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[Translation]

Security Code No. 4506

May 28, 2015

Dear Shareholders:

Notice of Convocation of the 195th Annual Shareholders' Meeting

You are cordially invited to attend the 195th Annual Shareholders' Meeting (the "Meeting") of Sumitomo Dainippon 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 43 and exercise your voting rights no later than 5:00 p.m., Thursday, June 18, 2015 (JST).

■ Voting in Writing

Please indicate your approval or disapproval of the proposals on the voting form enclosed herewith, and return the form to the Company so that it will arrive 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 44 to 45, 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 by the deadline noted above.

1. **Date and Time:** 10:00 a.m. on Friday, June 19, 2015

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 195th Fiscal Year (from April 1, 2014 to March 31, 2015)
 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

Yours faithfully,

Masayo Tada
Representative Director and President
Sumitomo Dainippon Pharma Co., Ltd.
6-8, Doshomachi 2-chome,
Chuo-ku, Osaka, Japan

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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, 2014 to March 31, 2015)

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

1. Matters Regarding the Current Circumstances of the Group

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

In the Japanese economy during the current fiscal year, business continued to be on the track to recovery showing trends of improved corporate earnings and improved employment situation, affected by economic policies such as monetary easing, rapid progress of weakening of the yen currency and the like. In the global economy, the U.S. economy continued to enjoy steady recovery due to the increased consumer spending, and the Chinese economy stayed on its moderate growth path though its rate is slowing down. In Europe, the economy was coming back even though there was still uncertainty about the future.

In the pharmaceutical industry, while healthcare cost reduction policies were advanced globally, including the accelerated promotion of the use of generic drugs, there were trends to make an effort to pioneer new business areas such as practical realization of regenerative medical techniques as well as acquire biotechnology venture companies or enter into newly emerging markets under the situation that the research and development cost kept rising reflecting the challenges in developing new medicines to serve unmet medical needs and the requirement of higher safety.

Under these conditions, the Group, in Japan, worked to enhance the sales of strategic products, which are AIMIX®, therapeutic agent for hypertension and TRERIEF®, therapeutic agent for Parkinson's disease. In addition, the Group focused on information providing activities for the purpose of maximizing the sales of METGLUCO®, a biguanide oral hypoglycemic, and other products.

In overseas, Sunovion Pharmaceuticals Inc. (hereinafter, "Sunovion"), a subsidiary company in the U.S., made all-out efforts to further expand the sales of LATUDA® (generic name: lurasidone hydrochloride), an atypical antipsychotic which is global strategic product for the Group. LATUDA® was launched in the U.K. in August 2014 by Sunovion Pharmaceuticals Europe Ltd.

Sunovion launched APTIOM®, an antiepileptic drug in April 2014 in the U.S.

Boston Biomedical, Inc. (hereinafter, "BBI") focused development efforts for an early launch in the U.S. market of therapeutic agents for solid cancer BBI608 and BBI503.

Sales in Japan fell significantly due to severe business circumstances such as the April 2014 National Healthcare Insurance drug price revisions and the rapid spread of measures for promoting the use of generic drugs. In North America, the sales increased because of the increased sales of LATUDA® and the weakened yen, even though the sales of LUNESTA®, a sedative hypnotic, dropped significantly due to the April 2014 expiry of the exclusivity period.

In China, the sales of MEROPEN®, a carbapenem antibiotic grew strongly. Despite the above, consolidated net sales in the current fiscal year were 371,370 million yen (a 4.2% decrease from the previous fiscal year) since the significant sales decrease in Japan was greatly influenced. The selling, general and administrative expenses increased as a whole due to the increased sales expenses such as those for the advertisement and other sales promotion activities to achieve further sales growth of LATUDA® and the increased clinical development cost in the U.S., despite continued efforts in Japan for cost reduction centering on sales expenses. As a result, the operating income was 23,275 million yen (a 44.8% decrease from the previous fiscal year) and the ordinary income was 23,331 million yen (a 42.6% decrease from the previous fiscal year). The net income reached 15,447 million yen (a 23.0% decrease from the previous fiscal year) after recorded extraordinary income and loss including gain on sale of fixed assets and impairment losses associated with reorganization of production sites.

Business performance by reportable segment is as follows:

① Japan

In addition to the two strategic products of AIMIX® and TRERIEF®, METGLUCO® and SUREPOST®, a rapid-acting insulin secretagogue grew in sales. However, their growth fell short of compensating for the decline in the sales of long-listed products caused by the National Healthcare Insurance drug price revisions and the spread of measures for promoting the use of generic drugs. Consequently, net sales were 156,564 million yen (an 8.9% decrease from the previous fiscal year). In terms of profit, although the selling, general and administrative expenses, excluding research and development costs, were decreased by efforts to reduce sales expenses, sales decline impact was larger and the segment income resulted in 50,571 million yen (a 16.9% decrease from the previous fiscal year).

② North America

The net sales were 148,178 million yen (a 2.0% increase from the previous fiscal year), supported by a further increase in the sales of LATUDA®, which was approved for an additional indication of bipolar I depression in the previous fiscal year, and the weakened yen despite the considerable decline in the sales of LUNESTA® due to the expiration of the exclusivity. With regard to profit, the sales expenses including advertisement and other promotion expenses for LATUDA® as well as the fee on sales of branded prescription drugs distributed through the government health care program were substantially increased, however, the increase sales and the completion of the patent rights amortization on LUNESTA® brought the segment income to 34,716 million yen (a 2.5% increase from the previous fiscal year).

③ China

The sales of MEROPEN®, the key product and other products grew remarkably to make the net sales reach 17,145 million yen (a 43.7% increase from the previous fiscal year). With regard to profit, the segment income was 6,248 million yen (a 96.4% increase from the previous fiscal year) in spite of increased expenses including sales expenses.

④ Other Regions

The net sales of this segment were 8,784 million yen (a 47.4% decrease from the previous fiscal year), because industrial property revenue by licensing-out declined largely. With regard to profit, the segment income was 836 million yen (a 92.6% decrease from the previous fiscal year) due to the reasons including increased sales expenses associated with launch of

LATUDA® in the U.K.

In addition to the above-mentioned reportable segments, the Group sells food ingredients, food additives, materials for chemical products, veterinary drugs, diagnostic agents, etc., and the net sales of those types of business were 40,697 million yen (a 2.8 % decrease from the previous fiscal year) and segment income was 2,207 million yen (a 17.4% decrease from the previous fiscal year).

The status of research and development activities is as follows:

The Group aims to produce innovative pharmaceutical products, designating the psychiatry and neurology area and the oncology area as focus therapeutic areas. The Group also introduces various active strategies, including its own in-house research, technology in-licensing, and joint research with venture companies and academia to develop cutting-edge technologies that would enable the Group to be a global pioneer in areas of unmet medical needs and the emerging areas of regenerative medicine and cell therapy.

In the initial research stage, the Company makes efforts to improve research efficiency by use of advanced technologies owned by itself, related to genomics, proteomics, and metabolomics, and to apply the leading-edge science, including iPS cells, for our new drug discovery and regenerative medicine/cell therapy. 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 Group from a global point of view, in any areas focusing on the key therapeutic area and new areas. 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]

- APTIOM® was approved in Canada in July 2014 for use as adjunctive treatment of partial-onset seizures. Applications for additional indication of partial epilepsy (monotherapy) was submitted in the U.S and Canada in October 2014.
- With regard to lurasidone HCl, a product of global strategic importance, applications for approval were submitted in Thailand in November 2014 and in Russia, Turkey, Venezuela and Hong Kong in December 2014 by the respective overseas partners. In Japan, from the test results of Phase III clinical studies for schizophrenia, the Company assessed in April 2015 that it would be difficult to submit an application for approval of production and distribution by using those results. The Company is now reviewing its lurasidone HCl development policy for Japan.
- Phase III clinical studies were begun in the U.S. in October 2014 for SEP-225289, a treatment agent for adult attention-deficit hyperactivity disorder (ADHD).
- With regard to blonanserin, an atypical antipsychotic, Phase III clinical studies were begun in Japan in August 2014 for schizophrenia.
- Phase III clinical studies of TRERIEF® were begun in Japan in February 2015 for Parkinsonism in dementia with Lewy bodies (DLB).

[Oncology]

- With regard to BBI608, created targeting anti-cancer effect to cancer stem cells, further accrual of patients on its Phase III global colorectal carcinoma monotherapy trial was closed in May 2014, following a Data and Safety Monitoring Committee issued as a result of the interim analysis. Meanwhile, the Phase III global trial in patients with gastric/Gastro-esophageal junction adenocarcinoma and other studies are continuing as planned. Phase I studies were initiated in the U.S., Canada and Japan for solid or blood cancer.
- Phase I and II studies of BBI503 were started in the U.S., Canada and Japan for a multiple of cancer types.

[New areas]

- In April 2014, the Company opened a research facility called Kobe Regenerative & Cellular Medicine Center in the KOBE Biomedical Innovation Cluster which is promoted by the City of Kobe. In May 2014, a joint research project was launched with the Center for iPS Cell Research and Application, Kyoto University aiming for iPS cell-derived nerve cell transplants to treat Parkinsonism.
- A joint development and licensing agreement was concluded with SanBio Inc. in September 2014 for SB623 a stroke treatment agent with the U.S and Canada as the licensed territory. Preparation for Late Phase II clinical trials is on the way in the U.S.

[Other areas]

- An application for addition of pediatric usage of METGLUCO® was approved in August 2014 and a supplementary application to change the indication of SUREPOST® to type 2 diabetes was approved in November 2014, both in Japan.
- A Phase III clinical trial of SUN-101 for patients with chronic obstructive pulmonary disease (COPD) was initiated in the U.S. in January 2015

The Group has been active in in-licensing of products and in joint research with others. During the current fiscal year, the Company entered into an investment agreement with a venture capital firm in June 2014, with a view to gaining efficient access to most up-to-date information on venture firms with new drug discovery potentials and cutting-edge technologies. In December 2014, External Innovation Development Office was created for the purposes of promoting in-licensing compounds still in or before early stages of clinical studies and Global Business Development was created for the purposes of promoting M&A's, in- and out-licensing and alliance in pharmaceutical business.

(2) Current Status of Capital Investments by the Group

The total amount of capital investments made by the Group during the current fiscal year was 9,676 million yen, and the major capital investment work completed during the current fiscal year was the earthquake-proofing and renovation of the main building of the Central Research Laboratories.

(3) Financing Status of the 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 Group

The Company maintains it as 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 Group has set its vision, “Aspire to be a globally active R&D-based company” and “Contribute to medical care through leading-edge technologies”, and has formulated the 3rd Mid-term Business Plan (“MTBP”) for the five years from fiscal 2013 to 2017 for attaining its vision.

The fiscal year 2015 marks the tenth anniversary of Sumitomo Dainippon Pharma., Ltd. as such and the mid-year of the 3rd MTBP. We are committed to continuing achieving innovations under the five basic policies described below.

As the business goal of 2017, the final year of the 3rd MTBP, the Group will continuously 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.

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

In the 3rd MTBP, the 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 business goal and realizing the visions.

① Promotion of CSR Management

The Group recognizes promotion of CSR management is the most essential management responsibility to ensure sustained growth of the Group. The Group will continue to enhance compliance, strengthen its corporate governance globally, promote social contribution activities in and out of Japan, enhance diversity including promoting the proactive appointment of women and engage in communication with various stakeholders.

② Strengthening of Business Foundation

In order to respond flexibly to changes in the business environment, the Group will continue to pursue 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 addition, the Group will strengthen its business foundation and improve its corporate structure in a streamlined manner by building a strong corporate culture and training its employees.

③ Regional Segment Strategies and Business Activities

In Japan, we will strive to minimize the impact of declining sales of long-listed products and secure the business scale by enhancing the growth of AIMIX®, LONASEN®, an antipsychotic agent and TRERIEF® and by achieving a prompt growth of REMITCH®, a treatment of pruritus, for which cooperative promotion with Torii Pharmaceutical Co., Ltd. in 2015. In addition, the Group will promote the transformation toward the efficient business management system in order to respond to the rapid changes in the current domestic business environment.

In North America, the Group will work to attain in fiscal 2015 the billion-dollar mark in the sales of LATUDA®, currently the primary source of earnings for the Group. Also we will pursue business expansion in this region through growth of APTIOM®.

In China, the Group will continue our efforts to increase sales and income with a focus on MEROPEN®.

In other areas, promotion of lurasidone HCl sales will be the driving force for business expansion. It has been on the market in the U.K. since August 2014, and we will be setting up a business structure consonant with the growth in its sales. With regard to Europe other than the U.K., it was decided in May 2015 that the license agreement for the joint development and exclusive commercialization of LATUDA® between the Company and Takeda Pharmaceutical Company Limited (hereinafter, “Takeda”) would be terminated. The Company and Takeda have started discussions in an effort to finalize and execute a mutual agreement establishing a transition plan for the orderly transfer of all development and commercialization rights and activities from Takeda to the Company. The Company will consider all options, including collaboration with a new partner for the continued development and commercialization of LATUDA® in Europe.

④ Research and Development Strategies

The highest priority in our R&D activities will be given to the development of candidates at late stages of development so as to ensure sustained growth after the fiscal 2018 expiry of the exclusive sales period of LATUDA® in the U.S.

In terms of therapeutic area, our primary focus will be on the psychiatry and neurology area and the oncology area, while management resources will be directed aggressively also to tap on rare diseases and other unmet medical needs and the frontier fields such as regenerative medicine and cell therapy.

In the psychiatry and neurology area, our R&D efforts will focus on treating patients who are not fully responding to conventional drugs. Further efforts will be made in the U.S. for the development of SEP-225289 and in Japan for the development of TRERIEF® by additional indication, Parkinsonism in Dementia with Lewy Bodies (DLB).

In the oncology area, maximum efforts will be rendered toward successful development in Japan and in the U.S. of BBI608, the first-in-class anti-cancer drug that targets cancer stem cells. Initiation of Phase III clinical trial of BBI503, another anti-cancer drug that follows BBI608, is planned.

In the area for which no approved drugs exist, the Company continues the research and

development of treatment for intractable diseases, developing EPI-743 and EPI-589, therapeutic agents for mitochondrial disease introduced from Edison Pharmaceuticals, Inc, a U.S. company. The Company also will be actively committed to development of DSP-1747, a therapeutic agent for liver disease introduced from Intercept Pharmaceuticals, Inc. another U.S. company, for nonalcoholic steatohepatitis (NASH) for which no drug has been currently approved.

As for the cell therapy, the Company will start a late Phase II clinical trial of SB623. 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 K.K. In addition, studies will progress at Sighregen K.K., a joint venture company created by Healios K.K. and the Company for setting up commercial production and promotion schemes. Joint research programs with the Center for iPS Cell Research and Application of Kyoto University and with Keio University will be strengthened.

⑤ 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 Group forecasts operating cash flow of 240 billion yen in the five years of the 3rd MTBP, and will use it effectively and efficiently. Interest-bearing liabilities are repaid in an orderly manner, while cash is secured 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.

⑥ Responses to Risks

The pursuit of business plans described above involves various risks such as loss of social trust by non-compliance, delay or termination of new product development, unexpected adverse effects after product launch, litigation risks and plant shutdown.

The Company will work to tighten risk management through the activities of Risk Management Committee, Compliance Committee and others to prevention and reduction of risks. In the event of any such risk becoming real, the Company will exert its utmost effort to keep its impact to the minimum by taking prompt and flexible response actions.

(5) Summary of Financial Position and Income

① Summary of Financial Position and Income of the Group

	Fiscal year ended March 2012	Fiscal year ended March 2013	Fiscal year ended March 2014	Fiscal year ended March 2015 (the current fiscal year)
Net Sales (Millions of yen)	350,395	347,724	387,693	371,370
Ordinary Income (Millions of yen)	18,872	24,505	40,631	23,331
Net Income (Millions of yen)	8,629	10,043	20,060	15,447
Net Income per Share	21.72yen	25.28yen	50.49yen	38.88yen
Total Assets (Millions of yen)	559,410	607,219	659,032	711,583
Net Assets (Millions of yen)	319,227	349,248	398,540	451,021

② Summary of Financial Position and Income of the Company

	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	Fiscal year ended March 2015 195 th fiscal year (the current fiscal year)
Net Sales (Millions of yen)	203,460	189,962	200,745	183,073
Ordinary Income (Millions of yen)	35,184	18,502	23,403	15,136
Net Income (Millions of yen)	22,058	11,356	15,210	16,968
Net Income per Share	55.52yen	28.58yen	38.28yen	42.71yen
Total Assets (Millions of yen)	549,418	554,480	568,152	595,144
Net Assets (Millions of yen)	367,035	376,918	385,897	400,110

(6) Details of the Principal Businesses of the 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 Group

	Name	Place	Name	Place	Name	Place
	Osaka Head Office	Osaka	Tokyo Head Office	Chuo-ku, Tokyo		
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	U.S.A.	BBI	U.S.A.	Sumitomo Pharmaceuticals (Suzhou) Co., Ltd.	China

(8) Employees

① Employees of the Group

Business Segment	Number of Employees
Pharmaceutical Business	6,547
Others	321
Total	6,868

(Note) The number of employees of the Group indicated above is the total number of all persons currently working, including the seconded employees accepted by the 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
4,126	-205	41.7	16.9 years

(Note) 1. The number of the Company's employees indicated above is the total number of all persons currently working, including the 141 seconded employees accepted by the Company, but excluding the 438 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. holding 199,434,000 shares of common stock of the Company (investment ratio: 50.12%). The business transactions between the Company and Sumitomo Chemical Co., Ltd. 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 Co., Ltd..

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	100 (100)	Manufacture and sale of medical drugs
	BBI	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	5,060 million yen
Sumitomo Life Insurance Company	4,000 million yen
Nippon Life Insurance Company	4,000 million yen
Sumitomo Mitsui Trust Bank, Ltd.	3,640 million yen
The Norinchukin Bank	2,900 million yen
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,000 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 596,335 treasury stocks)
- (3) **Number of Shareholders**
at the end of the Current Fiscal Year: 28,558
- (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)	13,241	3.33
Japan Trustee Services Bank, Ltd. (Trust account)	10,615	2.67
Nippon Life Insurance Company	7,581	1.91
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
Sumitomo Dainippon Pharma Employee Shareholders' Association	4,127	1.04
Japan Trustee Services Bank, Ltd. (Trust account 9)	2,482	0.62

- (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 (596,335 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 Member, Board of Directors of BBI Board Chairman of the Japan Epilepsy Research Foundation
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 BBI
Member, Board of Directors	Makoto Hara	Executive Vice President In charge of the Sales & Marketing Division, Legal Affairs, Intellectual Property and International Business Management
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 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 the Corporate Service Center Member, Board of Directors of DSP Gokyo Food & Chemical Co., Ltd.
Member, Board of Directors	Hiroshi Nomura	Senior Executive Officer In charge of Global Corporate Planning, Global Business Development, External Affairs, Corporate Secretariat & Industry Affairs, Finance & Accounting and the Regenerative & Cellular Medicine Office Member, Board of Directors of Sunovion
Member, Board of Directors	Hidehiko Sato	Attorney at Law (admitted in Japan) Director of LIXIL Group Corporation Director of Resona Bank, Ltd.

Member, Board of Directors	Hiroshi Sato	Chairman of the Board and Representative Director of Kobe Steel, Ltd.
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 of 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. Nonmember Inspector of the Hyogo Prefectural Credit Federation of Agricultural Cooperatives

- (Note)
1. The Director, Hiroshi Sato, was newly appointed at the 194th Annual Shareholders' Meeting held on June 19, 2014 and assumed his office thereafter.
 2. The Director, Tetsuya Oida, retired as of June 19, 2014 due to the expiration of his term of office.
 3. The Directors, Hidehiko Sato and Hiroshi Sato, are Outside Directors 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 Directors, Hidehiko Sato and Hiroshi Sato, as Independent Directors as defined by the Tokyo Stock Exchange, Inc., and reported the same to the said exchange.
 7. As of April 1, 2015, the "Responsibilities, Principal Duties, and Significant Concurrent Positions" of the Directors changed as follows:

Position	Name	Responsibilities, Principal Duties, and Significant Concurrent Positions
Director	Makoto Hara	Executive Vice President In charge of the Sales & Marketing Division, Legal Affairs, Intellectual Property and International Business Management

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

① The Relationship between the Company and the Companies or Organizations Where the Outside Directors and Outside Audit & Supervisory Board Members Concurrently Hold Significant Positions

The relationship between the Company and the companies or organizations where the Outside Directors 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 or Resona Bank, Ltd. where the Director, Hidehiko Sato, serves as a director.
- ii. There is no significant trading relationship between the Company and Kobe Steel, Ltd. where the Director, Hiroshi Sato, serves as a representative director.
- iii. 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.
- iv. There is no significant trading relationship between the Company and Kyorin University where the Audit & Supervisory Board Member, Yutaka Atomi, serves as the President.
- v. 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. Neither is there any significant trading relationship between the Company and the Hyogo Prefectural Credit Federation of Agricultural Cooperatives where Kazuto Nishikawa serves as a nonmember inspector.

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

	Name	Principal Activities
Director	Hidehiko Sato	He attended all the fourteen (14) meetings held by the Board of Directors during the current fiscal year, and he made statements at those meetings as necessary, primarily from the professional standpoint of an attorney.
	Hiroshi Sato	Among the fourteen (14) meetings held by the Board of Directors during the current fiscal year, he attended all the eleven (11) meetings held by the Board of Directors after his assumption of office as a Director, and he made statements at those meetings he attended as necessary, primarily from the professional standpoint of a company manager.
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 made statements at those meetings he attended as necessary, primarily from the professional standpoint of an attorney.
	Yutaka Atomi	He attended all the fourteen (14) meetings held by the Board of Directors and all the thirteen (13) meetings held by the Audit & Supervisory Board during the current fiscal year, and he made statements at those meetings as necessary, primarily from the professional standpoint of a medical doctor.
	Kazuto Nishikawa	He attended all the fourteen (14) meetings held by the Board of Directors and all the thirteen (13) meetings held by the Audit & Supervisory Board during the current fiscal year, and he made statements at those meetings 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 Directors 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 Directors, Hidehiko Sato and Hiroshi 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 ten (10) million yen or any amount stipulated by the relevant laws and regulations, whichever is higher.

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

	Number	Amount of Remuneration and the like (Millions of Yen)	Memo
Directors	9	354	
Audit & Supervisory Board Members	5	89	
Total	14	443	

- (Note)
1. The above includes the amount of remuneration and the like for Outside Directors and Outside Audit & Supervisory Board Members, five (5) persons in total, which is 59 million yen in total.
 2. The above includes one (1) Director who retired upon the conclusion of the 194th Annual Shareholders’ Meeting held on June 19, 2014.
 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 33 million yen, which represents the bonuses for Directors to be paid after the 195th Annual Shareholders’ Meeting to be held in June 2015.
 5. In addition to the above, retirement benefits in the total amount of two (2) million yen were paid to one (1) Director who retired during the current fiscal year due to the expiration of his term of office. The payment of the retirement benefits was made in accordance with the resolution on the abolition of the retirement benefits program for Directors and Audit & Supervisory Board Members, which was approved at the 185th Annual Shareholders’ Meeting held on June 29, 2005.

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)	77
Total amount of fees to be paid in cash or otherwise by the Company or Subsidiaries of the Company	97

- (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 “advisory services regarding the introduction of the International Financial Reporting Standards” (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

The Audit & Supervisory Board of the Company is entitled to dismiss the Accounting Auditor pursuant to Article 340 of the Companies Act. In addition, in case the Audit & Supervisory Board finds substantial concerns with respect to the continuation of the performance by the Accounting Auditor of its duties, the Audit & Supervisory Board will determine the content of a proposal regarding the dismissal or non-reelection of such Accounting Auditor in accordance with the policy for the determination of the dismissal or non-reelection of the Accounting Auditor separately provided for. Based on such

determination, the Board of Directors of the Company will submit the proposal to the Shareholders' Meeting as a matter to be resolved.

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 Sumitomo Dainippon 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 Corporate Group (consisting of the Company, its 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 Directors and 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.

(Note) It was decided at the Meeting of the Board of Directors held on April 24, 2015 to revise the Basic Policy for the Establishment of the Internal Control System as of May 1, 2015. The name of the revised policy is the Basic Policy for Developing the Internal Control System, and it is posted on the Company's website.

Consolidated Balance Sheet

(As of March 31, 2015)

(millions of yen)

Item	Amount As of March 31, 2015	(Reference) Amount As of March 31, 2014	Item	Amount As of March 31, 2015	(Reference) Amount As of March 31, 2014
Assets			Liabilities		
Current assets	401,699	359,611	Current liabilities	156,843	131,207
Cash and time deposits	30,553	22,746	Notes and accounts payable	12,492	11,713
Notes and accounts receivable	103,072	111,662	Current portion of bonds payable	30,000	—
Marketable securities	111,293	81,952	Current portion of long-term loans payable	6,522	10,000
Merchandise and finished goods	50,749	46,377	Income taxes payable	3,288	10,524
Work-in-process	1,626	2,408	Reserve for bonuses	9,416	7,786
Raw materials and supplies	10,012	10,356	Reserve for sales returns	8,580	9,894
Deferred tax assets	38,867	37,281	Reserve for sales rebates	36,351	26,421
Short-term loans receivable	49,052	41,720	Accounts payable-other	35,252	35,937
Others	6,598	5,225	Others	14,939	18,930
Allowance for doubtful receivables	(125)	(120)			
Fixed assets	309,884	299,421	Long-term liabilities	103,718	129,284
Property, plant and equipment	65,160	72,689	Bonds payable	30,000	60,000
Buildings and structures	41,365	44,407	Long-term loans payable	20,000	25,000
Machinery, equipment and carriers	9,068	9,646	Deferred tax liabilities	17,354	15,704
Land	6,297	8,396	Liability for retirement benefit	15,274	13,892
Construction in progress	1,245	3,080	Others	21,089	14,687
Others	7,182	7,157			
Intangible assets	173,863	156,796	Total liabilities	260,562	260,492
Goodwill	88,075	80,669	Net assets		
In-process research and development	64,456	56,071	Shareholders' equity	364,286	356,465
Others	21,332	20,055	Common stock	22,400	22,400
Investments and other assets	70,860	69,935	Capital surplus	15,860	15,860
Investment securities	58,193	50,823	Retained earnings	326,686	318,861
Asset for retirement benefit	1,935	4,685	Treasury stock	(660)	(656)
Deferred tax assets	4,794	8,602	Accumulated other comprehensive income	86,735	42,074
Others	5,982	5,865	Unrealized gains on available-for-sale securities, net of tax	23,099	17,247
Allowance for doubtful receivables	(44)	(41)	Deferred gains (losses) on hedge	1	(0)
			Foreign currency translation adjustment	68,171	26,792
			Remeasurements of defined benefit plans	(4,536)	(1,964)
Total assets	711,583	659,032	Total net assets	451,021	398,540
			Total liabilities and net assets	711,583	659,032

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

Consolidated Statement of Income

(April 1, 2014 to March 31, 2015)

(millions of yen)

Item	Amount Year ended March 31, 2015	(Reference) Amount Year ended March 31, 2014
Net sales	371,370	387,693
Cost of sales	101,227	104,117
Gross profit	270,142	283,576
Reversal of reserve for sales returns	0	16
Gross profit-net	270,143	283,592
Selling, general and administrative expenses	246,867	241,450
Operating income	23,275	42,142
Non-operating income	4,178	2,093
Interest and dividend income	1,573	1,099
Gains on investments in partnership	1,990	1
Others	614	992
Non-operating expenses	4,122	3,604
Interest expenses	937	1,007
Contribution	1,111	1,669
Losses on disposal of fixed assets	369	340
Foreign exchange losses	996	164
Others	708	423
Ordinary income	23,331	40,631
Extraordinary income	17,695	4,057
Gains on sales of property, plant and equipment	15,984	—
Compensation income for damage	1,711	—
Gains on sales of investment securities	—	2,773
Fair value adjustment of contingent consideration	—	1,284
Extraordinary loss	7,271	9,979
Impairment losses	5,310	7,638
Business structure improvement expenses	1,961	2,341
Income before income taxes and minority interests	33,755	34,709
Income taxes-current	14,034	14,784
Income taxes-deferred	4,273	(135)
Income before minority interests	15,447	20,060
Net Income	15,447	20,060

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

Consolidated Statement of Changes in Net Assets

(April 1, 2014 to March 31, 2015)

(millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2014	22,400	15,860	318,861	(656)	356,465
Comulative effects of changes in accounting policies			(198)		(198)
Restated balance	22,400	15,860	318,663	(656)	356,266
Changes during the fiscal year					
Cash dividends			(7,151)		(7,151)
Net income			15,447		15,447
Purchases of treasury stock				(3)	(3)
Sales of treasury stock		0		0	0
Change of scope of consolidation			(4)		(4)
Change of scope of equity method			(268)		(268)
Changes in items other than shareholders' equity (net)					
Total changes during the fiscal year	—	0	8,023	(3)	8,019
Balance as of March 31, 2015	22,400	15,860	326,686	(660)	364,286

	Accumulated other comprehensive income (loss)					Total net assets
	Unrealized gains on available-for-sale securities, net of tax	Deferred gains (losses) on hedge	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance as of April 1, 2014	17,247	(0)	26,792	(1,964)	42,074	398,540
Comulative effects of changes in accounting policies						(198)
Restated balance	17,247	(0)	26,792	(1,964)	42,074	398,341
Changes during the fiscal year						
Cash dividends						(7,151)
Net income						15,447
Purchases of treasury stock						(3)
Sales of treasury stock						0
Change of scope of consolidation						(4)
Change of scope of equity method						(268)
Changes in items other than shareholders' equity (net)	5,851	2	41,378	(2,572)	44,660	44,660
Total changes during the fiscal year	5,851	2	41,378	(2,572)	44,660	52,679
Balance as of March 31, 2015	23,099	1	68,171	(4,536)	86,735	451,021

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

Non-Consolidated Balance Sheet

(As of March 31, 2015)

(millions of yen)

Item	Amount As of March 31, 2015	(Reference) Amount As of March 31, 2014	Item	Amount As of March 31, 2015	(Reference) Amount As of March 31, 2014
Assets			Liabilities		
Current assets	209,253	183,853	Current liabilities	127,219	81,122
Cash and time deposits	8,706	3,961	Accounts payable	6,334	5,153
Accounts receivable	65,084	75,141	Short-term loans payable to affiliates	56,470	27,777
Marketable securities	22,800	6,500	Current portion of bonds payable	30,000	—
Merchandise and finished goods	33,992	34,162	Current portion of long-term loans payable	5,000	10,000
Work-in-process	1,333	2,061	Accounts payable-other	17,695	18,209
Raw materials and supplies	9,167	9,338	Accrued expenses	1,173	1,067
Advance payments	95	29	Income taxes payable	1,762	8,974
Prepaid expenses	220	664	Advances received	—	13
Deferred tax assets	15,244	17,877	Deposits received	369	344
Short-term loans to affiliates	49,822	31,932	Reserve for bonuses	6,180	7,053
Accounts receivable-other	2,904	2,295	Others	2,232	2,527
Allowance for doubtful receivables	(118)	(110)			
Fixed assets	385,891	384,298	Long-term liabilities	67,815	101,132
Property, plant and equipment	53,439	62,170	Bonds payable	30,000	60,000
Buildings	32,789	36,427	Long-term loans payable	20,000	25,000
Structures	655	886	Long-term other accounts payable	253	333
Machinery and equipment	7,511	8,113	Long-term deposits received	5,257	4,689
Carriers	17	14	Deferred tax liabilities	249	—
Tools, furniture and fixtures	5,669	5,674	Provision for retirement benefit	11,644	11,109
Land	5,845	8,005	Others	410	—
Construction in progress	950	3,048			
			Total liabilities	195,034	182,254
Intangible assets	9,300	7,415	Net assets		
Software	2,540	2,233	Shareholders' equity	381,021	371,407
Sales rights	5,565	4,625	Common stock	22,400	22,400
Others	1,194	557	Capital surplus	15,860	15,860
			Legal capital surplus	15,860	15,860
Investments and other assets	323,151	314,713	Other capital surplus	0	0
Investment securities	50,113	45,564	Retained earnings	343,421	333,803
Investments in affiliates	261,187	255,751	Legal retained earnings	5,288	5,288
Amount invested in capital of affiliates	3,147	3,147	Other retained earnings	338,133	328,515
Long-term prepaid expenses	2,040	3,262	Reserve for advanced depreciation of noncurrent assets	1,610	1,595
Prepaid pension cost	4,824	4,940	General reserve	275,510	275,510
Deferred tax assets	—	104	Retained earnings carried forward	61,012	51,410
Others	1,863	1,971	Treasury stock	(660)	(656)
Allowance for doubtful receivables	(25)	(30)			
			Valuation, translation adjustments and others	19,088	14,490
			Unrealized gains on available-for-sale securities, net of tax	19,088	14,490
			Total net assets	400,110	385,897
Total assets	595,144	568,152	Total liabilities and net assets	595,144	568,152

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

Non-Consolidated Statement of Income

(April 1, 2014 to March 31, 2015)

(millions of yen)

Item	Amount Year ended March 31, 2015	(Reference) Amount Year ended March 31, 2014
Net sales	183,073	200,745
Cost of sales	60,220	59,480
Gross profit	122,853	141,265
Reversal of reserve for sales returns	0	16
Gross profit-net	122,853	141,281
Selling, general and administrative expenses	108,523	117,343
Operating income	14,329	23,938
Non-operating income	5,041	2,983
Interest and dividend income	2,547	2,038
Gains on investments in partnership	1,990	1
Others	503	944
Non-operating expenses	4,234	3,519
Interest expenses	1,189	1,031
Contribution	1,088	1,654
Losses on disposal of fixed assets	226	201
Foreign exchange losses	1,097	221
Others	632	410
Ordinary Income	15,136	23,403
Extraordinary income	17,643	2,768
Gains on sales of property, plant and equipment	15,932	—
Compensation income for damage	1,711	—
Gains on sales of investment securities	—	2,768
Extraordinary loss	7,155	5,023
Impairment losses	5,194	2,999
Business structure improvement expenses	1,961	2,024
Income before income taxes	25,625	21,147
Income taxes-current	6,608	10,894
Income taxes-deferred	2,049	(4,958)
Net Income	16,968	15,210

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

Non-Consolidated Statement of Changes in Net Assets

(April 1, 2014 to March 31, 2015)

(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, 2014	22,400	15,860	0	15,860	5,288	1,595	275,510	51,410	333,803
Cumulative effects of changes in accounting policies								(198)	(198)
Restated balance	22,400	15,860	0	15,860	5,288	1,595	275,510	51,211	333,604
Changes during the fiscal year									
Cash dividends								(7,151)	(7,151)
Reversal of reserve for advanced depreciation of noncurrent assets						15		(15)	—
Net Income								16,968	16,968
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	—	15	—	9,801	9,816
Balance as of March 31, 2015	22,400	15,860	0	15,860	5,288	1,610	275,510	61,012	343,421

	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, 2014	(656)	371,407	14,490	14,490	385,897
Cumulative effects of changes in accounting policies		(198)			(198)
Restated balance	(656)	371,208	14,490	14,490	385,698
Changes during the fiscal year					
Cash dividends		(7,151)			(7,151)
Reversal of reserve for advanced depreciation of noncurrent assets					—
Net Income		16,968			16,968
Purchases of treasury stock	(3)	(3)			(3)
Sales of treasury stock	0	0			0
Changes in items other than shareholders' equity (net)			4,597	4,597	4,597
Total changes during the fiscal year	(3)	9,813	4,597	4,597	14,411
Balance as of March 31, 2015	(660)	381,021	19,088	19,088	400,110

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

Independent Auditor's Report

May 7, 2015

The Board of Directors
Sumitomo Dainippon 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 Sumitomo Dainippon Pharma Co., Ltd. (the "Company") as at March 31, 2015 and for the year from April 1, 2014 to March 31, 2015 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 7, 2015

The Board of Directors
Sumitomo Dainippon 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, 2015 and for the year from April 1, 2014 to March 31, 2015 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 this audit report with regard to the performance of duties of Directors of the Company for the 195th fiscal year from April 1, 2014, to March 31, 2015, 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 adopted by Audit & Supervisory Board Members as well as 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 and 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, 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 described in 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 Corporate Auditors 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, and 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 laws and the Articles of Incorporation of the Company.
- ② We have not found any improper conduct or any material evidence of violations of any law or any Articles of incorporation of the Company in relation to the performance of duties by Directors.
- ③ We confirm that the resolutions adopted by the Board of Directors with respect to the internal control systems are appropriate. 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 and the results of the audit conducted by KPMG AZSA LLC, Accounting Auditor of the Company, are appropriate.

(3) Results of audit of consolidated financial statements

We confirm that the method and the results of the audit conducted by KPMG AZSA LLC, Accounting Auditor of the Company, are appropriate.

May 8, 2015

The Audit & Supervisory Board, Sumitomo Dainippon 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 an appropriate manner that reflects the Company's performance, the Company intends to make decisions on dividends from a comprehensive standpoint, while, among others, actively investing in its future growth, ensuring a solid management base and enhancing its financial condition to further increase its enterprise value. The Company aims to give consideration so that profits will continue to be allocated 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 current fiscal year as follows.

Matters related to the year-end dividend

(1) Category of dividend property:

Money

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

Nine (9) yen per share of common stock of the Company (3,575,734,371 yen in aggregate)

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

(3) Date on which the distribution of surplus will take effect:

June 22, 2015

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>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</p> <p>Member of the Board of Directors of BBI</p> <p>Board Chairman of the Japan Epilepsy Research Foundation</p>	107,600 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 2004: Director and Executive Officer of the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>October 2005: Executive Officer of the Company</p> <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</p>	49,000 shares

		<p>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]</p> <p>Member of the Board of Directors of BBI</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 2015: In charge of the Sales & Marketing Division, Legal Affairs, Intellectual Property and International Business Management of the Company (up to the present)</p>	33,900 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</p>	36,600 shares

		<p>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 Position]</p> <p>Member of the Board of Directors of DS Pharma Animal Health Co., Ltd.</p>	
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>June 2014: In charge of Corporate Communications, Personnel, General Affairs, Procurement, the Corporate Service Center of the Company (up to the present)</p> <p>[Significant Concurrent Position]</p> <p>Member of the Board of Directors of DSP Gokyo Food & Chemical Co., Ltd.</p>	21,200 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 and Senior Executive Officer of the Company (up to the present)</p> <p>December 2014: In charge of Global Corporate Planning, Global Business Development, External Affairs,</p>	17,600 shares

		<p>Corporate Secretariat & Industry Affairs, Finance & Accounting and the Regenerative & Cellular Medicine Office (up to the present)</p> <p>[Significant Concurrent Positions] Member of the Board of Directors of Sunovion Member of the Board of Directors of BBI</p>	
7	<p>Hidehiko Sato (Apr. 25, 1945)</p> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;"> Candidate for Outside Director </div>	<p>April 1968: Joined the National Police Agency August 1986: Counselor of the Second Department of the Cabinet Legislation Bureau April 1992: Director General of the Criminal Investigation Bureau of the Metropolitan Police Department February 1995: Chief of the Saitama Prefectural Police Headquarters December 1996: Director General of the Criminal Investigation Bureau of the National Police Agency January 1999: Chief of the Osaka Prefectural Police Headquarters January 2000: Deputy Commissioner General of the National Police Agency August 2002: Commissioner General of the National Police Agency February 2005: President of the Police Personnel Mutual Aid Association June 2011: Admitted to the Bar (Japan) June 2011: Audit & Supervisory Board Member of the Company June 2011: Director of JS Group Corporation (currently, LIXIL Group Corporation) (up to the present) June 2013: Member of the Board of Directors of the Company (up to the present) June 2014: Director of Resona Bank, Ltd. (up to the present)</p> <p>[Significant Concurrent Positions] Director of LIXIL Group Corporation Director of Resona Bank, Ltd.</p>	0 share

8	<p>Hiroshi Sato (Sep. 25, 1945)</p> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;">Candidate for Outside Director</div>	<p>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) June 2014: Member of the Board of Directors of the Company (up to the present)</p> <p>[Significant Concurrent Position] Chairman of the Board and Representative Director of Kobe Steel, Ltd.</p>	0 share
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- (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 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 and Mr. Hiroshi Sato as Independent Directors as defined by the Tokyo Stock Exchange, Inc., and reported 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 re-election as an Outside Director in the hope that he will continue to contribute to the management of the Company using his experience and knowledge.

6. Mr. Hidehiko Sato and Mr. Hiroshi Sato currently serve as Outside Directors of the Company, and Mr. Hidehiko Sato will have served as an Outside Director for two (2) years and Mr. Hiroshi Sato 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, which limits their liability, is as follows:

The Company entered into an agreement with each of Mr. Hidehiko Sato and Mr. Hiroshi Sato, which limited their liability for damages under Paragraph 1, Article 423 of the Companies Act. Under the terms of the agreement, their 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 and Mr. Hiroshi Sato as Outside Directors, the Company intends to extend the term of the said agreement.

[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 [shown in the Japanese original] 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**

(Note) The scanning of the two-dimensional code is possible only with the code shown in the Japanese original of this translation.

- (2) When you vote online, please enter the “voting code” and the “password” provided in the enclosed voting form, and indicate your approval or disapproval of the proposals by following the instructions displayed on the screen.
- (3) Online votes will be accepted until 5:00 p.m., Thursday, June 18, 2015 (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.)
- (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