



For Immediate Release

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Stock Exchange Listings: Tokyo, Osaka, Nagoya

Security Code number: 4506

Mid-term Business Plan

Dainippon Sumitomo Pharma has established a three year Mid-term Business Plan for the period of fiscal year 2007 to fiscal year 2009 in order to achieve our envisioned corporate status within the next ten years. This is a summary of the Plan.

1. Mid to long term vision

To achieve our envisioned company status ten years from now, our aims are as follows;

- 1) Establish a solid foundation of our domestic business
- 2) Expand our international business operation
- 3) Enrich our R&D product pipeline

Consequently we will be an internationally competitive R&D oriented pharmaceutical company in fifteen (15) years from now, and then we will have two solid mainstreams of our revenue, from domestic operation and from international operation.

2. Our positioning of the Mid-term Business Plan

In this Mid-term Business Plan, we positioned the period from fiscal year 2007 to fiscal year 2009 as a period of which to “strengthen our business foundation for the first step to become a global corporation”. During this period, we need to focus and to select our business targets for the purpose of obtaining strong future growth and to be a competitive global R&D oriented pharmaceutical company. We also need to establish a solid revenue stream and an efficient but well organized management structure by broadly restructuring our inherited systems and structures.

3. Business Goals (Consolidated)

	Fiscal Year 2009 Business Goals	Reference: Fiscal Year 2006 Forecast
Net Sales	¥295.0 billion	¥260.0 billion
(Pharmaceuticals)	(¥233.0 billion)	(¥204.5 billion)
Operating income	¥50.0 billion	¥42.0 billion
Net income	¥30.0 billion	¥22.0 billion
R&D expenditures	¥55.0 billion	¥42.0 billion

4. Basic strategies of the Mid-term Business Plan

(1) Strengthening our domestic business foundation

We will focus our domestic business on the cardiovascular, the gastrointestinal disease and the infectious disease areas, concentrating our resources to four strategic products: Amlodin[®], Gasmotin[®], Prorenal[®] and Meropen[®]. In addition, we will make our best effort to shorten the time to achieve peak sales of newly launched products and to conduct product life cycle management aggressively in order to sustain the revenue of the products. For strengthening our marketing activities, we will create more effective and systematic IT utilized information providing tools.

(2) Strengthening our R&D organization for strong flow of the pipeline products

We will focus our drug discovery activities on diabetes, cardiovascular, CNS, inflammatory, and allergy areas, organizing strong and efficient drug discovery teams for the creation of new and innovative compounds. At the same time we will manage the drug development schedule efficiently in order to ensure a constant flow of new products, targeting to launch one major product every two years, in conjunction with aggressive in-licensing activities.

(3) Preparing international operation structure

We will start to prepare our US sales organization having our product lurasidone, for the treatment of schizophrenia, which is under development in our expanding US and EU clinical development organizations.

(4) Strengthening strategic partnership

We will aggressively promote global and local strategic partnerships for the areas of R&D, domestic operation, international operation, production and so on.

(5) Striving for efficient management and for efficient and profitable corporate structure

We will make continuous efforts to improve our management and organizational efficiency. For our business field, we will make constant effort to select and to focus our non-pharmaceutical business in order to improve the profitability.

(6) Establishment of “DSP Management”

We will continuously promote our management philosophy with CSR, with having further selection and focus on our business field and with improving and streamlining overall corporate structures. For our employees, we will cultivate their diversity and capability and will promote a challenging working environment for establishing a speedy and energetic corporate culture.

During this plan period, we will make strategic investment of over ¥30 billion toward future growth strategies such as strengthening the domestic business operation, strengthening new drug discovery activities, promoting in-licensing activities, expanding US/EU clinical development activities for obtaining marketing approval in USA and EU, preparing to establish our marketing and sales organization in the US, and enhancing our organizational capability for the future growth.

For the return to shareholders, a consolidated net earnings to dividends ratio of 30% is targeted by fiscal year 2009.