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Second Mid-term Business Plan

Dainippon Sumitomo Pharma Co., Ltd. (the “Company”) announces that it has formulated the second Mid-term Business Plan (the “MTBP”) for the five years beginning with fiscal 2010.

The Mid to Long term Vision (the “Vision”) that the Company drew up in 2007 set the targets of “Establish a solid foundation for our domestic business,” “Expand our international business operation” and “Enrich our R&D product pipeline to realize our future vision” in envisioning its corporate status for the next ten years. For its vision of the next 15 years, the Company aims to become an internationally competitive R&D-oriented pharmaceutical company and to have two solid mainstreams of revenue, from domestic operations and from international operations.

In the three-year first MTBP ending with fiscal 2009, the Company worked to upgrade and strengthen its business platform for globalization and submitted a New Drug Application (NDA) to the U.S. Food and Drug Administration (FDA) ahead of schedule for lurasidone, an investigational agent for schizophrenia being developed globally. In addition, the Company progressed significantly in its globalization by establishing and expanding its business platform and R&D facilities in North America through the acquisition of Sepracor Inc. (“Sepracor”).

Based on the progress made in the first MTBP, the Company has set the theme of “Creation and transformation toward a new stage of globalization” for the second MTBP as it works aggressively to achieve the Vision. The following is an overview of the second MTBP.

1. Positioning of the Second MTBP

The first MTBP was for three years, but taking into consideration the status of Sepracor and the global strategic product lurasidone, which the Company believes will have a substantial impact on performance, the Company set a five-year term for the second MTBP. During the second phase, the Company will strive to achieve the Vision, and proceed to a new stage by raising its creative capabilities and further transforming itself.

2. Fiscal 2014 Business Goals

	FY 2014 (Goals)	Reference: FY 2009 Forecast
Net sales	440.0 billion yen	295.0 billion yen
Pharmaceuticals	[375.0 billion yen]	[236.0 billion yen]
Operating income	70.0 billion yen	31.0 billion yen
EBITDA*	90.0 billion yen	53.0 billion yen
R&D costs	70.0 billion yen	53.5 billion yen

*Earnings before interest, taxes, depreciation and amortization

3. Basic Strategies of the Second MTBP

(1) Transform the earnings structure in Japan

The Company will work to increase the ratio of new drugs through promoting product development, in-licensing and alliances. The Company aims to maximize earnings by positioning cardiovascular/diabetes, central nervous system (CNS) and cancer/infectious diseases as the focus marketing areas, and by concentrating business resources on its strategic products AVAPRO[®], LONASEN[®] and PRORENAL[®], and new products including TRERIEF[®], MIRIPLA[®] and METGLUCO[®].

(2) Expand overseas operation and maximize earnings

The Company aims to bring overseas sales to 50% of total net sales for fiscal 2014 by maximizing sales of new drugs such as lurasidone and STEDESA[™] (eslicarbazepine acetate), which are both under FDA review, through business expansion in North America centered on Sepracor. In China, the Company aims for sales of 10.0 billion yen in fiscal 2014 through business expansion including the introduction of new drugs. In addition, the Company will enter and expand operations in the EU and other regions.

(3) Expand the pipeline for continuous new drug creation

The Company aims to produce innovative new drugs in the CNS area, designated as the focus therapeutic area, and the specialty area, designated as the challenge therapeutic area. In addition, the Company will make priority investments in next strategic candidates with its basic strategy for global development and promote alliances and in-licensing through strategic investment.

(4) Promote Corporate Social Responsibility (CSR) management and continuous increase in management efficiency

The Company will continue to promote CSR management, including establishing global governance. In addition, the Company will work to improve management efficiency through job streamlining and transformation and to transform the business structure on a global level.

(5) Establish a challenging corporate culture and cultivate human resources

The Company will work to encourage new challenges and establish a corporate culture of speedy response, and to cultivate and energize diverse human resources.

4. Returns to Shareholders

The Company intends to allot appropriate dividends in line with performance while balancing aggressive investment and internal reserves for future growth. At the same time, it will also consider stable dividends.

Note: The statements made in this press release are forward-looking statements based on management's assumptions and beliefs in light of information available up to the day of announcement, and involve both known and unknown risks and uncertainties. Consequently, actual financial results may differ materially from those presented in this document, depending on a number of factors, many of which are outside of the control of DSP.