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[Translation]

Security Code No. 4506

May 28, 2014

Dear Shareholders:

Notice of Convocation of the 194th Annual Shareholders' Meeting

You are cordially invited to attend the 194th 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 37 to 47 and exercise your voting rights no later than 5:00 p.m., Wednesday, June 18, 2014 (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 48 to 49, 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 Thursday, June 19, 2014

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 194th Fiscal Year (from April 1, 2013 to March 31, 2014)
 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:** Election of Eight (8) Directors
 - Third Proposal:** Election of Two (2) Audit & Supervisory Board Members
 - Fourth Proposal:** Partial Amendments to the Articles of Incorporation

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/>

[Attached Documents]

Business Report

(From April 1, 2013 to March 31, 2014)

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 showed a slow recovery trend, due to the rising stock value and the weakened yen triggered by the effects of monetary relaxation and economic policies this fiscal year. In the global economy also, in the US, there was a steady economy recovery trend, despite a sense of uncertainty in future employment. In China, the economy continues to grow step by step, overcoming partially poor economic performance. In Europe, the economy is now coming back from the stagnation evolved from the financial crisis.

In the pharmaceutical industry, the development cost continues to increase while the level of developing new medicines is becoming higher and higher. Moreover, generic medicines are used more than ever on the back of the global hold down of medical costs. Facing the continued severe business environments where the approval reviews are getting strict, new business domains are actively exploited as shown by practical realization of regenerative medical techniques.

Under such conditions, the DSP Group positioned four major products as strategic products in the domestic market, which are AIMIX[®] and AVAPRO[®], therapeutic agents for hypertension, LONASEN[®] (generic name: blonanserin), an atypical antipsychotic, and TRERIEF[®], a therapeutic agent for Parkinson's disease for further sales expansion, focusing on information providing activities for the purpose of maximizing the sales of METGLUCO[®], a biguanide oral hypoglycemic, and other products.

In the overseas markets, Sunovion Pharmaceuticals Inc. (hereinafter, "Sunovion"), one of our subsidiary companies in the U.S., invested its management resources and developed business activities for LATUDA[®] (generic name: lurasidone hydrochloride), an atypical antipsychotic which was approved in June last year as an additional indication of bipolar I disorder depression. This March, Takeda Pharmaceutical Company Limited (hereinafter, "Takeda"), one of our partners, was granted the marketing authorization for LATUDA[®], while the Company was granted the marketing authorization in Australia.

Sunovion obtained the approval in the U.S. for APTIOM[®], an antiepileptic drug in November last year.

For the launch in the U.S. market of a therapeutic agent for solid cancer BBI608 being developed by Boston Biomedical, Inc. (hereinafter, "BBI"), the DSP Group established Boston Biomedical Pharma, Inc. (hereinafter, "BBP") in October last year as a distributor in the U.S. of anti-cancer drugs.

Consolidated net sales ended up with 387,693million yen (an 11.5 % increase from the

previous fiscal year), overcoming the fall in revenue in the domestic market coming from a decrease in sales of GASMOTIN[®], a gastroprokinetic due to the expiration of the patent duration, resulted from a drastic sales increase in the U.S. market partially contributed by the boost in sales of LATUDA[®] and the weakened yen in spite of a decrease in sales of XOPENEX[®], a short-acting beta-agonist due to the expiration of the exclusivity. The selling, general and administrative expenses increased, influenced by the weakened yen in spite of our continued efforts for a cost reduction. However, as a result of the large increase in net sales, the operating income was 42,142million yen (a 68.3% increase from the previous fiscal year) and the ordinary income was 40,631million yen (a 65.8% increase from the previous fiscal year). The net income reached 20,060million yen (a 99.7% increase from the previous fiscal year) after the extraordinary income of the gain on sales of investment securities and fair value adjustment of contingent consideration in the U.S. and after the extraordinary loss from impairment and business structure improvement expenses.

Business performance by reportable segment is as follows:

① Japan

In addition to the four strategic products including AIMIX[®], sales of METGLUCO[®] grew drastically. However, sales of existing products decreased partly because of the expiration of the patent duration and the decrease in sales of the commissioned manufacturing, which was not fully covered by the said sales growth. Consequently, net sales were 171,898 million yen (a 1.5 % decrease from the previous fiscal year). As the selling, general and administrative expenses, excluding research and development costs, were decreased by reduction efforts, segment income was 60,827 million yen (a 0.3 % increase from the previous fiscal year).

② North America

Net sales increased to 145,271 million yen (a 25.4 % increase from the previous fiscal year) supported by a further increase in the sales of LATUDA[®] and the weakened yen covering the considerable decline in the sales of XOPENEX[®] due to the expiration of the exclusivity. The selling, general and administrative expenses, excluding research and development costs, decreased by the reduction in personnel costs after the business structure improvement and completion of partial patent depreciation on a local currency basis, however, the yen equivalent amount increased because of the weakened yen. Yet, the impact of sales growth is larger, and segment income was 33,876million yen (a 125.2 % increase from the previous fiscal year).

③ China

The sales of MEROPEN[®], a carbapenem antibiotic continued to increase and ALMARL[®], a therapeutic agent for hypertension, angina pectoris and arrhythmia, produced successful results. Additionally, benefiting from the weakened yen, net sales reached 11,928 million yen (a 56.1 % increase from the previous fiscal year), and segment income was 3,182 million yen (a 73.8 % increase from the previous fiscal year).

④ Other regions

Though the export of MEROPEN[®] to major countries overseas decreased due to the expiration of the patent duration, industrial property revenue was generated because of the approval of LATUDA[®] in Europe. Consequently, net sales were 16,712 million yen (an 80.3 % increase from the previous fiscal year) and segment income was 11,358 million yen (a 161.6 % increase 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 were 41,883 million yen (a 3.4 % increase from the previous fiscal year) and segment income was 2,673 million yen (a 10.8 % decrease from the previous fiscal year).

The status of research and development activities is as follows:

The DSP Group aims to produce innovative pharmaceutical products, designating the psychiatry and neurology area and the oncology area as focus therapeutic areas, which represent unmet medical needs. The DSP Group also introduce various active strategies, including its own in-house research, technology import, and joint research with venture companies and academia to prepare for business development in global pioneering fields and advanced technology fields.

In the initial research stage, the Company makes efforts to improve research efficiency by use of advanced technologies owned by itself, such as genomics, proteomics, and metabolomics, and to apply the leading-edge science, including iPS cells, for our future new products. The Company is now also promoting a joint research with the Center for iPS Cell Research and Application, Kyoto University aiming for development of treatment for rare intractable diseases. Furthermore, the Company actively participates in the Research Center Network for Realization of Regenerative Medicine, a project involving industry, government, and academia.

In the latter research stage and the development stage, the Company optimizes the portfolio of the entire DSP group from a 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 with lurasidone hydrochloride, an atypical antipsychotic, which is one of our global strategic products:
 - In the U.S. , approval of additional indication for bipolar I disorder depression was obtained in June last year and in Canada in March this year.
 - In Europe, approval by means of centralized authorization procedure was obtained by Takeda in terms of the indication of schizophrenia in March this year. Taking this result, it is to be launched on the market as completion of procedures under pharmaceutical regulations in every country. In Switzerland, approval for schizophrenia was obtained by a local subsidiary company of Takeda in August last year.
 - In Japan, Phase III clinical study for bipolar I disorder depression and bipolar disorder maintenance started in September last year.
 - In China, Phase III clinical study for schizophrenia started in July last year.
 - In Australia, approval for schizophrenia by the Company in March this year, and in Taiwan, an application for approval was made by the Company's local partner in terms of the indication of schizophrenia in October last year.
- ii. With regard to APTIOM[®], in the U.S., approval was obtained in November last year, and in Canada, an application for approval was made in June last year.

- iii. With regard to blonanserin, an atypical antipsychotic, in China, an application for approval was made in September last year.

[Oncology]

- i. With regard to BBI608, created targeting anti-cancer effect to cancer stem cells, there has been the following progress:
 - Japan was added in development locations, where Phase III global clinical study is conducted for colorectal cancer, in August last year.
 - In the U.S., Phase III clinical study of Gastric cancer (combination therapy) started in March this year.
 - In Japan, Phase I clinical study of Gastric cancer (combination therapy) started in December last year.
 - In the U.S. and Canada, Phase I clinical study of Gastrointestinal cancer (combination therapy) started in November last year.
- ii. With regard to WT2725, a therapeutic agent for solid cancer and hematologic cancer, Phase I clinical study of solid cancer started in Japan last September.

[Other specialty area and new business area]

- i. With regard to EPI-743, a therapeutic agent for mitochondrial disease, in Japan, Phase II/III clinical studies of Leigh syndrome started in October last year.
- ii. With regard to cell therapy and regenerative medicine, the Company concluded a joint development agreement in Japan with Healios K.K. (hereinafter, "Healios") in terms of iPS cell-derived retinal pigment epithelial cells for the treatment of age-related macular degeneration and other eye diseases in December last year. In February this year, the Company established a joint venture company called SighRegen K.K., with Healios to manufacture and promote the above treatment medicines.

[Other areas]

- i. With regard to MEROPEN[®], in Japan, approval for changing dosage was obtained in December last year.
- ii. An application for addition of pediatric usage of METGLUCO[®] was made in October last year.
- iii. With regard to SUREPOST[®], a rapid-acting insulin secretagogue, a supplementary application for change of the approved indication to type 2 diabetes in December last year.

The DSP Group has been active in introducing development articles from outside and in joint research. In regard with the license agreement with Edison Pharmaceuticals, Inc. (hereinafter, "Edison") relating to therapeutic agent for mitochondrial disease, in the U.S., the Company expanded its right by grant of an exclusive development and commercial rights of EPI-589 in North America for agreed-upon indications in adults in January this year. At the same time, the Company concluded a joint research agreement with Edison for discovery of novel candidate pharmaceutical compounds targeting cellular energy metabolism.

In addition to the above-mentioned ethical pharmaceuticals, the DSP 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 12,038 million yen, and the new chemistry research building of the Osaka Research Center, which is a major facility, was completed during the current fiscal year.

(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, 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,” in 2013, and has formulated the 3rd Mid-term Business Plan (“MTBP”) for the five years from fiscal 2013 to 2017 for attaining its vision. In the 3rd MTBP, the DSP Group has set the following five basic policies ready to challenge innovations. As the business goal of 2017, the final year of the 3rd MTBP, the DSP Group will strive to achieve net sales of 450 billion yen, operating income of 80 billion yen, and EBITDA (earnings before interest, taxes, depreciation and amortization, and extraordinary income / loss) of 110 billion yen.

① Basic Policies of the 3rd MTBP

- 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

② Strategies and Business Activities of the 3rd MTBP

In the 3rd MTBP, the DSP Group continues its business activities, promoting the six strategies, i.e., *product strategy*, *therapeutic area strategy*, *regional strategy*, *R&D strategy*, *investment strategy* and *financial strategy* along with *strengthening of business foundation* and *promotion of CSR management*, for the purpose of attaining the management goal and realizing the visions.

In the first half of the 3rd MTBP, the DSP Group predicts the fiscal year 2014 to be a particularly tough year in finance because it has to face drug price revision in Japan and expiration of the exclusivity of LUNESTA[®], a sedative hypnotic in North America. However, the DSP Group is determined to steadily promote its business by further strengthening its

sales activities in domestic and overseas markets and making concerted efforts to reduce cost in the entire DSP Group while by paving the way for business structure improvement through accelerating implementation of all the strategies from a mid-term standpoint.

Specifically, riding on the strength of AIMIX[®], the Company aims further growth of three hypertension treatment medicines including AVAPRO[®] and AMLODIN[®], a therapeutic agent for hypertension and angina pectoris in Japan. The Company also maintains the business scale by intensively investing its management resources to the growing products such as LONASEN[®], TRERIEF[®] in the psychiatry and neurology area, METGLUCO[®] and SUREPOST[®] in the diabetes area.

In North America, the DSP Group makes efforts to accelerate the sales expansion of LATUDA[®] to raise it to be a blockbuster, which was approved for additional indication of bipolar I disorder depression in June last year. At the same time, the DSP Group works hard to minimize the influence of sales decrease of the existing products including LUNESTA[®] whose exclusivity expired in April this year by early sales expansion of APTIOM[®] which was launched in April this year.

In China, the DSP Group expects the sales to grow and will earn profit from MEROPEN[®] and other products.

In Europe, the DSP Group will start sales organization of LATUDA[®] and increase its market share in the U.K steadily and smoothly. In Southeast Asia and the Oceania region, the DSP Group will also investigate opportunities for business by creating a foundation with lurasidone hydrochloride.

In regard with research and development of the 3rd MTBP, the DSP Group will actively invest its management resources to the focus therapeutic area, which are the psychiatry and neurology areas and the oncology area, to the specialty area of rare intractable diseases, and to the new business area of cell therapy and regenerative medicine.

In the psychiatry and neurology areas, the DSP Group selects the post-LATUDA candidates and invests to the selected one in the global market, while continuing active development of LATUDA[®] in the domestic market. Focusing largely on improvement of current treatments that do not sufficiently result in adequate symptom relief, as well as on the treatment of the patients who do not respond enough to existing medicines, the DSP Group continues to promote research and development of therapeutic agents in schizophrenia, depression, Alzheimer's disease and other disorders.

In the oncology area, the DSP Group maximizes its efforts toward successful development in North America of BBI608, the first-in-class anti-cancer drug targeting cancer stem cells. The Company accelerates the development speed for BBI608 in Japan, utilizing the effects of its enforced and intensified clinical development system at a maximum to expedite the product launch following that in the market of North America. Furthermore, the DSP Group aims to develop innovative products on a continuing basis by the efficient research and development for compound succeeding to BBI608. For the launch of BBI608 in North America, Boston Biomedical Pharma, Inc. plays a central part to build up the distribution system.

In the specialty area, the Company continues the research and development of treatment for rare intractable diseases, developing EPI-743 and EPI-589, therapeutic agents for mitochondrial disease introduced from Edison and going forward with the joint research with the said company. The Company also will be actively committed to development of DSP-1747, a therapeutic agent for liver disease introduced from Intercept Pharmaceuticals,

Inc. in the U.S., for nonalcoholic steatohepatitis (NASH) for which no drug has been currently approved.

The DSP Group is ready to accelerate product development in the new business area. As for the cell therapy, the Company will actively develop SB623, a therapeutic agent for stroke recovery of which the Company has concluded the option agreement for the license with SanBio, Inc., towards its commercialization during the 3rd MTBP. As for the regenerative medicine, the Company aims to be a global pioneer in the treatment of eye diseases with iPS cells by promoting the collaborative development with Healios. As for the vaccine business, the Company will construct the business basis through advanced technologies of its own.

The DSP Group recognizes promotion of CSR management and strengthening of business foundation for the most significant management issue. With regard to promotion of CSR management, the DSP Group will ensure further reinforcement of its Corporate Mission, Management Mission and Declaration of Conduct, and more specifically, establish high level corporate ethics, ensure transparency of management, 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. With regard to strengthening of business foundation, the DSP Group has been 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. in order to establish a robust business management structure that can respond flexibly to changes in the business environment. In addition, the DSP Group will improve its corporate structure in a streamlined manner by building such a strong corporate culture that encourages actions to take on a new challenge.

③ Returns to Shareholders and New Investment

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. The DSP Group forecasts operating cash flow of 240 billion yen in the five years of the 3rd MTBP, and will also secure cash if needed by using leverage in order to be active in obtaining products and chemical compounds from outside as well as in making new investments in domestic, North American, new business, European and other operations.

(5) Summary of Financial Position and Income

① Summary of Financial Position and Income of the DSP Group

	Fiscal year ended March 2011	Fiscal year ended March 2012	Fiscal year ended March 2013	Fiscal year ended March 2014 (the current fiscal year)
Net Sales (Millions of yen)	379,513	350,395	347,724	387,693
Ordinary Income (Millions of yen)	28,616	18,872	24,505	40,631

Net Income (Millions of yen)	16,796	8,629	10,043	20,060
Net Income per Share	42.27 yen	21.72 yen	25.28 yen	50.49 yen
Total Assets (Millions of yen)	589,868	559,410	607,219	659,032
Net Assets (Millions of yen)	323,983	319,227	349,248	398,540

② Summary of Financial Position and Income of the Company

	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	Fiscal year ended March 2014 194 th fiscal year (the current fiscal year)
Net Sales (Millions of yen)	229,756	203,460	189,962	200,745
Ordinary Income (Millions of yen)	41,155	35,184	18,502	23,403
Net Income (Millions of yen)	26,756	22,058	11,356	15,210
Net Income per Share	67.34 yen	55.52 yen	28.58 yen	38.28 yen
Total Assets (Millions of yen)	561,568	549,418	554,480	568,152
Net Assets (Millions of yen)	349,421	367,035	376,918	385,897

(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
	Osaka Head Office	Osaka	Tokyo Head Office	Chuo-ku, Tokyo	Osaka Center	Osaka
Branches	Sapporo Branch	Sapporo	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	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	6,700
Others	315
Total	7,015

(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 Fiscal Year	Average Age	Average Length of Continuous Employment
4,331	-126	41.4	16.6 years

- (Note)
1. The number of the Company's employees indicated above is the total number of all persons currently working, including the 137 seconded employees accepted by the Company, but excluding the 354 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 in the oncology area
	Sumitomo Pharmaceuticals (Suzhou) Co., Ltd.	100	Manufacture and sale of medical drugs

(Note) The figure indicated in parentheses under the Investment Ratio column indicates the indirect ownership ratio (%) vis-a-vis the total ownership ratio.

(10) Principal Lender and the Amount of the Loan

Lender	Outstanding Amount of the Loan
Sumitomo Mitsui Banking Corporation	8,460 million yen
Sumitomo Mitsui Trust Bank, Ltd.	5,640 million yen
The Norinchukin Bank	4,700 million yen
Sumitomo Life Insurance Company	4,000 million yen
Nippon Life Insurance Company	4,000 million yen
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,800 million yen
The Hyakujushi Bank, Ltd.	2,700 million yen

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 593,962 treasury stocks)
- (3) **Number of Shareholders
at the end of this Fiscal Year:** 25,672
- (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)	15,574	3.92
Japan Trustee Services Bank, Ltd. (Trust account)	11,793	2.97
Nippon Life Insurance Company	8,529	2.15
Japan Trustee Services Bank, Ltd. (Trust account for Sumitomo Mitsui Banking Corporation's retirement benefits)	7,000	1.76
Sumitomo Life Insurance Company	5,776	1.45
Aioi Nissay Dowa Insurance Co., Ltd.	4,435	1.12
Dainippon Sumitomo Pharma Employee Shareholders' Association	4,116	1.04
BNP Paribas Securities (Japan) Limited	3,334	0.84

- (Note) 1. The 7,000,000 shares of the Company, which are held by Japan Trustee Services Bank, Ltd. (Trust account for Sumitomo Mitsui Banking Corporation's retirement benefits) 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 (593,962 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 Concurrent Positions
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 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.
Member, Board of Directors	Makoto Hara	Executive Vice President In charge of Global Corporate Management, Global Strategy, Business Development, Legal Affairs, Finance & Accounting and International Business Management Member, Board of Directors of Sunovion Pharmaceuticals Inc.
Member, Board of Directors	Yoshihiro Okada	Senior 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 of DS Pharma Animal Health Co., Ltd.
Member, Board of Directors	Masaru Ishidahara	Senior Executive Officer In charge of Corporate Communications, 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. Representative Director and Vice President of Sungroup Holding Co., Ltd.
Member, Board of Directors	Hiroshi Nomura	Member, Board of Directors of Sunovion Pharmaceuticals Inc.
Member, Board of Directors	Hidehiko Sato	Attorney at Law (admitted in Japan) Director of LIXIL Group Corporation
Full-Time Audit & Supervisory Board Member	Nobuo Takeda	
Full-Time Audit & Supervisory Board Member	Yasuji Furutani	
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	Yutaka Atomi	President of Kyorin University
Audit & Supervisory Board Member	Kazuto Nishikawa	Audit & Supervisory Board Member of Murata Manufacturing Co., Ltd.

- (Note)
1. The Director, Hidehiko Sato, and the Audit & Supervisory Board Members, Yasuji Furutani, Yutaka Atomi and Kazuto Nishikawa, were newly appointed at the 193rd Annual Shareholders' Meeting held on June 21, 2013 and assumed their office thereafter.
 2. The Full-Time Audit & Supervisory Board Member, Ikuo Hino, and the Audit & Supervisory Board Members, Masahiro Kondo and Hidehiko Sato, resigned as of June 21, 2013.
 3. The Director, Hidehiko Sato, is an Outside Director as defined in Item 15, Article 2 of the Companies Act.
 4. The Audit & Supervisory Board Members, Harumichi Uchida, Yutaka Atomi and Kazuto Nishikawa, are Outside Audit & Supervisory Board Members as defined in Item 16, Article 2 of the Companies Act.
 5. The Audit & Supervisory Board Member, Kazuto Nishikawa, has a considerable amount of knowledge in finance and accounting affairs, having served in many relevant positions such as Director-General of the Inspection Bureau of the Financial Services Agency.
 6. The Company designated the Director, Hidehiko Sato, as Independent

Director as defined by the Tokyo Stock Exchange, Inc., and reported the same to the said exchange.

7. As of April 1, 2014, the “Responsibilities, Principal Duties, and Significant Concurrent Positions” of the Directors changed as follows:

Position	Name	Responsibilities, Principal Duties, and Significant Concurrent Positions
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 Boston Biomedical, Inc.
Director	Makoto Hara	Executive Vice President In charge of the Sales & Marketing Division, Legal Affairs, Intellectual Property and International Business Management
Director	Masaru Ishidahara	Senior Executive Officer In charge of Corporate Communications, Personnel, General Affairs, Procurement, the Corporate Service Center and Osaka Administration
Director	Hiroshi Nomura	Senior Executive Officer In charge of Global Corporate Management, Global Strategy & Business Development, External Affairs, Corporate Secretariat & Industry Affairs, Finance & Accounting and the Regenerative & Cellular Medicine Office Member, Board of Directors of Sunovion Pharmaceuticals Inc.
Director	Tetsuya Oida	Representative Director and President of DSP Gokyo Food & Chemical Co., Ltd. Representative Director and Chairman of Suntegre Co., Ltd.

(Note) Sanno Foods Co., Ltd., Sungroup Holding Co., Ltd., and its affiliates, Sunbase Food Co., Ltd. and another company all merged (absorption-type merger), and the surviving company, Sunbase Food Co., Ltd., changed its trade name to Suntegre Co., Ltd.

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

- ① The relationship between the Company and the companies or organizations where the Outside Director and Outside Audit & Supervisory Board Members concurrently hold significant positions

The relationship between the Company and the companies or organizations where the Outside Director and Outside Audit & Supervisory Board Members concurrently hold significant positions are as follows:

- i. There is no significant trading relationship between the Company and LIXIL Group Corporation where the Director, Hidehiko Sato, serves as a director.
- ii. There is no significant trading relationship between the Company and Daifuku Co., Ltd. or Suntory Beverage & Food Limited where the Audit & Supervisory Board Member, Harumichi Uchida, serves as an audit & supervisory board member.
- iii. There is no significant trading relationship between the Company and Kyorin University where the Audit & Supervisory Board Member, Yutaka Atomi, serves as the President.
- iv. There is no significant trading relationship between the Company and Murata Manufacturing Co., Ltd. where the Audit & Supervisory Board Member, Kazuto Nishikawa, serves as an audit & supervisory board member.

② The Principal Activities of the Outside Director and Outside Audit & Supervisory Board Members

	Name	Principal Activities
Director	Hidehiko Sato	Among the fourteen (14) meetings held by the Board of Directors during the current fiscal year, he attended ten (10) of the eleven (11) meetings held by the Board of Directors after his assumption of office as a Director, and he spoke at those meetings he attended as necessary, primarily from the professional standpoint of an attorney.
Audit & Supervisory Board Members	Harumichi Uchida	Among the fourteen (14) meetings held by the Board of Directors and the thirteen (13) meetings held by the Audit & Supervisory Board during the current fiscal year, he attended thirteen (13) meetings held by the Board of Directors and twelve (12) meetings held by the Audit & Supervisory Board, and he spoke at those meetings as necessary, primarily from the professional standpoint of an attorney.
	Yutaka Atomi	Among the fourteen (14) meetings held by the Board of Directors and the thirteen (13) meetings held by the Audit & Supervisory Board during the current fiscal year, he attended all of the eleven (11) meetings held by the Board of Directors and the ten (10) meetings held by the Audit & Supervisory Board after his assumption of office as

		an Audit & Supervisory Board Member, and he spoke at those meetings he attended as necessary, primarily from the professional standpoint of a medical doctor.
	Kazuto Nishikawa	Among the fourteen (14) meetings held by the Board of Directors and the thirteen (13) meetings held by the Audit & Supervisory Board during the current fiscal year, he attended all of the eleven (11) meetings held by the Board of Directors and the ten (10) meetings held by the Audit & Supervisory Board after his assumption of office as a Supervisory Board Member, and he spoke at those meetings he attended as necessary, primarily from the professional standpoint of an expert in the fields of finance and accounting.

③ Matters Regarding the Agreement Limiting the Liability of the Outside Director and 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 Director, Hidehiko Sato, and the Audit & Supervisory Board Members, Harumichi Uchida, Yutaka Atomi and Kazuto Nishikawa, 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	8	300	
Audit & Supervisory Board Members	8	87	
Total	16	388	

(Note) 1. The above includes the amount of remuneration and the like for the Outside Director and the four (4) Outside Audit & Supervisory Board Members,

which is 45 million yen in total.

2. The above includes the three (3) Audit & Supervisory Board Members who retired upon the conclusion of the 193rd Annual Shareholders' Meeting held on June 21, 2013.
3. 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.
4. The amount of remuneration and the like for Directors includes the amount of 37 million yen, which represents the bonuses for Directors to be paid after the 194th Annual Shareholders' Meeting to be held in June 2014.

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	94

- (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 the 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 continuation of 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 Standard 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, 2014)

(millions of yen)

Item	Amount As of March 31, 2014	(Reference) Amount As of March 31, 2013	Item	Amount As of March 31, 2014	(Reference) Amount As of March 31, 2013
Assets			Liabilities		
Current assets	359,611	333,438	Current liabilities	131,207	124,831
Cash and time deposits	22,746	18,753	Notes and accounts payable	11,713	14,253
Notes and accounts receivable	111,662	97,182	Current portion of bonds payable	—	10,000
Marketable securities	81,952	86,463	Current portion of long-term loans payable	10,000	10,000
Merchandise and finished goods	46,377	45,357	Income taxes payable	10,524	2,115
Work-in-process	2,408	3,570	Reserve for bonuses	7,786	7,610
Raw materials and supplies	10,356	13,762	Reserve for sales returns	9,894	5,650
Deferred tax assets	37,281	30,097	Reserve for sales rebates	26,421	19,153
Short-term loans receivable	41,720	34,401	Accounts payable-other	35,937	34,771
Others	5,225	3,958	Others	18,930	21,276
Allowance for doubtful receivables	(120)	(105)			
Fixed assets	299,421	273,780	Long-term liabilities	129,284	133,139
Property, plant and equipment	72,689	69,862	Bonds payable	60,000	60,000
Buildings and structures	44,407	39,923	Long-term loans payable	25,000	35,000
Machinery, equipment and carriers	9,646	9,414	Deferred tax liabilities	15,704	14,494
Land	8,396	10,277	Provision for retirement benefit	—	11,030
Construction in progress	3,080	5,799	Liability for retirement benefit	13,892	—
Others	7,157	4,447	Others	14,687	12,615
Intangible assets	156,796	146,310	Total liabilities	260,492	257,970
Goodwill	80,669	71,293	Net assets		
In-process research and development	56,071	50,664	Shareholders' equity	356,465	346,165
Others	20,055	24,352	Common stock	22,400	22,400
Investments and other assets	69,935	57,607	Capital surplus	15,860	15,860
Investment securities	50,823	40,838	Retained earnings	318,861	308,556
Asset for retirement benefit	4,685	—	Treasury stock	(656)	(651)
Deferred tax assets	8,602	7,569	Accumulated other comprehensive income	42,074	3,082
Others	5,865	9,246	Unrealized gains on available-for-sale securities, net of tax	17,247	14,121
Allowance for doubtful receivables	(41)	(47)	Deferred losses on hedge	(0)	—
			Foreign currency translation adjustment	26,792	(11,038)
			Remeasurements of defined benefit plans	(1,964)	—
Total assets	659,032	607,219	Total net assets	398,540	349,248
			Total liabilities and net assets	659,032	607,219

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

Consolidated Statement of Income

(April 1, 2013 to March 31, 2014)

(millions of yen)

Item	Amount Year ended March 31, 2014	(Reference) Amount Year ended March 31, 2013
Net sales	387,693	347,724
Cost of sales	104,117	101,694
Gross profit	283,576	246,029
Reversal of reserve for sales returns	16	8
Gross profit-net	283,592	246,038
Selling, general and administrative expenses	241,450	220,994
Operating income	42,142	25,043
Non-operating income	2,093	3,060
Interest and dividend income	1,099	1,090
Others	993	1,969
Non-operating expenses	3,604	3,598
Interest expense	1,007	1,071
Contribution	1,669	1,904
Loss on disposal of fixed assets	340	315
Others	588	306
Ordinary income	40,631	24,505
Extraordinary income	4,057	—
Gain on sales of investment securities	2,773	—
Fair value adjustment of contingent consideration	1,284	—
Extraordinary loss	9,979	6,347
Impairment loss	7,638	416
Business structure improvement expenses	2,341	4,840
Loss on litigation	—	1,090
Income before income taxes and minority interests	34,709	18,158
Income taxes-current	14,784	6,788
Income taxes-deferred	(135)	1,325
Income before minority interests	20,060	10,043
Net Income	20,060	10,043

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

Consolidated Statement of Changes in Net Assets

(April 1, 2013 to March 31, 2014)

(millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2013	22,400	15,860	308,556	(651)	346,165
Changes during the fiscal year					
Cash dividends			(7,151)		(7,151)
Net income			20,060		20,060
Purchases of treasury stock				(6)	(6)
Sales of treasury stock		0		0	0
Decrease due to change in fiscal period of consolidated subsidiaries			(2,603)		(2,603)
Changes in items other than shareholders' equity (net)					
Total changes during the fiscal year	—	0	10,305	(5)	10,299
Balance as of March 31, 2014	22,400	15,860	318,861	(656)	356,465

	Accumulated other comprehensive income					Total net assets
	Unrealized gains on available-for-sale securities, net of tax	Deferred losses on hedge	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance as of April 1, 2013	14,121	—	(11,038)	—	3,082	349,248
Changes during the fiscal year						
Cash dividends						(7,151)
Net income						20,060
Purchases of treasury stock						(6)
Sales of treasury stock						0
Decrease due to change in fiscal period of consolidated subsidiaries						(2,603)
Changes in items other than shareholders' equity (net)	3,126	(0)	37,830	(1,964)	38,992	38,992
Total changes during the fiscal year	3,126	(0)	37,830	(1,964)	38,992	49,292
Balance as of March 31, 2014	17,247	(0)	26,792	(1,964)	42,074	398,540

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

Non-Consolidated Balance Sheet

(As of March 31, 2014)

(millions of yen)

Item	Amount As of March 31, 2014	(Reference) Amount As of March 31, 2013	Item	Amount As of March 31, 2014	(Reference) Amount As of March 31, 2013
Assets			Liabilities		
Current assets	183,853	190,224	Current liabilities	81,122	65,921
Cash and time deposits	3,961	11,256	Accounts payable	5,153	8,178
Notes receivable	—	280	Short-term loans payable to affiliates	27,777	—
Accounts receivable	75,141	63,586	Current portion of bonds payable	—	10,000
Marketable securities	6,500	19,700	Current portion of long-term loans payable	10,000	10,000
Merchandise and finished goods	34,162	36,516	Accounts payable-other	18,209	22,913
Work-in-process	2,061	3,098	Accrued expenses	1,067	1,090
Raw materials and supplies	9,338	12,272	Income taxes payable	8,974	1,323
Advance payments	29	481	Advances received	13	277
Prepaid expenses	664	106	Deposits received	344	2,846
Deferred tax assets	17,877	14,760	Reserve for bonuses	7,053	6,941
Short-term loans to affiliates	31,932	25,150	Others	2,527	2,352
Accounts receivable-other	2,295	3,107			
Allowance for doubtful receivables	(110)	(92)	Long-term liabilities	101,132	111,640
			Bonds payable	60,000	60,000
Fixed assets	384,298	364,255	Long-term loans payable	25,000	35,000
Property, plant and equipment	62,170	60,346	Long-term other accounts payable	333	91
Buildings	36,427	34,189	Long-term deposits received	4,689	4,163
Structures	886	881	Deferred tax liabilities	—	1,220
Machinery and equipment	8,113	8,284	Provision for retirement benefit	11,109	11,164
Carriers	14	16			
Tools, furniture and fixtures	5,674	3,589	Total liabilities	182,254	177,561
Land	8,005	9,947			
Construction in progress	3,048	3,437	Net assets		
			Shareholders' equity	371,407	363,353
Intangible assets	7,415	5,245	Common stock	22,400	22,400
Software	2,233	2,481	Capital surplus	15,860	15,860
Sales rights	4,625	2,232	Legal capital surplus	15,860	15,860
Others	557	530	Other capital surplus	0	—
			Retained earnings	333,803	325,744
Investments and other assets	314,713	298,664	Legal retained earnings	5,288	5,288
Investment securities	45,564	38,726	Other retained earnings	328,515	320,456
Investments in affiliates	255,751	248,233	Reserve for advanced depreciation of fixed assets	1,595	1,532
Amount invested in capital of affiliates	3,147	3,347	General reserve	275,510	275,510
Long-term prepaid expenses	3,262	2,467	Retained earnings carried forward	51,410	43,413
Prepaid pension cost	4,940	4,095	Treasury stock	(656)	(651)
Deferred tax assets	104	—			
Others	1,971	1,830	Valuation, translation adjustments and others	14,490	13,565
Allowance for doubtful receivables	(30)	(36)	Unrealized gains on available-for-sale securities, net of tax	14,490	13,565
Total assets	568,152	554,480	Total net assets	385,897	376,918
			Total liabilities and net assets	568,152	554,480

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

Non-Consolidated Statement of Income

(April 1, 2013 to March 31, 2014)

(millions of yen)

Item	Amount Year ended March 31, 2014	(Reference) Amount Year ended March 31, 2013
Net sales	200,745	189,962
Cost of sales	59,480	58,991
Gross profit	141,265	130,970
Reversal of reserve for sales returns	16	8
Gross profit-net	141,281	130,978
Selling, general and administrative expenses	117,343	112,395
Operating income	23,938	18,583
Non-operating income	2,983	3,424
Interest and dividend income	2,038	1,457
Others	945	1,966
Non-operating expenses	3,519	3,505
Interest expense	1,031	1,045
Contribution	1,654	1,893
Loss on disposal of fixed assets	201	306
Others	631	260
Ordinary Income	23,403	18,502
Extraordinary income	2,768	—
Gain on sales of investment securities	2,768	—
Extraordinary loss	5,023	1,753
Impairment loss	2,999	—
Business structure improvement expenses	2,024	1,753
Income before income taxes	21,147	16,749
Income taxes-current	10,894	4,671
Income taxes-deferred	(4,958)	721
Net Income	15,210	11,356

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

Non-Consolidated Statement of Changes in Net Assets

(April 1, 2013 to March 31, 2014)

(millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total 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, 2013	22,400	15,860	—	15,860	5,288	1,532	275,510	43,413	325,744
Changes during the fiscal year									
Cash dividends								(7,151)	(7,151)
Provision of reserve for advanced depreciation of noncurrent assets						118		(118)	—
Reversal of reserve for advanced depreciation of noncurrent assets						(56)		56	—
Net Income								15,210	15,210
Purchases of treasury stock									
Sales of treasury stock			0	0					—
Changes in items other than shareholders' equity (net)									
Total changes during the fiscal year	—	—	0	0	—	62	—	7,996	8,059
Balance as of March 31, 2014	22,400	15,860	0	15,860	5,288	1,595	275,510	51,410	333,803

	Shareholders' equity		Valuation, translation adjustments and others		Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gains on available-for-sale securities, net of tax	Total valuation, translation adjustments and others	
Balance as of April 1, 2013	(651)	363,353	13,565	13,565	376,918
Changes during the fiscal year					
Cash dividends		(7,151)			(7,151)
Provision of reserve for advanced depreciation of noncurrent assets		—			—
Reversal of reserve for advanced depreciation of noncurrent assets		—			—
Net Income		15,210			15,210
Purchases of treasury stock	(6)	(6)			(6)
Sales of treasury stock	0	0			0
Changes in items other than shareholders' equity (net)			925	925	925
Total changes during the fiscal year	(5)	8,053	925	925	8,979
Balance as of March 31, 2014	(656)	371,407	14,490	14,490	385,897

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

Independent Auditor's Report

May 6, 2014

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

KPMG AZSA LLC

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

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

Koji Narumoto (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 notes to consolidated financial statements of Dainippon Sumitomo Pharma Co., Ltd. (the "Company") as at March 31, 2014 and for the year from April 1, 2013 to March 31, 2014 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 the Company and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

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 6, 2014

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

KPMG AZSA LLC

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

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

Koji Narumoto (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets and the notes to non-consolidated financial statements, and the supplementary schedules of Dainippon Sumitomo Pharma Co., Ltd. (the "Company") as at March 31, 2014 and for the year from April 1, 2013 to March 31, 2014 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 the Company for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

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 194th fiscal year from April 1, 2013, to March 31, 2014, 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 7, 2014

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

Nobuo Takeda, Audit & Supervisory Board Member (seal)

Yasuji Furutani, Audit & Supervisory Board Member (seal)

Harumichi Uchida, Audit & Supervisory Board Member (seal)

Yutaka Atomi, Audit & Supervisory Board Member (seal)

Kazuto Nishikawa, Audit & Supervisory Board Member (seal)

Note: Audit & Supervisory Board Members Harumichi Uchida, Yutaka Atomi and Kazuto Nishikawa 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 194th 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 (3,575,755,728 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 20, 2014

Second Proposal: Election of Eight (8) Directors

The term of office of all the current Directors (8 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 the Profile, Position(s), Responsibilities and Significant Concurrent Position(s)	Number of Shares of the Company Owned
1	Masayo Tada (Jan. 13, 1945)	<p>April 1968: Joined Sumitomo Chemical Co., Ltd.</p> <p>June 2003: Managing Executive Officer of Sumitomo Chemical Co., Ltd.</p> <p>January 2005: Managing Executive Officer 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 Executive Vice President of the Company</p> <p>June 2007: Member of the Board of Directors and Senior Executive Vice President of the Company</p> <p>June 2008: Representative Director, President and Chief Executive Officer of the Company (up to the present)</p> <p>[Significant Concurrent Positions]</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>	99,400 shares
2	Hiroshi Noguchi (Mar. 29, 1947)	<p>April 1971: Joined 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 2004: Director and Executive Officer of the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>October 2005: Executive Officer of the Company</p>	43,300 shares

		<p>June 2007: Member of the Board of Directors and Executive Officer of the Company</p> <p>June 2009: Member of the Board of Directors and Senior Executive Officer of the Company</p> <p>June 2011: Member of the Board of Directors and Executive Vice President of the Company</p> <p>April 2012: Representative Director and Senior Executive Vice President of the Company (up to the present)</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 Concurrent Position] 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>June 2005: Executive Officer of Sumitomo Chemical Co., Ltd.</p> <p>April 2008: Managing Executive Officer of Sumitomo Chemical Co., Ltd.</p> <p>April 2010: Senior Managing Executive Officer of Sumitomo Chemical Co., Ltd.</p> <p>September 2010: Joined the Company</p> <p>September 2010: Senior Executive Officer of the Company</p> <p>June 2011: Member of the Board of Directors and Senior Executive Officer 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 2014: In charge of the Sales & Marketing Division, Legal Affairs, Intellectual Property and International Business Management of the Company (up to the present)</p>	27,600 shares

4	Yoshihiro Okada (Nov. 7, 1952)	<p>April 1975: Joined the Company</p> <p>June 2008: Executive Officer 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 Concurrent Positions]</p> <p>Member of the Board of Directors of Sumitomo Pharmaceuticals (Suzhou) Co., Ltd.</p> <p>Member of the Board of Directors of DS Pharma Animal Health Co., Ltd.</p>	32,900 shares
5	Masaru Ishidahara (Nov. 25, 1951)	<p>April 1976: Joined The Sumitomo Bank, Limited (presently Sumitomo Mitsui Banking Corporation)</p> <p>July 2003: Joined the Company</p> <p>June 2008: Executive Officer of the Company</p> <p>June 2011: Member of the Board of Directors and Executive Officer 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 2014: In charge of Corporate Communications, Personnel, General Affairs, Procurement, the Corporate Service Center and Osaka Administration of the Company (up to the present)</p>	17,500 shares
6	Hiroshi Nomura (Aug. 31, 1957)	<p>April 1981: Joined Sumitomo Chemical Co., Ltd.</p> <p>January 2008: Joined the Company</p> <p>June 2008: Executive Officer of the Company</p> <p>June 2012: Member of the Board of Directors of the Company</p> <p>April 2014: Member of the Board of Directors</p>	10,300 shares

		<p>and Senior Executive Officer of the Company (up to the present)</p> <p>April 2014: In charge of Global Corporate Management, Global Strategy & Business Development, External Affairs, Corporate Secretariat & Industry Affairs, Finance & Accounting and the Regenerative & Cellular Medicine Office (up to the present)</p> <p>[Significant Concurrent Position]</p> <p>Member of the Board of Directors of Sunovion Pharmaceuticals Inc.</p>	
7	<p>Hidehiko Sato (Apr. 25, 1945)</p> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin-top: 10px;"> <p>Candidate for Outside Director</p> </div>	<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>February 2005: President of 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</p> <p>June 2011: Director of JS Group Corporation (currently, LIXIL Group Corporation) (up to the present)</p> <p>June 2013: Member of the Board of Directors of the Company (up to the present)</p>	0 share

		[Significant Concurrent Position] Director of LIXIL Group Corporation	
8	Hiroshi Sato (Sep. 25, 1945) Candidate for Outside Director New Candidate	April 1970: Joined Kobe Steel, Ltd. June 1996: Director of Kobe Steel, Ltd. April 1999: Director and Officer of Kobe Steel, Ltd. June 1999: Senior Officer of Kobe Steel, Ltd. June 2000: Director and Senior Officer of Kobe Steel, Ltd. June 2002: Director and Executive Officer of Kobe Steel, Ltd. June 2003: Senior Managing Director of Kobe Steel, Ltd. April 2004: Executive Vice President and Representative Director of Kobe Steel, Ltd. April 2009: President and Representative Director of Kobe Steel, Ltd. April 2013: Chairman of the Board and Representative Director of Kobe Steel, Ltd. (up to the present) [Significant Concurrent Position] Chairman of the Board and Representative Director of Kobe Steel, Ltd.	0 share

- (Note)
1. None of the above candidates have any special interests in the Company.
 2. The positions and responsibilities of Makoto Hara in the parent company, etc. for the past five (5) years are as follows:
 - April 2008: Managing Executive Officer of Sumitomo Chemical Co., Ltd.
In charge of the Rabigh Project - Planning & Coordination Office, and the Rabigh Project Office of Sumitomo Chemical Co., Ltd.
 - April 2010: Senior Managing Executive Officer of Sumitomo Chemical Co., Ltd.
In charge of the Rabigh Project - Planning & Coordination Office, and the Rabigh Project Office of Sumitomo Chemical Co., Ltd.
 3. Mr. Hidehiko Sato and Mr. Hiroshi Sato are candidates for Outside Directors as defined in Item 7, Paragraph 3, Article 2 of the Ordinance for Enforcement of the Companies Act.
 4. The Company designated Mr. Hidehiko Sato as an Independent Director as defined by the Tokyo Stock Exchange, Inc., and reported the same to the said exchange. The Company will also designate Mr. Hiroshi Sato as an Independent Director as defined by the Tokyo Stock Exchange, Inc., and will report the same to the said exchange.
 5. The reasons for recommending the election of the aforementioned persons as Outside Directors

are as follows:

- (1) 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 re-election as an Outside Director in the hope that he will continue to 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.
 - (2) Mr. Hiroshi Sato has considerable experience and a wide range of knowledge, which he has acquired in his career as a corporate manager. 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 and knowledge.
6. Mr. Hidehiko Sato currently serves as an Outside Director of the Company, and he will have served as an Outside Director for one (1) year at the conclusion of this Shareholders' Meeting.
7. The summary of the agreement with the candidates for Outside Directors, which limits their liability, is as follows:

The Company entered into an agreement with Mr. Hidehiko Sato, which limited his liability for damages under Paragraph 1, Article 423 of the Companies Act. Under the terms of the agreement, his liability was limited to either 10 million yen or the amount stipulated under applicable laws and regulations, whichever was higher. Upon the approval of the re-election of Mr. Hidehiko Sato as an Outside Director, the Company intends to extend the term of the said agreement. In addition, upon the approval of the election of Mr. Hiroshi Sato as an Outside Director, the Company intends to enter into the same agreement with him.

Third Proposal: Election of Two (2) Audit & Supervisory Board Members

The term of office of two (2) of the Audit & Supervisory Board Members of the Company, Nobuo Takeda and Harumichi Uchida, will expire at the conclusion of this Shareholders' Meeting.

Therefore, we would like you to elect two (2) 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 Concurrent Position(s)	Number of Shares of the Company Owned
1	Nobuo Takeda (Nov. 20, 1952)	<p>April 1975: Joined Sumitomo Chemical Co., Ltd.</p> <p>June 2005: Joined the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>June 2005: Executive Officer of the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>October 2005: Executive Officer of the Company</p> <p>June 2010: Full-time Audit & Supervisory Board Member of the Company (up to the present)</p>	8,200 shares
2	<p>Harumichi Uchida (Apr. 7, 1947)</p> <div style="border: 1px solid black; padding: 5px; width: fit-content;"> <p>Candidate for Outside Audit & Supervisory Board Member</p> </div>	<p>April 1973: Admitted to the Bar (Japan)</p> <p>April 1973: Joined Mori Sogo (presently Mori Hamada & Matsumoto) (up to the present)</p> <p>October 1980: Admitted to the Bar (New York)</p> <p>April 2004: Professor of Keio University Law School</p> <p>June 2004: Audit & Supervisory Board Member of Daifuku Co., Ltd. (up to the present)</p> <p>July 2004: Chairman of the International Relations Committee of the Japan Federation of Bar Associations</p> <p>June 2005: Director of Hitachi-High Technologies Corporation</p> <p>October 2007: Council Member of the Roundtable Conference of the Japan Fair Trade Commission (up to the present)</p> <p>June 2010: Audit & Supervisory Board Member of the Company (up to the present)</p>	0 share

		<p>April 2012: Auditor of KEIDANREN (Japan Business Federation) (up to the present)</p> <p>March 2013: Audit & Supervisory Board Member of Suntory Beverages & Food Limited (up to the present)</p> <p>[Significant Concurrent Positions]</p> <p>Audit & Supervisory Board Member of Daifuku Co., Ltd.</p> <p>Audit & Supervisory Board Member of Suntory Beverages & Food Limited</p>	
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- (Note)
1. None of the above candidates have any special interests in the Company.
 2. Mr. Harumichi Uchida is a candidate for Outside Audit & Supervisory Board Member 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 person as an Outside Audit & Supervisory Board Member are as follows:

Mr. Harumichi Uchida has considerable experience and expertise, which he has acquired as an attorney. The Company recommends his re-election as an Outside Audit & Supervisory Board Member in the hope that he will continue to contribute to the auditing of the Company using his experience and expertise. Although Mr. Uchida 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. Mr. Harumichi Uchida 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 four (4) years at the conclusion of this Shareholders' Meeting.
 5. The summary of the agreement with the candidate for Outside Audit & Supervisory Board Member, which limits his liability, is as follows:

The Company entered into an agreement with Mr. Harumichi Uchida, which limited his liability under Paragraph 1, Article 423 of the Companies Act. Under the terms of this agreement, his liability was limited to either 10 million yen or the amount stipulated under applicable laws and regulations, whichever was higher. Upon the approval of the re-election of Mr. Harumichi Uchida as an Outside Audit & Supervisory Board Member, the Company intends to extend the term of the said agreement.

Fourth Proposal: Partial Amendments to the Articles of Incorporation

1. Reasons for the amendments

- (1) In order to prepare for the global development of the business of the Company, the Company will change its English trade name.
- (2) In order to prepare for the future development of the business of the Company, the Company will add to and delete from the purposes of its business.

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 style="text-align: center;">Chapter 1. General Rules</p> <p>(Trade Name) Article 1. The name of the Company shall be <i>Dainippon Sumitomo Seiyaku Kabushiki Kaisha</i> and, in English, its name shall be <u>Dainippon Sumitomo Pharma Co., Ltd.</u></p> <p>(Purposes) Article 2. The purpose of the Company shall be to engage in the following businesses: 1. Manufacture, processing, purchase, sale, and export and import of pharmaceuticals, non-medical drugs and chemicals, raw materials for drugs, quasi-drugs, in vitro diagnostic reagents, medical devices, medical materials, veterinary drugs, medical devices for animals, industrial chemicals, reagents, poisons, deleterious substances, spirits, <i>shochu</i> liquor, alcoholic beverages, food products, food additives, cosmetics, sanitary goods, gauges, weighing and measuring instruments, perfume, beverages, feed, feed additives, agricultural chemicals, fertilizers, house furnishings and any other</p>	<p style="text-align: center;">Chapter 1. General Rules</p> <p>(Trade Name) Article 1. The name of the Company shall be <i>Dainippon Sumitomo Seiyaku Kabushiki Kaisha</i> and, in English, its name shall be <u>Sumitomo Dainippon Pharma Co., Ltd.</u></p> <p>(Purposes) Article 2. The purpose of the Company shall be to engage in the following businesses: 1. Manufacture, processing, purchase, sale, and export and import of pharmaceuticals, <u>regenerative medicine and other related products</u>, non-medical drugs and chemicals, raw materials for drugs, quasi-drugs, in vitro diagnostic reagents, medical devices, medical materials, veterinary drugs, medical devices for animals, industrial chemicals, reagents, poisons, deleterious substances, spirits, <i>shochu</i> liquor, alcoholic beverages, food products, food additives, cosmetics, sanitary goods, gauges, weighing and measuring instruments, perfume, beverages, feed, feed additives, agricultural chemicals, fertilizers,</p>

<p>chemical products, as well as any equipment/instruments for production, research and packaging in connection with any item described above;</p> <p>2. (Omitted)</p> <p>3. <u>Breeding, purchase and sale of laboratory animals;</u></p> <p>4. through 9. (Omitted)</p>	<p>house furnishings and any other chemical products, as well as any equipment/instruments for production, research and packaging in connection with any item described above;</p> <p>2. (Not amended) (Deleted)</p> <p>3. through 8. (Not amended)</p>
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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., Wednesday, June 18, 2014 (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