell area and continually create innovative products. In addition, the DSP Group will apply leading-edge science, such as iPS cells to drug discovery, while strengthening activities in cell therapy and regenerative medicines to develop medicines for refractory diseases.

As for clinical development, the DSP Group will strengthen the global seamless management and promote development in a speedier and more efficient manner.

iv. Returns to Shareholders and Investment Strategies/Financial Strategies

The DSP Group forecasts operating cash flow of 240 billion yen in the five years of the 3rd MTBP. Based on integrated and sustainable improvement of corporate value and shareholder value, in addition to stability, the Company will consider increases in dividends in

line with improved business performance. As for investment strategies and financial strategies, the DSP Group will secure cash according to need by using leverage to actively make new investments in domestic, North American, European, and new business operations.

v. Strengthening of Business Foundation and Promotion of CSR Management

The DSP Group will improve its corporate structure in a streamlined manner by not only pursuing improvement of business efficiency through the rationalization of labor costs and general expenses, improvement of asset efficiency, organizational simplification, promotion of rearrangement of strongholds, etc., but also working to build such a strong corporate culture that encourages actions to take on a new challenge in order to establish a robust business management structure that can respond flexibly to changes in the business environment. At the same time, the DSP Group will ensure further reinforcement of its Corporate Mission, Management Mission and Declaration of Conduct, strengthen its corporate governance globally, promote social contribution activities in and out of Japan, improve the vitality of employees, and promote communication with various stakeholders.

(5) Summary of Financial Position and Income

① Summary of Financial Position and Income of the DSP Group

	Fiscal year ended March 2010	Fiscal year ended March 2011	Fiscal year ended March 2012	Fiscal year ended March 2013 (the current fiscal year)
Net Sales (Millions of yen)	296,261	379,513	350,395	347,724
Ordinary Income (Millions of yen)	33,837	28,616	18,872	24,505
Net Income (Millions of yen)	20,958	16,796	8,629	10,043
Net Income per Share	52.75 yen	42.27 yen	21.72 yen	25.28 yen
Total Assets (Millions of yen)	626,743	589,868	559,410	607,219
Net Assets (Millions of yen)	343,483	323,983	319,227	349,248

② Summary of Financial Position and Income of the Company

	Fiscal year ended March 2010 190 th fiscal year	Fiscal year ended March 2011 191 st fiscal year	Fiscal year ended March 2012 192 nd fiscal year	Fiscal year ended March 2013 193 rd fiscal year (the current fiscal year)
Net Sales (Millions of yen)	248,697	229,756	203,460	189,962
Ordinary Income (Millions of yen)	34,426	41,155	35,184	18,502
Net Income (Millions of yen)	20,932	26,756	22,058	11,356
Net Income per Share	52.68 yen	67.34 yen	55.52 yen	28.58 yen
Total Assets (Millions of yen)	569,445	561,568	549,418	554,480
Net Assets (Millions of yen)	339,614	349,421	367,035	376,918

(6) Details of the Principal Businesses of the DSP Group

Manufacturing, processing, purchase, sale, and import and export of pharmaceuticals, food ingredients, food additives, chemical product materials, veterinary drugs and the like.

(7) Major Sales Branches, Plants, etc., of the DSP Group

	Name	Place	Name	Place	Name	Place
	Headquarters	Osaka	Tokyo Office	Chuo-ku, Tokyo	Osaka Center	Osaka
Branches	Sapporo Branch	Sapporo	Kita-tohoku Branch	Morioka, Iwate	Minami-tohoku Branch	Sendai
	Kita-kanto Branch	Chuo-ku, Tokyo	Koshinetsu Branch	Chuo-ku, Tokyo	Chiba Branch	Chiba
	Saitama Branch	Saitama	Tokyo Branch I	Chuo-ku, Tokyo	Tokyo Branch II	Toshima-ku, Tokyo
	Yokohama Branch	Yokohama	Shizuoka Branch	Shizuoka	Nagoya Branch	Nagoya
	Hokuriku Branch	Kanazawa, Ishikawa	Keiji Branch	Kyoto	Osaka Branch I	Osaka
	Osaka Branch II	Sakai	Kobe Branch	Kobe	Higashi-chugoku Branch	Okayama
	Nishi-chugoku Branch	Hiroshima	Shikoku Branch	Takamatsu, Kagawa	Kyushu-kita Branch	Fukuoka
	Kyushu-minami Branch	Fukuoka				
Plants	Suzuka Plant	Suzuka, Mie	Ibaraki Plant	Ibaraki, Osaka	Ehime Plant	Niihama, Ehime
	Oita Plant	Oita, Oita				
Research Laboratories	Central Research Laboratories	Suita, Osaka	Osaka Research Center	Osaka		
Subsidiaries	DSP Gokyo Food & Chemical Co., Ltd.	Osaka	DS Pharma Animal Health Co., Ltd.	Osaka	DS Pharma Biomedical Co., Ltd.	Suita, Osaka
	Sunovion Pharmaceuticals Inc.	U.S.A.	Boston Biomedical, Inc.	U.S.A.	Sumitomo Pharmaceuticals (Suzhou) Co., Ltd.	China

(8) Employees

① Employees of the DSP Group

Business Segment	Number of Employees
Pharmaceutical Business	6,913
Others	305
Total	7,218

(Note) The number of employees of the DSP Group indicated above is the total number of all persons currently working, including the seconded employees

accepted by the DSP Group, but excluding the employees seconded to other companies.

② Employees of the Company

Number of Employees	Change from the Previous Business Year	Average Age	Average Length of Continuous Employment
4,457	8	41.2	16.5 years

- (Note)
1. The number of the Company's employees indicated above is the total number of all persons currently working, including the 138 seconded employees accepted by the Company, but excluding the 333 employees seconded to other companies.
 2. The average age and average length of continuous employment were calculated based on the number that excludes the seconded employees accepted by the Company.

(9) Status of the Parent Company and Significant Subsidiaries

① Relation with the Parent Company

The parent company of the Company is Sumitomo Chemical Co., Ltd. ("Sumitomo Chemical") holding 199,434,000 shares of common stock of the Company (investment ratio: 50.12%). The business transactions between the Company and Sumitomo Chemical are: lease and rental of manufacturing/research facilities for certain pharmaceuticals, consignment and undertaking of services in relation thereto, purchase of raw materials, and lending of funds to Sumitomo Chemical.

② Status of the Significant Subsidiaries

	Name	Investment Ratio (%)	Principal Businesses
Japan	DSP Gokyo Food & Chemical Co., Ltd.	100	Manufacture and sale of food ingredients, food additives, chemical product materials and the like
	DS Pharma Animal Health Co., Ltd.	100	Manufacture and sale of veterinary drugs and the like
	DS Pharma Biomedical Co., Ltd.	100	Manufacture and sale of diagnostic products and the like
Overseas	Sunovion Pharmaceuticals Inc.	100 (100)	Manufacture and sale of medical drugs
	Boston Biomedical, Inc.	100	Research and development of medical drugs
	Sumitomo Pharmaceuticals (Suzhou) Co., Ltd.	100	Manufacture and sale of medical drugs

- (Note)
1. The figure indicated in parentheses under the Investment Ratio column indicates the indirect ownership ratio (%) vis-a-vis the total ownership ratio.
 2. BBI was newly added to the consolidated subsidiaries of the Company during the current fiscal year.

(10) Principal Lender and the Amount of the Loan

Lender	Outstanding Amount of the Loan
Sumitomo Mitsui Banking Corporation	11,860 million yen
Sumitomo Mitsui Trust Bank, Ltd.	7,640 million yen
The Norinchukin Bank	6,500 million yen
Sumitomo Life Insurance Company	4,000 million yen
Nippon Life Insurance Company	4,000 million yen
The Hyakujushi Bank, Ltd.	3,700 million yen
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,600 million yen

(11) Other Significant Matters Concerning the Current State of the DSP Group

(Lawsuit)

In April 2007, Dey Pharma, L.P. (currently known as Mylan Specialty, L.P.) *et al.* (altogether, “Dey”) filed a lawsuit in the U.S. District Court for the Southern District of New York against Sunovion Pharmaceuticals Inc., one of the Company’s consolidated subsidiaries, alleging that a Sunovion product, BROVANA[®], a long-acting beta2-adrenergic agonist, is infringing a single United States patent owned by Dey in terms of its formulation and the application thereof. Sunovion reached an agreement with Dey to settle this matter in May 2012.

2. Matters Regarding the Shares

- (1) **Total Number of Issuable Shares:** 1,500,000,000 shares
- (2) **Total Number of Issued Shares:** 397,900,154 shares
(including 590,246 treasury stocks)
- (3) **Number of Shareholders
at the end of this Fiscal Year:** 27,479
- (4) **Top Ten Shareholders**

Name of Shareholder	Number of Shares Held (Thousand Shares)	Shareholding Ratio (%)
Sumitomo Chemical Co., Ltd.	199,434	50.20
Inabata & Co., Ltd.	27,282	6.87
The Master Trust Bank of Japan, Ltd. (trust account)	15,265	3.84
Nippon Life Insurance Company	9,477	2.39
Japan Trustee Services Bank, Ltd. (trust account)	8,982	2.26
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Banking Corporation Retirement Benefit Trust Account)	7,000	1.76
Sumitomo Life Insurance Company	5,776	1.45
Dainippon Sumitomo Pharma Employee Shareholding Association	4,441	1.12
Aioi Nissay Dowa Insurance Co., Ltd.	4,435	1.12
Bank of New York GCM Client Account JPRD ISG (FE-AC)	3,920	0.99

(Note) 1. The 7,000,000 shares of the Company, which are held by Japan Trustee

Services Bank, Ltd. (Sumitomo Mitsui Banking Corporation Retirement Benefit Trust Account) and which were contributed by Sumitomo Mitsui Banking Corporation, were placed in a retirement benefit trust account. After deducting the aforementioned shares that were contributed, Sumitomo Mitsui Banking Corporation holds 1,125,000 shares of the Company (shareholding ratio: 0.28%).

2. The shareholding ratios were calculated after deducting the treasury stocks (590,246 shares).

3. Matters Regarding the Directors and Audit & Supervisory Board Members of the Company

(1) Directors and Audit & Supervisory Board Members

Position	Name	Responsibilities, Principal Duties, and Significant Positions Held Concurrently
Representative Director and President	Masayo Tada	President and Chief Executive Officer Member, Board of Directors of Sunovion Pharmaceuticals Inc. Member, Board of Directors of Boston Biomedical, Inc.
Representative Director	Hiroshi Noguchi	Senior Executive Vice President In charge of Business Development, the Global R&D Office, Global Project Management and the Global Oncology Office Member, Board of Directors of Sunovion Pharmaceuticals Inc. Member, Board of Directors of Boston Biomedical, Inc.
Member, Board of Directors	Makoto Hara	Executive Vice President In charge of Global Corporate Management, Global Strategy, Legal Affairs, Finance & Accounting, the Business Support Center and Global Sales and Marketing Member, Board of Directors of Sunovion Pharmaceuticals Inc.

Member, Board of Directors	Yoshihiro Okada	Executive Officer Executive Director, Manufacturing Division In charge of the Technology Research & Development Division Member, Board of Directors of Sumitomo Pharmaceuticals (Suzhou) Co., Ltd.
Member, Board of Directors	Masaru Ishidahara	Executive Officer In charge of Corporate Communications, Environment & Safety, Personnel, General Affairs, Procurement and Osaka Administration
Member, Board of Directors	Tetsuya Oida	Representative Director and President of DSP Gokyo Food & Chemical Co., Ltd. Representative Director and Chairman of Sanno Foods Co., Ltd.
Member, Board of Directors	Hiroshi Nomura	Member, Board of Directors of Sunovion Pharmaceuticals Inc. Member, Board of Directors of Boston Biomedical, Inc.
Full-Time Audit & Supervisory Board Member	Ikuo Hino	Audit & Supervisory Board Member of DS Pharma Animal Health Co., Ltd.
Full-Time Audit & Supervisory Board Member	Nobuo Takeda	Audit & Supervisory Board Member of DSP Gokyo Food & Chemical Co., Ltd. Audit & Supervisory Board Member of DS Pharma Biomedical Co., Ltd.
Audit & Supervisory Board Member	Masahiro Kondo	
Audit & Supervisory Board Member	Harumichi Uchida	Attorney at Law (admitted in Japan and the State of New York) Audit & Supervisory Board Member of Daifuku Co., Ltd. Audit & Supervisory Board Member, Suntory Beverage & Food Limited
Audit & Supervisory Board Member	Hidehiko Sato	Attorney at Law (admitted in Japan) Director of LIXIL Group Corporation

- (Note)
1. The Director, Hiroshi Nomura, was newly appointed at the 192nd Annual Shareholders' Meeting held on June 22, 2012 and assumed his office thereafter.
 2. The Representative Director, Keiichi Ono, and the Director, Kazumi Okamura, retired as of June 22, 2012 due to the expiration of their terms of office.
 3. The Audit & Supervisory Board Members, Masahiro Kondo, Harumichi Uchida and Hidehiko Sato, are Outside Audit & Supervisory Board Members

as defined in Item 16, Article 2 of the Companies Act.

4. The Audit & Supervisory Board Member, Masahiro Kondo, has a considerable amount of knowledge in accounting and tax affairs. He has gained a wealth of experience working at the accounting and finance department of Sumitomo Chemical Co., Ltd. over the years, and he is also a qualified Certified Public Accountant.
5. The Company designated the Audit & Supervisory Board Member, Hidehiko Sato, as an Independent Auditor as defined by Tokyo Stock Exchange, Inc. and Osaka Securities Exchange Co., Ltd., and reported the same to the said exchanges.
6. There is no significant trading relationship between the Company and Daifuku Co., Ltd. or Suntory Beverage & Food Limited for which the Audit & Supervisory Board Member, Harumichi Uchida, serves as an audit & supervisory board member.
7. There is no significant trading relationship between the Company and LIXIL Group Corporation for which the Audit & Supervisory Board Member, Hidehiko Sato, serves as a director.
8. As of April 1, 2013, the “Responsibilities, Principal Duties, and Significant Positions Held Concurrently” of the Directors changed as follows:

Position	Name	Responsibilities, Principal Duties, and Significant Positions Held Concurrently
Representative Director	Hiroshi Noguchi	Senior Executive Vice President Executive Director, Drug Research Division In charge of the Global R&D Office and the Global Oncology Office Member, Board of Directors of Sunovion Pharmaceuticals Inc. Member, Board of Directors of Boston Biomedical, Inc.
Director	Makoto Hara	Executive Vice President In charge of Global Corporate Management, Global Strategy, Business Development, Legal Affairs, Finance & Accounting and Global Sales and Marketing Member, Board of Directors of Sunovion Pharmaceuticals Inc.
Director	Yoshihiro Okada	Senior Executive Officer Executive Director, Manufacturing Technology Research Division In charge of the Technology Research & Development Division Member, Board of Directors of Sumitomo Pharmaceuticals (Suzhou) Co., Ltd.
Director	Masaru Ishidahara	Senior Executive Officer In charge of Corporate Communications, Personnel, General Affairs, Procurement and Osaka Administration

(2) Matters Regarding the Outside Audit & Supervisory Board Members

① Outside Audit & Supervisory Board Members

The Audit & Supervisory Board Members, Masahiro Kondo, Harumichi Uchida and Hidehiko Sato, are Outside Audit & Supervisory Board Members as defined in Item 16, Article 2 of the Companies Act.

② The Principal Activities of Each Outside Audit & Supervisory Board Member

Name	Principal Activities
Masahiro Kondo	He attended all fifteen (15) meetings held by the Board of Directors, and all fourteen (14) meetings held by the Audit & Supervisory Board during the current business year, and he spoke at those meetings as necessary from a professional standpoint with respect to accounting and tax affairs.
Harumichi Uchida	He attended all fifteen (15) meetings held by the Board of Directors and all fourteen (14) meetings held by the Audit & Supervisory Board during the current business year, and he spoke at those meetings as necessary from the professional standpoint of an attorney.
Hidehiko Sato	Among the fifteen (15) meetings held by the Board of Directors and the fourteen (14) meetings held by the Audit & Supervisory Board during the current business year, he attended fourteen (14) of the meetings held by the Board of Directors and thirteen (13) of the meetings held by the Audit & Supervisory Board, and he spoke at those meetings he attended as necessary from the professional standpoint of an attorney.

③ Matters Regarding the Agreement Limiting the Liability of the Outside Audit & Supervisory Board Members

Pursuant to Paragraph 1 of Article 427 of the Companies Act, with respect to liability for damages, the Company executed an agreement (the “Limited Liability Agreement”) with the Audit & Supervisory Board Members, Masahiro Kondo, Harumichi Uchida and Hidehiko Sato, to limit their liability for damages under circumstances where they acted in good faith and were not grossly negligent in performing their respective duties. The Limited Liability Agreement provides for a total maximum liability of 10 (ten) million yen or any amount stipulated by the relevant laws and regulations, whichever is higher.

(3) Remuneration and the like for Directors and Audit & Supervisory Board Members

	Number	Amount of Remuneration and the like (Millions of Yen)	Memo
Directors	9	252	
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	5 (3)	90 (36)	
Total	14	342	

- (Note)
1. The above includes the two (2) Directors who retired upon the conclusion of the 192nd Annual Shareholders' Meeting held on June 22, 2012.
 2. The respective amounts of remuneration and the like for Directors and Audit & Supervisory Board Members that were determined in the Shareholders' Meeting do not exceed 400 million yen annually for Directors, and 100 million yen annually for Audit & Supervisory Board Members.
 3. The total amount of remuneration and the like for Directors includes the amount of 31 million yen, which represents the bonuses for Directors to be paid after the 193rd Annual Shareholders' Meeting to be held in June 2013.

4. Accounting Auditor

(1) Name

KPMG AZSA LLC

(2) Amount of Remuneration and the like

	Amount to be paid (Millions of Yen)
Consideration to be paid for the services (audit attestation services) described in Paragraph 1 of Article 2 of the Certified Public Accountant Act (Act No. 103 of 1948)	69
Total amount of fees to be paid in cash or otherwise by the Company or Subsidiaries of the Company	87

- (Note)
1. Under the Audit Agreement between the Company and the Accounting Auditor, there is no distinction between the compensation and the like for an audit under the Companies Act and the Financial Instruments and

Exchange Act. Moreover, the two amounts cannot be substantially distinguished from each other. Thus, the amount of compensation and the like related to the audit attestation services reflects the total sum of these two kinds of amounts.

2. Among the significant subsidiaries, Sunovion, BBI and Sumitomo Pharmaceuticals (Suzhou) Co., Ltd. were audited by auditing firms other than the Accounting Auditor of the Company.

(3) Details of Non-Audit Services

The Company assigns to the Accounting Auditor the provision of “financial due diligence services” and the like (i.e., non-audit services), which do not constitute the services provided in Paragraph 1 of Article 2 of the Certified Public Accountant Act.

(4) Policy for the Determination of the Dismissal or Non-Reelection of the Accounting Auditor

In addition to dismissal by the Audit & Supervisory Board as set forth in Article 340 of the Companies Act, the Company will, in case it finds substantial concerns with respect to the performance by the Accounting Auditor of its duties, taking into consideration its independence, manner of performance of duties and the like, propose the dismissal or non-re-election of such Accounting Auditor as a matter to be resolved at the Annual Shareholders’ Meeting in accordance with the procedures set forth in Article 344 of the Companies Act.

5. System Assuring the Appropriateness of Business Operations

At a meeting held by the Board of Directors, the Company passed a resolution on the following basic policies for the establishment of a system to ensure the appropriateness of the business operations, and has been continually implementing such system.

(1) System Concerning the Assurance of Compliance by Directors and Employees with Applicable Laws and Regulations, and the Articles of Incorporation of the Company in Respect of the Performance of Their Respective Duties

- ① The Company ensures that legal compliance is the basis for carrying out any and all of the Company’s business activities pursuant to the Dainippon Sumitomo Pharma Declaration of Conduct (Guidebook for Daily Application) and Compliance Conduct Standards by repeatedly communicating the spirit thereof to the Directors and employees through the initiative of the Representative Directors.

- ② In order to implement the aforementioned policy, the Directors and employees comply with and adhere to corporate ethics in accordance with the corporate philosophy, management principles, values and code of conduct of the Company.
- ③ The Company endeavors to improve the audits by the Audit & Supervisory Board including the neutral and independent Outside Audit & Supervisory Board Members.
- ④ The Company establishes a department to promote compliance and a department in charge of internal audits for the purposes of providing training to the Directors and employees and conducting compliance status audits and the like.
- ⑤ The Company establishes and operates a compliance hotline through which any employee can directly report or give notice of any doubtful activity under the laws and regulations and/or the Articles of Incorporation.
- ⑥ The Company establishes a department in charge of internal control over financial reporting under the Financial Instruments and Exchange Act, and conducts its formation, evaluation, maintenance, improvement and the like.

(2) System for the Maintenance and Management of Information Concerning the Directors' Performance of Their Duties

With regard to information concerning the performance by the Directors of their duties, the Directors properly maintain and manage such information pursuant to the *SHA-SOKU*, the internal rules established by the Company (the "Company Regulations").

(3) System Concerning the Rules on Management of Risk of Loss

The Company develops the Company Regulations and strengthens its ability to respond to factors that could potentially threaten its management in conducting business activities. The Company establishes a committee that oversees company-wide risk management, formulates basic policies on risk management, and optimizes risk management in each division.

(4) System to Ensure Efficiency in the Performance by the Directors of Their Duties

Under the Company Regulations, by clarifying the rules on the allocation of duties, authority and decision making, the Company establishes a system that enables each Director to properly and efficiently perform his/her duties. Coupled with endeavors to expedite decision making through the adoption of the electronic approval system and the like, efforts will be made to promote efficiency in business operations by the establishment of the

headquarters for each division and the proper delegation by the Representative Directors of authority.

(5) System to Secure the Appropriateness of the Operations of the Company and the DSP Group (including the Parent Company and Subsidiaries)

Based on the Company Regulations on the operation management of the group companies, the Company establishes one department to manage each group company and a department that supervises the operational management of all of the group companies in order to understand and manage the business and operational conditions of each group company, and extend the proper support to assist the group companies in the conduct of their businesses.

(6) Matters Concerning Employees Assisting Audit & Supervisory Board Members If Such Audit & Supervisory Board Members Decide to Use Such Employees, and Matters Concerning the Independence of Such Employees from the Directors

The Company establishes a Audit & Supervisory Board Members' office to assist Audit & Supervisory Board Members in performing their duties. At least one (1) employee, who is not under the direction or supervision of the division in charge of the business operations, is placed in such office.

(7) System for Directors and Employees to Report to Audit & Supervisory Board Members, and System Concerning Other Reports to Audit & Supervisory Board Members

The Directors and employees develop rules setting forth the matters to be reported to the Audit & Supervisory Board Members and the Audit & Supervisory Board and providing the reporting procedures.

(8) System to Ensure Effective Implementation of Audits by Audit & Supervisory Board Members

By holding regular meetings with the Audit & Supervisory Board Members and the Audit & Supervisory Board or otherwise, the Representative Directors endeavor to promote an environment where efficient audits by the Audit & Supervisory Board Members can be ensured.

(9) Elimination of Anti-Social Forces

The Company keeps its employees thoroughly informed to take decisive actions against anti-social forces, and promotes efforts aimed at cutting off any and all relationships with

such forces.

Consolidated Balance Sheet

(As of March 31, 2013)

(millions of yen)

Item	Amount As of March 31, 2013	(Reference) Amount As of March 31, 2012	Item	Amount As of March 31, 2013	(Reference) Amount As of March 31, 2012
Assets			Liabilities		
Current assets	333,438	334,250	Current liabilities	124,831	105,965
Cash and time deposits	18,753	12,953	Notes and accounts payable	14,253	16,860
Notes and accounts receivable	97,182	101,955	Current portion of bonds payable	10,000	—
Marketable securities	86,463	99,118	Current portion of long-term loans payable	10,000	10,000
Merchandise and finished goods	45,357	42,480	Income taxes payable	2,115	5,437
Work-in-process	3,570	2,591	Reserve for bonuses	7,610	7,592
Raw materials and supplies	13,762	13,045	Reserve for sales returns	5,650	3,657
Deferred tax assets	30,097	31,782	Reserve for sales rebates	19,153	18,527
Short-term loans	34,401	25,000	Other accounts payable	34,771	30,009
Others	3,958	5,433	Others	21,276	13,881
Allowance for doubtful receivables	(105)	(110)			
Fixed assets	273,780	225,159	Long-term liabilities	133,139	134,217
Property, plant and equipment	69,862	66,697	Bonds payable	60,000	70,000
Buildings and structures	39,923	40,361	Long-term loans payable	35,000	48,000
Machinery, equipment and carriers	9,414	9,856	Deferred tax liabilities	14,494	330
Land	10,277	10,248	Liability for retirement benefits	11,030	10,790
Construction in progress	5,799	2,121	Others	12,615	5,097
Others	4,447	4,109			
Intangible assets	146,310	107,706	Total liabilities	257,970	240,183
Goodwill	71,293	64,311	Net assets		
Patent rights	17,383	32,524	Shareholders' equity	346,165	343,275
In-process research and development	50,664	5,659	Common stock	22,400	22,400
Others	6,968	5,211	Capital surplus	15,860	15,860
Investments and other assets	57,607	50,755	Retained earnings	308,556	305,664
Investment securities	40,838	29,855	Treasury stock	(651)	(649)
Deferred tax assets	7,569	11,624	Accumulated other comprehensive income (loss)	3,082	(24,047)
Others	9,246	9,331	Unrealized gains on available-for-sale securities, net of tax	14,121	8,016
Allowance for doubtful receivables	(47)	(55)	Foreign currency translation adjustment	(11,038)	(32,064)
Total assets	607,219	559,410	Total net assets	349,248	319,227
			Total liabilities and net assets	607,219	559,410

Note: All amounts are rounded down to the nearest million yen.

Consolidated Statement of Income

(April 1, 2012 to March 31, 2013)

(millions of yen)

Item	Amount Year ended March 31, 2013	(Reference) Amount Year ended March 31, 2012
Net sales	347,724	350,395
Cost of sales	101,694	98,845
Gross profit	246,029	251,550
Reversal for reserve for sales returns	8	—
Provision for reserve for sales returns	—	11
Gross profit-net	246,038	251,539
Selling, general and administrative expenses	220,994	231,136
Operating income	25,043	20,402
Non-operating income	3,060	2,086
Interest and dividend income	1,090	1,024
Others	1,969	1,062
Non-operating expenses	3,598	3,616
Interest expense	1,071	1,122
Contribution	1,904	1,590
Loss on disposal of fixed assets	315	184
Others	306	718
Ordinary income	24,505	18,872
Extraordinary income	—	1,240
Gain on sales of fixed assets	—	1,240
Extraordinary loss	6,347	3,785
Business structure improvement expenses	4,840	1,224
Loss on litigation	1,090	—
Impairment loss	416	2,337
Loss on valuation of investment securities	—	223
Income before income taxes and minority interests	18,158	16,327
Income taxes-current	6,788	12,291
Income taxes-deferred	1,325	(4,593)
Income before minority interests	10,043	8,629
Net Income	10,043	8,629

Note: All amounts are rounded down to the nearest million yen.

Consolidated Statement of Changes in Net Assets

(April 1, 2012 to March 31, 2013)

(millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2012	22,400	15,860	305,664	(649)	343,275
Changes during the fiscal year					
Cash dividends			(7,151)		(7,151)
Net income			10,043		10,043
Purchases of treasury stock				(1)	(1)
Sales of treasury stock			(0)	0	0
Changes in items other than shareholders' equity (net)					
Total changes during the fiscal year	—	—	2,892	(1)	2,890
Balance as of March 31, 2013	22,400	15,860	308,556	(651)	346,165

	Accumulated other comprehensive income (loss)			Total net assets
	Unrealized gains on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance as of April 1, 2012	8,016	(32,064)	(24,047)	319,227
Changes during the fiscal year				
Cash dividends				(7,151)
Net income				10,043
Purchases of treasury stock				(1)
Sales of treasury stock				0
Changes in items other than shareholders' equity (net)	6,104	21,025	27,130	27,130
Total changes during the fiscal year	6,104	21,025	27,130	30,021
Balance as of March 31, 2013	14,121	(11,038)	3,082	349,248

Note: All amounts are rounded down to the nearest million yen.

Non-Consolidated Balance Sheet

(As of March 31, 2013)

(millions of yen)

Item	Amount As of March 31, 2013	(Reference) Amount As of March 31, 2012	Item	Amount As of March 31, 2013	(Reference) Amount As of March 31, 2012
Assets			Liabilities		
Current assets	190,224	209,545	Current liabilities	65,921	50,818
Cash and time deposits	11,256	5,460	Accounts payable	8,178	9,374
Notes receivable	280	257	Current portion of bonds payable	10,000	—
Accounts receivable	63,586	66,532	Current portion of long-term loans payable	10,000	10,000
Marketable securities	19,700	42,600	Other accounts payable	22,913	16,290
Merchandise and finished goods	36,516	34,378	Accrued expenses	1,090	1,624
Work-in-process	3,098	2,492	Income taxes payable	1,323	4,845
Raw materials and supplies	12,272	11,423	Advances received	277	927
Advance payments	481	1,148	Deposits received	2,846	324
Other accounts receivable	3,107	2,766	Reserve for bonuses	6,941	6,934
Deferred tax assets	14,760	16,823	Others	2,352	497
Short-term loans to affiliates	25,150	25,740	Long-term liabilities	111,640	131,564
Others	106	18	Bonds payable	60,000	70,000
Allowance for doubtful receivables	(92)	(96)	Long-term loans payable	35,000	48,000
Fixed assets	364,255	339,872	Long-term other accounts payable	91	120
Property, plant and equipment	60,346	59,089	Long-term deposits received	4,163	2,759
Buildings	34,189	35,145	Deferred tax liabilities	1,220	—
Structures	881	943	Liability for retirement benefits	11,164	10,684
Machinery and equipment	8,284	8,556	Total liabilities	177,561	182,383
Carriers	16	18	Net assets		
Tools, furniture, and fixtures	3,589	3,079	Shareholders' equity	363,353	359,149
Land	9,947	9,947	Common stock	22,400	22,400
Construction in progress	3,437	1,399	Capital surplus	15,860	15,860
Intangible assets	5,245	3,457	Legal capital surplus	15,860	15,860
Software	2,481	2,325	Retained earnings	325,744	321,538
Sales rights	2,232	483	Legal retained earnings	5,288	5,288
Others	530	648	Other retained earnings	320,456	316,250
Investments and other assets	298,664	277,325	Reserve for advanced depreciation of fixed assets	1,532	1,580
Investment securities	38,726	28,167	General reserve	275,510	275,510
Investments in affiliates	248,233	236,846	Retained earnings carried forward	43,413	39,160
Amount invested in capital of affiliates	3,347	3,347	Treasury stock	(651)	(649)
Long-term prepaid expenses	2,467	3,107	Valuation, translation adjustments and others	13,565	7,885
Others	5,925	5,907	Unrealized gains on available-for-sale securities, net of tax	13,565	7,855
Allowance for doubtful receivables	(36)	(51)	Total net assets	376,918	367,035
Total assets	554,480	549,418	Total liabilities and net assets	554,480	549,418

Note: All amounts are rounded down to the nearest million yen.

Non-Consolidated Statement of Income

(April 1, 2012 to March 31, 2013)

(millions of yen)

Item	Amount Year ended March 31, 2013	(Reference) Amount Year ended March 31, 2012
Net sales	189,962	203,460
Cost of sales	58,991	58,652
Gross profit	130,970	144,807
Reversal for reserve for sales returns	8	—
Provision for reserve for sales returns	—	11
Gross profit-net	130,978	144,795
Selling, general and administrative expenses	112,395	108,458
Operating income	18,583	36,336
Non-operating income	3,424	2,258
Interest and dividend income	1,457	1,372
Others	1,966	886
Non-operating expenses	3,505	3,410
Interest expense	1,045	1,071
Contribution	1,893	1,581
Loss on disposal of fixed assets	306	137
Others	260	620
Ordinary Income	18,502	35,184
Extraordinary income	—	1,237
Gain on sales of fixed assets	—	1,237
Extraordinary loss	1,753	223
Business structure improvement expenses	1,753	—
Loss on valuation of investment securities	—	223
Income before income taxes	16,749	36,198
Income taxes-current	4,671	10,739
Income taxes-deferred	721	3,401
Net Income	11,356	22,058

Note: All amounts are rounded down to the nearest million yen.

Non-Consolidated Statement of Changes in Net Assets

(April 1, 2012 to March 31, 2013)

(millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus	Retained earnings					Treasury stock	Total shareholders' equity
		Legal capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings		
				Reserve for advanced depreciation of fixed assets	General reserve	Retained earnings carried forward			
Balance as of April 1, 2012	22,400	15,860	5,288	1,580	275,510	39,160	321,538	(649)	359,149
Changes during the fiscal year									
Cash dividends						(7,151)	(7,151)		(7,151)
Reversal of reserve for advanced depreciation of fixed assets				(47)		47	—		—
Net Income						11,356	11,356		11,356
Purchases of treasury stock								(1)	(1)
Sales of treasury stock						(0)	(0)	0	0
Changes in items other than shareholders' equity (net)									
Total changes during the fiscal year	—	—	—	(47)	—	4,252	4,205	(1)	4,203
Balance as of March 31, 2013	22,400	15,860	5,288	1,532	275,510	43,413	325,744	(651)	363,353

	Valuation, translation adjustments and others		Total net assets
	Unrealized gains on available-for-sale securities	Total valuation, translation adjustments and others	
Balance as of April 1, 2012	7,885	7,885	367,035
Changes during the fiscal year			
Cash dividends			(7,151)
Reversal of reserve for advanced depreciation of fixed assets			—
Net Income			11,356
Purchases of treasury stock			(1)
Sales of treasury stock			0
Changes in items other than shareholders' equity (net)	5,679	5,679	5,679
Total changes during the fiscal year	5,679	5,679	9,883
Balance as of March 31, 2013	13,565	13,565	376,918

Note: All amounts are rounded down to the nearest million yen.

Independent Auditor's Report

May 7, 2013

The Board of Directors
Dainippon Sumitomo Pharma Co., Ltd.

KPMG AZSA LLC

Koichi Kohori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kenryo Goto (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takaharu Higashiura (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of Dainippon Sumitomo Pharma Co., Ltd. as at March 31, 2013 and for the year from April 1, 2012 to March 31, 2013 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of Dainippon Sumitomo Pharma Co., Ltd. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

Without qualifying our opinion, as described in notes to the changes to accounting policies of the notes to consolidated financial statements, the Company and its consolidated subsidiaries in Japan changed the depreciation method of tangible fixed assets other than buildings during the current consolidated fiscal year.

Our Opinion is not qualified in respect of this matter.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Independent Auditor's Report

May 7, 2013

The Board of Directors
Dainippon Sumitomo Pharma Co., Ltd.

KPMG AZSA LLC

Koichi Kohori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kenryo Goto (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takaharu Higashiura (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of Dainippon Sumitomo Pharma Co., Ltd. as at March 31, 2013 and for the year from April 1, 2012 to March 31, 2013 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an

opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Dainippon Sumitomo Pharma Co., Ltd. for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

Without qualifying our opinion, as described in notes to the changes to accounting policies of the notes to non-consolidated financial statements, the Company changed the depreciation method of tangible fixed assets other than buildings during the current fiscal year.

Our opinion is not qualified in respect of this matter.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Audit Report

The Audit & Supervisory Board prepared and reported this audit report with regards to the performance of duties of Directors of the Company for the 193rd fiscal year from April 1, 2012, to March 31, 2013, as a consensus opinion by all Audit & Supervisory Board Members upon deliberation, based on the audit reports prepared by each Audit & Supervisory Board Member and hereby reports as follows:

1. Auditing Method conducted by Audit & Supervisory Board Members and the Audit & Supervisory Board and details thereof

The Audit & Supervisory Board established the audit policies, assignment of duties, and other matters for this fiscal year, and received reports from each Audit & Supervisory Board Member on the status of implementation of their audits and results thereof. In addition, the Audit & Supervisory Board received reports from Directors and Accounting Auditor on the status of the performance of their duties, and requested explanations as necessary.

In conformity with Audit & Supervisory Board Members auditing standards established by the Audit & Supervisory Board, and in accordance with the audit policies, assignment of duties, each Audit & Supervisory Board Member endeavored to communicate with Directors and other employees including those at the internal auditing division, endeavored to collect information and maintain and improve the audit environment, has attended meetings of the Board of Directors and other important meetings, received reports from Directors and employees on the status of the performance of their duties, requested explanations as necessary, examined important approval documents, and inspected the status of the corporate affairs and assets at the head office and other principal offices. Also, with regard to the contents of the Board of Directors' resolutions regarding the development and maintenance of the system to ensure that the Directors' performance of their duties on the business reports complied with all laws, regulations and the Articles of Incorporation of the company and other systems for ensuring the appropriateness of the corporate affairs, and the systems (internal control systems) based on such resolutions, we received reports from Directors and employees on the status of their construction and implementation, requested explanations as necessary and expressed our opinion. For subsidiaries, we endeavored to facilitate a mutual understanding and exchanged information with the Directors and Audit & Supervisory Board Members of each subsidiary and received from subsidiaries reports on their respective business as necessary. We thus examined the business reports and supporting schedules for the fiscal year in accordance with the above method.

In addition, we examined whether the Accounting Auditor maintained its independence and properly conducted its audit, received a report from the Accounting Auditor on the status of its performance of duties and requested explanations as necessary. We were notified by the Accounting Auditor that a system to ensure that performance of the duties of the Accounting Auditor was properly conducted had been established in accordance with Quality Control Standards for Audits, we requested explanations as necessary. We examined the financial statements (Balance Sheet, Statement of Income, Statement of Changes in Net Assets, and Notes to Non-consolidated Financial Statements) and supporting schedules for the fiscal year, as well as the consolidated financial statements (Consolidated Balance Sheet, Consolidated Statements of Income, Consolidated Statements of Changes in Net Assets, and Notes to Consolidated Financial Statements) in accordance with the above method.

2. Results of audit

(1) Results of audit of business reports and other documents

- ① We confirm that the business reports and supporting schedules accurately represent the position of the Company according to the law and the Articles of Incorporation.
- ② We have not found any improper conduct or any material evidence of violations of the law or any articles of incorporation in relation to the performance of duties by Directors.
- ③ We confirm that the resolutions adopted by the Board of Directors with respect to our internal control system are reasonable. In addition, we have not found any matters that should be noted regarding the contents of the business reports and the performance of duties by Directors in relation to the internal control system.

(2) Results of audit of financial statements and supporting schedules

We confirm that the method used by KPMG AZSA LLC, Accounting Auditor of the Company, for this audit and the results thereof are reasonable.

(3) Results of audit of consolidated financial statements

We confirm that the method used by KPMG AZSA LLC, Accounting Auditor of the Company, for this audit and the results thereof are reasonable.

May 8, 2013

The Audit & Supervisory Board, Dainippon Sumitomo Pharma Co., Ltd.

Ikuo Hino, Full-Time Audit & Supervisory Board Member (seal)

Nobuo Takeda, Full-Time Audit & Supervisory Board Member (seal)

Masahiro Kondo, Audit & Supervisory Board Member (seal)

Harumichi Uchida, Audit & Supervisory Board Member (seal)

Hidehiko Sato, Audit & Supervisory Board Member (seal)

Note: Audit & Supervisory Board Members Masahiro Kondo, Harumichi Uchida, and Hidehiko Sato are Outside Audit & Supervisory Board Members.

Reference Documents for the Shareholders' Meeting

Proposals and Matters for Reference:

First Proposal: Appropriation of Surplus

The allocation of the Company's profits in a customarily appropriate manner to its shareholders is one of the Company's fundamental management policies.

In addition to stressing the distribution of surplus in a manner that reflects the Company's performance, the Company intends to make decisions on distribution from a comprehensive standpoint, while actively investing in its future growth, ensuring a solid management base and enhancing its financial condition to further increase its enterprise value. The Company believes that it is important to allocate profits to its shareholders in a consistent manner.

Based on such policy, and in view of the financial condition and business outcome of the closed fiscal year, as well as certain future business plans to be implemented, we hereby propose to appropriate the surplus at the end of the 193rd fiscal year as follows.

Matters related to the year-end dividend

(1) Category of property for distribution:

Money

(2) Matters related to the allocation of the property for distribution to the shareholders, and the aggregate amount of the dividend:

Nine (9) yen per share of common stock of the Company (3,575,789,172 yen in aggregate)

Therefore, the annual dividend, including the interim dividend, shall be eighteen (18) yen per share.

(3) The date on which the said distribution of surplus will take effect:

June 24, 2013

Second Proposal: Partial Amendments to the Articles of Incorporation

1. Reason for the amendments

In newly inviting an Outside Director, the Company will establish provisions relating to the execution of an agreement that will limit the liability of the Outside Directors in order to clarify the scope of their liability and assist them in the full performance of their duties. Concurrent with this change, the numbering of the subsequent articles will be adjusted downwards. Each Audit & Supervisory Board Member has approved this proposal.

2. Details of the amendments

The details of the amendments to the Articles of Incorporation are as follows:

(Proposed amendments are underlined.)

Current Articles	Proposed Amendments
<p>Chapter 4. Directors and Board of Directors</p> <p>(Newly established)</p> <p><u>Article 27.</u> (Omitted)</p> <p>through</p> <p><u>Article 36.</u> (Omitted)</p>	<p>Chapter 4. Directors and Board of Directors</p> <p><u>(Agreement to Limit the Liability of the Outside Directors)</u></p> <p><u>Article 27. Pursuant to Paragraph 1 of Article 427 of the Companies Act, the Company may enter into an agreement with the Outside Directors, which will limit the liability of the Outside Directors for damages caused by their failure to perform their services; provided, however, that the maximum amount of liability of the Outside Directors under the said agreement shall either be an amount specified in advance, which will not be less than ten (10) million yen, or the amount stipulated under applicable laws and regulations, whichever is higher.</u></p> <p><u>Article 28.</u> (Not amended)</p> <p>through</p> <p><u>Article 37.</u> (Not amended)</p>

Third Proposal: Election of Eight (8) Directors

The term of office of all the current Directors (7 persons) of the Company will expire upon the conclusion of this Shareholders' Meeting.

Therefore, we would like you to elect eight (8) Directors.

The candidates for Directors are as follows:

Candidate No.	Name (Date of birth)	Summary of Profile, Position(s), Responsibilities and Significant Position(s) Held Concurrently	Number of Shares of the Company Owned
1	Masayo Tada (Jan. 13, 1945)	<p>April 1968: Joined Sumitomo Chemical Co., Ltd.</p> <p>June 1998: Director of Sumitomo Chemical Co., Ltd.</p> <p>June 2002: Managing Director of Sumitomo Chemical Co., Ltd.</p> <p>June 2003: Retired from the position of Director of Sumitomo Chemical Co., Ltd.</p> <p>June 2003: Managing Executive Officer of Sumitomo Chemical Co., Ltd.</p> <p>January 2005: Retired from the position of Managing Executive Officer of Sumitomo Chemical Co., Ltd.</p> <p>January 2005: Managing Executive Officer of the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>January 2005: In charge of the Merger Promotion Office of the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>June 2005: Director of the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>October 2005: Member of the Board of Directors and Vice President of the Company</p> <p>October 2005: In charge of Merger Promotion and Purchasing; and Executive Director of the Non-Pharmaceutical Operations Division of the Company</p> <p>June 2006: In charge of Mid-term Corporate Plan Development; Assistant to the Executive Director of the Sales and Marketing Division; and Executive Director of the Non-Pharmaceutical Operations Division of the Company</p>	92,100 shares

		<p>April 2007: Assistant to the Executive Director of the Sales and Marketing Division; and Executive Director of the Non-Pharmaceutical Operations Division of the Company</p> <p>June 2007: Member of the Board of Directors and Executive Vice President of the Company</p> <p>June 2007: In charge of Corporate Planning, International Business Management, and the Sales and Marketing Division of the Company</p> <p>June 2008: Representative Director, President and Chief Executive Officer of the Company (up to the present)</p> <p>[Significant Positions Held Concurrently] Member of the Board of Directors of Sunovion Pharmaceuticals Inc. Member of the Board of Directors of Boston Biomedical, Inc.</p>	
2	Hiroshi Noguchi (Mar. 29, 1947)	<p>April 1971: Joined Sumitomo Chemical Co., Ltd.</p> <p>September 1992: Retired from Sumitomo Chemical Co., Ltd.</p> <p>October 1992: Joined the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>June 2000: Director of the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>June 2000: In charge of Business Planning and Promotion of the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>June 2002: In charge of Corporate Planning (Licensing, Business Promotion, Technology) / Quality Management / Environmental Management of the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>June 2004: Director and Executive Officer of the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>June 2004: In charge of Quality Management / Medical Information / Environmental</p>	40,800 shares

		<p>Management of the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>June 2005: Retired from the position of Director of the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>October 2005: Executive Officer of the Company</p> <p>October 2005: Executive Director of the Technology Research and Development Center of the Company</p> <p>June 2007: Member of the Board of Directors and Executive Officer of the Company</p> <p>June 2007: Executive Director of the Technology Research and Development Center; and in charge of the Licensing Division of the Company</p> <p>June 2008: Executive Director of the Manufacturing Division; and in charge of the Technology Research & Development Division of the Company</p> <p>June 2009: Member of the Board of Directors, and Senior Executive Officer of the Company</p> <p>June 2010: Executive Director of the Strategic Planning and Business Development Division; and in charge of Corporate Planning of the Company</p> <p>June 2011: Member of the Board of Directors and Executive Vice President of the Company</p> <p>June 2011: Executive Director of the Strategic Planning and Business Development Division; and in charge of the Global Oncology Business Development Office of the Company</p> <p>April 2012: Representative Director and Senior Executive Vice President of the Company (up to the present)</p> <p>April 2012: In charge of Business Development, the Global R&D Office, Global Project Management, and the Global Oncology Business Development</p>	
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		<p>Office of the Company</p> <p>April 2013: Executive Director of the Drug Research Division; and in charge of the Global R&D Office and the Global Oncology Office of the Company (up to the present)</p> <p>[Significant Positions Held Concurrently]</p> <p>Member of the Board of Directors of Sunovion Pharmaceuticals Inc.</p> <p>Member of the Board of Directors of Boston Biomedical, Inc.</p>	
3	Makoto Hara (Mar.15, 1951)	<p>April 1974: Joined Sumitomo Chemical Co., Ltd.</p> <p>April 1999: General Manager of the Corporate Planning Office of the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>August 1999: General Manager of the Corporate Planning Office of the former Sumitomo Pharmaceuticals Co., Ltd.; and General Manager of the Pharmaceuticals Business Planning and Coordination Office of Sumitomo Chemical Co., Ltd.</p> <p>April 2003: General Manager of the Planning and Coordination Office - Petrochemicals and Plastics Sector of Sumitomo Chemical Co., Ltd</p> <p>June 2005: Executive Officer of Sumitomo Chemical Co., Ltd.</p> <p>June 2005: In charge of the Corporate Planning and Coordination Office, and the Finance and Accounting Office; and General Manager of the Finance and Accounting Office (Finance and Accounting) of Sumitomo Chemical Co., Ltd.</p> <p>June 2007: In charge of the Corporate Planning and Coordination Office, and the New Business Development Office; and General Manager of the New Business Development Office of Sumitomo Chemical Co., Ltd.</p>	21,400 shares

		<p>December 2007: In charge of the Corporate Planning and Coordination Office, and the New Business Development Office of Sumitomo Chemical Co., Ltd.</p> <p>March 2008: In charge of the Corporate Planning and Coordination Office, the New Business Development Office, the Rabigh Project - Planning & Coordination Office, and the Rabigh Project Office of Sumitomo Chemical Co., Ltd.</p> <p>April 2008: Managing Executive Officer of Sumitomo Chemical Co., Ltd.</p> <p>April 2008: In charge of the Rabigh Project - Planning & Coordination Office, and the Rabigh Project Office of Sumitomo Chemical Co., Ltd.</p> <p>April 2010: Senior Managing Executive Officer of Sumitomo Chemical Co., Ltd.</p> <p>August 2010: Retired from the position of Senior Managing Executive Officer of Sumitomo Chemical Co., Ltd.</p> <p>September 2010: Senior Executive Officer of the Company</p> <p>September 2010: Executive Director of the Global Business Division of the Company</p> <p>June 2011: Member of the Board of Directors and Senior Executive Officer of the Company</p> <p>June 2011: Executive Director of the Global Business Division; and in charge of Corporate Planning, Finance and Accounting and the Business Support Center of the Company</p> <p>April 2012: Member of the Board of Directors and Executive Vice President of the Company (up to the present)</p> <p>April 2012: In charge of Global Corporate Management, Global Strategy, Legal Affairs, Finance and Accounting, the</p>	
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		<p>Business Support Center and Global Sales and Marketing of the Company</p> <p>April 2013: In charge of Global Corporate Management, Global Strategy, Business Development, Legal Affairs, Finance and Accounting, and Global Sales and Marketing of the Company (up to the present)</p> <p>[Significant Position Held Concurrently] Member of the Board of Directors of Sunovion Pharmaceuticals Inc.</p>	
4	Yoshihiro Okada (Nov. 7, 1952)	<p>April 1975: Joined the Company</p> <p>June 2001: Head of the London Office of the Company</p> <p>June 2003: Director of Development Management of the Company</p> <p>October 2005: Director of Clinical Development I of the Company</p> <p>June 2007: Deputy Executive Director of the Drug Development Division of the Company</p> <p>June 2008: Executive Officer of the Company</p> <p>June 2008: Executive Director of the Drug Development Division of the Company</p> <p>June 2010: Member of the Board of Directors and Executive Officer of the Company</p> <p>June 2011: Executive Director of the Manufacturing Division; and in charge of the Technology Research & Development Division of the Company (up to the present)</p> <p>April 2013: Member of the Board of Directors and Senior Executive Officer of the Company (up to the present)</p> <p>[Significant Position Held Concurrently] Member of the Board of Directors of Sumitomo Pharmaceuticals (Suzhou) Co., Ltd.</p>	29,200 shares
5	Masaru Ishidahara	April 1976: Joined The Sumitomo Bank, Limited	14,300 shares

	(Nov. 25, 1951)	<p>(presently Sumitomo Mitsui Banking Corporation)</p> <p>October 1999: General Manager of the Itachibori Corporate Business Office of The Sumitomo Bank, Limited</p> <p>June 2003: Retired from The Sumitomo Bank, Limited</p> <p>July 2003: Joined the Company</p> <p>June 2006: Director of General Affairs of the Company</p> <p>June 2008: Executive Officer of the Company</p> <p>June 2008: Director of Personnel; and in charge of Career Development Support of the Company</p> <p>June 2010: Director of Personnel; and in charge of Career Development Support, and Procurement of the Company</p> <p>June 2011: Member of the Board of Directors and Executive Officer of the Company</p> <p>April 2012: In charge of Corporate Communications, Environment and Safety, Personnel, General Affairs, Procurement and Osaka Administration of the Company</p> <p>April 2013: Member of the Board of Directors and Senior Executive Officer of the Company (up to the present)</p> <p>April 2013: In charge of Corporate Communications, Personnel, General Affairs, Procurement and Osaka Administration of the Company (up to the present)</p>	
6	Tetsuya Oida (Feb. 12, 1954)	<p>April 1980: Joined the Company</p> <p>June 2001: General Manager of the International Clinical Development Department of the Company</p> <p>June 2003: General Manager of the Corporate Planning Office of the Company</p> <p>June 2004: Director and Executive Officer of the Company</p> <p>June 2004: General Manager of the Corporate</p>	13,800 shares

		<p>Planning Office; and in charge of Public Relations of the Company</p> <p>December 2004: General Manager of the Corporate Planning Office; General Manager of the Merger Promotion Office; and in charge of Public Relations of the Company</p> <p>June 2005: Director of Corporate Planning; Director of the Merger Promotion Office; and in charge of Public Relations of the Company</p> <p>October 2005: Director of Corporate Planning of the Company</p> <p>June 2006: Director of Corporate Planning; and in charge of Portfolio and Product Strategy Planning, and Licensing of the Company</p> <p>June 2007: Executive Director of the Non-Pharmaceutical Operations Division; Director of Animal Health Products; and in charge of Information Systems, and Quality Assurance (Non-Pharmaceutical Products) of the Company</p> <p>October 2007: Executive Director of the Non-Pharmaceutical Operations Division; Director of Animal Health Products; and in charge of Information Systems of the Company</p> <p>June 2008: Member of the Board of Directors, and Senior Executive Officer of the Company</p> <p>June 2008: Executive Director of the Non-Pharmaceutical Operations Division; and in charge of Purchasing for the Company</p> <p>June 2010: Member of the Board of Directors of the Company (up to the present)</p> <p>[Significant Positions Held Concurrently] Representative Director and President of DSP Gokyo Food & Chemical Co., Ltd</p>	
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		Representative Director and Chairman of Sanno Foods Co., Ltd.	
7	Hiroshi Nomura (Aug. 31, 1957)	<p>April 1981: Joined Sumitomo Chemical Co., Ltd.</p> <p>June 2004: General Manager of the Finance and Accounting Department of the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>October 2005: Director of Finance and Accounting of the Company</p> <p>June 2007: Director of Corporate Planning of the Company</p> <p>December 2007: Retired from Sumitomo Chemical Co., Ltd.</p> <p>January 2008: Joined the Company</p> <p>June 2008: Executive Officer of the Company</p> <p>June 2008: Director of Corporate Planning; and in charge of Finance and Accounting, and Information Systems Planning of the Company</p> <p>June 2009: In charge of Corporate Planning, Finance and Accounting, and Information Systems Planning of the Company</p> <p>November 2009: Director of International Business Strategic Planning and Management; and in charge of Finance and Accounting, and Information Systems Planning of the Company</p> <p>January 2010: Director of International Business Strategic Planning and Management; and in charge of Finance and Accounting, Information Systems Planning, and the Business Support Center of the Company</p> <p>September 2010: Director of Global Business Planning and Development; and in charge of Finance and Accounting, Information Systems Planning, and the Business Support Center of the Company</p> <p>June 2011: Deputy Executive Director of the Sales and Marketing Division; and in</p>	4,600 shares

		<p>charge of External Affairs of the Company</p> <p>February 2012: Sunovion Pharmaceuticals Inc. (up to the present)</p> <p>June 2012: Member of the Board of Directors of the Company (up to the present)</p> <p>[Significant Positions Held Concurrently]</p> <p>Member of the Board of Directors of Sunovion Pharmaceuticals Inc.</p> <p>Member of the Board of Directors of Boston Biomedical, Inc.</p>	
8	<p>Hidehiko Sato (Apr. 25, 1945)</p> <p>Candidate for Outside Director</p> <p>New Candidate</p>	<p>April 1968: Joined the National Police Agency</p> <p>August 1986: Counselor of the Second Department of the Cabinet Legislation Bureau</p> <p>April 1992: Director General of the Criminal Investigation Bureau of the Metropolitan Police Department</p> <p>February 1995: Chief of the Saitama Prefectural Police Headquarters</p> <p>December 1996: Director General of the Criminal Investigation Bureau of the National Police Agency</p> <p>January 1999: Chief of the Osaka Prefectural Police Headquarters</p> <p>January 2000: Deputy Commissioner General of the National Police Agency</p> <p>August 2002: Commissioner General of the National Police Agency</p> <p>August 2004: Retired from the National Police Agency</p> <p>February 2005: President of the Police Personnel Mutual Aid Association</p> <p>November 2010: Retired from the Police Personnel Mutual Aid Association</p> <p>June 2011: Admitted to the Bar (Japan)</p> <p>June 2011: Audit & Supervisory Board Member of the Company (up to the present)</p> <p>June 2011: Director of JS Group Corporation (currently, LIXIL Group Corporation) (up to the present)</p>	0 share

		[Significant Position Held Concurrently] Director of LIXIL Group Corporation	
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- (Note)
1. None of the above candidates have any special interests in the Company.
 2. The positions and responsibilities in the parent company, etc. for the past five (5) years of Makoto Hara are as described in the “Summary of Profile, Position(s), Responsibilities and Significant Position(s) Held Concurrently”.
 3. Mr. Hidehiko Sato is a candidate for Outside Director as defined in Item 7, Paragraph 3, Article 2 of the Ordinance for Enforcement of the Companies Act. The Company designated Mr. Sato as an Independent Auditor, as defined by Tokyo Stock Exchange, Inc. and Osaka Securities Exchange Co., Ltd., and reported the same to the said exchanges. When his election as an Outside Director is approved, Mr. Sato will also be serving as an Independent Director.
 4. The reasons for recommending the election of the aforementioned person as an Outside Director are as follows:

Mr. Hidehiko Sato has considerable experience and a wide range of knowledge, which he has acquired in the course of his career during which he held various positions such as Counselor of the Cabinet Legislation Bureau and Commissioner General of the National Police Agency, as well as expertise as an attorney. The Company recommends his election as an Outside Director in the hope that he will contribute to the management of the Company using his experience, knowledge and expertise.

Although Mr. Sato has not been involved in the management of a company, other than as an outside director/audit & supervisory board member, the Company believes that he will be able to appropriately perform his duties as an Outside Director based on the aforementioned reasons.
 5. Mr. Hidehiko Sato currently serves as an Outside Audit & Supervisory Board Member of the Company, and he will have served as an Outside Audit & Supervisory Board Member for two (2) years at the conclusion of this Shareholders’ Meeting.
 6. The summary of the agreement with this candidate for Outside Director, which limits his liability, is as follows:

Upon the approval of the election of Mr. Hidehiko Sato as an Outside Director, and subject to the approval of the partial amendments to the Articles of Incorporation of the Company, which is the Second Proposal, the Company intends to enter into an agreement with Mr. Sato, which will limit his liability for damages under Paragraph 1, Article 423 of the Companies Act. Under the terms of the agreement, Mr. Sato’s liability will be limited to either an amount specified in advance, which will not be less than 10 million yen, or the amount stipulated under applicable laws and regulations, whichever is higher.

Fourth Proposal: Election of Three (3) Audit & Supervisory Board Members

Three (3) of the Audit & Supervisory Board Members of the Company, Ikuo Hino, Masahiro Kondo and Hidehiko Sato, will resign as Audit & Supervisory Board Members at the conclusion of this Shareholders' Meeting.

Therefore, we would like you to elect three (3) Audit & Supervisory Board Members.

The Audit & Supervisory Board has already approved this proposal.

The candidates for Audit & Supervisory Board Members are as follows.

Candidate No.	Name (Date of birth)	Summary of Profile, Position(s), Responsibilities and Significant Position(s) Held Concurrently	Number of Shares of the Company Owned
1	Yasuji Furutani (Dec. 1, 1951) New Candidate	<p>April 1979: Joined the Company</p> <p>June 2001: Director of the Pharmacology Research Laboratories of the Company</p> <p>June 2004: Executive Officer of the Company</p> <p>June 2004: Deputy Executive Director of the Drug Research Division; Director of Research Management; and Director of the Pharmacology Research Laboratories of the Company</p> <p>October 2005: Director of the Pharmacology Research Laboratories of the Company</p> <p>June 2007: Deputy Executive Director of the Drug Research Division of the Company</p> <p>June 2009: Deputy Executive Director of the Corporate Regulatory Compliance & Quality Assurance Division; and Director of the Global PV & QA Management Office of the Company</p> <p>June 2010: Senior Executive Officer of the Company</p> <p>June 2010: Executive Director of the Corporate Regulatory Compliance & Quality Assurance Division of the Company</p> <p>February 2011: Executive Director of the Corporate Regulatory Compliance & Quality Assurance Division; and Director of the Computer Systems</p>	8,500 shares

		<p>Compliance Office of the Company</p> <p>January 2012: Executive Director of the Corporate Regulatory Compliance & Quality Assurance Division of the Company</p> <p>April 2013: On special temporary contract with the Company (up to the present)</p>	
2	<p>Yutaka Atomi (Dec. 5, 1944)</p> <div style="border: 1px solid black; padding: 2px; margin: 5px 0;">Candidate for Outside Audit & Supervisory Board Member</div> <div style="border: 1px solid black; padding: 2px; margin: 5px 0;">New Candidate</div>	<p>April 1970: Intern Doctor at the First Department of Surgery of the Faculty of Medicine of the University of Tokyo</p> <p>April 1971: Intern Doctor at the Department of Surgery of Tokyo Hitachi Hospital</p> <p>April 1972: Intern Doctor at the Department of Surgery of Tokyo Kosei Nenkin Hospital</p> <p>April 1976: Research Assistant at the Department of Radiology of the Faculty of Medicine of the University of Tokyo</p> <p>April 1977: Intern Doctor at the First Department of Surgery of the Faculty of Medicine of the University of Tokyo</p> <p>April 1982: Chief of the Medical Staff at the First Department of Surgery of the Faculty of Medicine of the University of Tokyo</p> <p>June 1988: Visiting Researcher at the Department of Surgery of the University of California, San Francisco</p> <p>February 1989: Research Assistant at the First Department of Surgery of the Faculty of Medicine of the University of Tokyo</p> <p>July 1992: Lecturer at the First Department of Surgery of the Faculty of Medicine of the University of Tokyo</p> <p>October 1992: Professor at the First Department of Surgery of the School of Medicine of Kyorin University</p> <p>April 1998: Vice Director of Kyorin University Hospital</p> <p>April 2004: Dean of the School of Medicine of</p>	0 share

		<p>Kyorin University April 2010: President of Kyorin University (up to the present)</p> <p>[Significant Position Held Concurrently] President of Kyorin University</p>	
3	<p>Kazuto Nishikawa (Dec. 28, 1947)</p> <div style="border: 1px solid black; padding: 2px; margin: 5px 0;">Candidate for Outside Audit & Supervisory Board Member</div> <div style="border: 1px solid black; padding: 2px; margin: 5px 0;">New Candidate</div>	<p>July 1971: Joined the Ministry of Finance July 1988: Assistant Regional Commissioner (Criminal Investigation) of the Tokyo Regional Taxation Bureau July 1990: Director of the Criminal Investigation Division of the Large Enterprise Examination and Criminal Investigation Department of the National Tax Agency July 1992: Assistant Regional Commissioner (Management and Coordination) of the Osaka Regional Taxation Bureau July 1993: Director of the Special Banks Division of the Banking Bureau July 1994: Director of the Personnel Division of the Commissioner's Secretariat of the National Tax Agency July 1996: Deputy Commissioner (Large Enterprise Examination and Criminal Investigation) of the National Tax Agency July 1998: Regional Commissioner of the Tokyo Regional Taxation Bureau July 2000: Director-General of the Inspection Department of the Financial Services Agency January 2001: Director-General of the Inspection Bureau of the Financial Services Agency July 2001: Retired from the Financial Services Agency July 2001: Managing Director of the Teito Rapid Transit Authority March 2004: Retired from the Teito Rapid Transit Authority June 2004: Senior Managing Director of the</p>	0 share

		<p>National Association of Shinkin Banks (Incorporated Association) (currently, General Incorporated Association)</p> <p>June 2012: Retired from the National Association of Shinkin Banks</p> <p>June 2012: Audit & Supervisory Board Member of Murata Manufacturing Co., Ltd. (up to the present)</p> <p>[Significant Position Held Concurrently] Audit & Supervisory Board Member of Murata Manufacturing Co., Ltd.</p>	
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- (Note)
1. None of the above candidates have any special interests in the Company.
 2. Dr. Yutaka Atomi and Mr. Kazuto Nishikawa are candidates for Outside Audit & Supervisory Board Members as defined in Item 8, Paragraph 3, Article 2 of the Ordinance for Enforcement of the Companies Act.
 3. The reasons for recommending the election of the aforementioned persons as Outside Audit & Supervisory Board Members are as follows:
 - (1) Dr. Yutaka Atomi has considerable experience and expertise that he acquired as a medical doctor. The Company recommends his election as an Outside Audit & Supervisory Board Member in the hope that he will contribute to the auditing of the Company using his experience and expertise.
Although Dr. Atomi has not been involved in the management of a company, other than as an outside director/audit & supervisory board member, the Company believes that he will be able to appropriately perform his duties as an Outside Audit & Supervisory Board Member based on the aforementioned reasons.
 - (2) Mr. Kazuto Nishikawa has considerable experience and expertise that he acquired as an expert in the fields of tax affairs and finance. The Company recommends his election as an Outside Audit & Supervisory Board Member in the hope that he will contribute to the auditing of the Company using his experience and expertise.
Although Mr. Nishikawa has not been involved in the management of a company, other than as an outside director/audit & supervisory board member, the Company believes that he will be able to appropriately perform his duties as an Outside Audit & Supervisory Board Member based on the aforementioned reasons.
 4. The summary of the agreement with these candidates for Outside Audit & Supervisory Board Members, which limits their liability, is as follows:
Upon the approval of the election of Dr. Yutaka Atomi and Mr. Kazuto Nishikawa as Outside Audit & Supervisory Board Members, the Company intends to enter into agreements with them, which will limit their liability under Paragraph 1, Article 423 of the Companies Act. Under the terms of these agreements, their liability will be limited to either an amount specified in advance, which will not be less than 10 million yen, or the amount stipulated under

applicable laws and regulations, whichever is higher.

END

[Instructions for Voting by Electromagnetic Methods (the Internet, etc.)]

**Please be reminded that the online voting website and phone inquiries services are available only in Japanese.*

1. To Shareholders Who Will Use the Internet

Please note the following matters if you chose to exercise your voting rights via the Internet.

- (1) Online voting is possible only by accessing the following online voting website designated by the Company. This website is available through the Internet via cellular phone also.


[Online voting website URL] <http://www.web54.net>

*You may also access the online voting website by scanning the two-dimensional code on the right if your cellular phone is equipped with a barcode reader. For more detailed instructions on this procedure, please refer to the user manual of your cellular phone.

**2D
Code**

- (2) When you vote online, please enter the “voting code” and the “password” provided in the enclosed voting form, and indicate your approval or disapproval of the proposals by following the instructions displayed on the screen.
- (3) Online votes will be accepted until 5:00 p.m., Thursday, June 20, 2013 (JST), the day immediately prior to the date of the Annual Shareholders’ Meeting. However, your early voting would be highly appreciated for the convenience of vote counting.
- (4) In the event that a voting right is exercised twice via the enclosed voting form and online, only the online vote shall be counted as an effective vote.
- (5) In the event that a voting right is exercised online more than once, only the most recent vote shall be counted as an effective vote.
- (6) Shareholders shall bear the connection charges of the Internet providers and the communication charges of the telecommunications carriers (telephone charges, etc.) for accessing the online voting website.
- (7) The following system environments are required for accessing the online voting website:
- (i) Internet access;
 - (ii) When voting via PC, either Microsoft® Internet Explorer version 6.0 or above as the Internet browsing software (browser), and a hardware environment that enables the use of the relevant browser; and
 - (iii) When voting via cellular phone, a handset model that supports 128-bit SSL communication (encrypted communication). (To ensure security, only cellular phones that support 128-bit SSL communication may access the online voting website. Some models do not support this system. Additionally, although voting via smart phones and other cellular phones with full browser functionality is also supported, please note that some models may not be compatible with this system.)
(Microsoft is a registered trademark of Microsoft Corporation in the United States and other countries.)
- (8) If you have any question related to online voting, please contact the following for inquiry services.

Stock Transfer Agency Web Support, Sumitomo Mitsui Trust Bank, Limited.

[Special Phone Line]  0120-652-031

(9:00 a.m. to 9:00 p.m. (JST), toll-free within Japan)

2. Electronic Voting Platform for Institutional Investors

In addition to the aforementioned online voting method, nominee shareholders (including

any standing proxy) such as trust banks who have registered beforehand for the use of the electronic voting platform operated by ICJ, Inc., a joint venture established by the Tokyo Stock Exchange, Inc., among others, may use the said platform as a means of exercising their voting rights by electromagnetic method for the Annual Shareholders' Meeting of the Company.

End