



Nov. 24, 2006

For Immediate Release

Company Name: Dainippon Sumitomo Pharma Co., Ltd.

President: Kenjiro Miyatake

Stock Exchange Listings: Tokyo, Osaka, Nagoya

Security Code number: 4506

Notice of Diagnostics Business Merger

Dainippon Sumitomo Pharma Co., Ltd. (DSP) has announced the decision finalized at the meeting of the Board of Directors on November 24, 2006 on basic policy regarding the merger of the DSP Laboratory Products Division and DS Pharma Biomedical Co., Ltd. (DSPB), a wholly owned subsidiary.

To wit

1. Purpose of Merger

The Laboratory Products Division of DSP and DSPB are both engaged in the diagnostics and research materials businesses. The corporate divestiture of the Laboratory Products Division and its total acquisition by DSPB is intended to unify the diagnostics end of the business as a company group in order to centralize and make more efficient use of resources, and to expand sales and enhance profitability.

2. Essentials of Corporate Divestiture

(1) Divestiture Schedule (Planned)

Late January 2007 board meeting to approve divestiture contract (DSP and DSPB)

April 2007 Divestiture Period (Effective Date)

(2) Divestiture Scheme

This will be an assimilated division (simple divestiture), where the divestiture is from DSP and DSPB is the successor.

3. Overview of Divested Business (as of March 31, 2006)

(1) Company	Dainippon Sumitomo Pharma (Divested)	DS Pharma Biomedical Co., Ltd. (Successor)
(2) Business details	Manufacture, Sale/Purchase, and Import/Export of Pharmaceuticals, Diagnostics, Medical Devices, Veterinary Products, Food Additives, Industrial Chemicals, and Other Chemical products, etc.	Manufacture, and Sales of in Vitro Diagnostic Drug Products, Research Reagents, Medical Devices, and Medical Chemical Measurement Devices
(3) Date Incorporated	May 1897	June 1998
(4) Headquartered at	2-6-8 Dosho-machi, Chuo-ku, Osaka-shi	2-2-8 Dosho-machi, Chuo-ku, Osaka-shi
(5) Representative	Kenjiro Miyatake, President	Kiyoshi Ohta, President
(6) Capital	22,400 million yen	480 million yen
(7) Outstanding shares	397,900,154	9,600
(8) Sales	232,559 million yen (Year ended March 31, 2006)	3,153 million yen (Year ended March 31, 2006)
(9) Total assets	387,435 million yen	2,329 million yen
(10) Fiscal year	March 31	March 31
(11) Number of employees	5,061	47

4. Divested Business Department Activities

(1) Business Activities

Manufacture, Sales, and Export of in Vitro Diagnostics Drugs, Research Reagents, Chemical Measurement Devices, etc.

(2) March 2006 Divested Department Sales

1,782 million yen

5. Effect on Company Performance

The divestiture will have a mild effect on company performance.