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## Dainippon Sumitomo Pharma announces its Third Mid-term Business Plan

Osaka, Japan, February 18, 2012 – Dainippon Sumitomo Pharma Co., Ltd. (DSP) (Headquarters: Osaka, Japan; President: Masayo Tada) announces today that it has formulated the third Mid-term Business Plan (“MTBP”) for the five years beginning with fiscal 2013.

The Mid to Long term Vision (“2017 Vision”) that DSP drew up in 2007 when it created the first MTBP 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, DSP aims to become an internationally competitive R&D-oriented pharmaceutical company and to have two solid mainstreams of revenue, from operations in Japan and from international operations.

DSP is currently making progress in the second MTBP for the 5 years beginning with fiscal 2010. After about three years, both net sales and profit in Japan are close to targets according to the plan. In North America, Sunovion Pharmaceuticals Inc. (formally known as Sepracor Inc. and acquired in fiscal 2009) is steadily increasing net sales. DSP also made significant progress in research and development through the acquisition of Boston Biomedical Inc. (“BBI”) in April 2012, giving DSP promising compounds and a drug discovery platform in the area of oncology.

However, the risk of profit decline is rapidly increasing in long-listed products in Japan toward fiscal 2014 and North America is facing a challenge of achieving profit targets due to the delayed launch of STEDESA™ and other factors. Furthermore, DSP’s business structure is substantially changing in preparation for the future with its entry into the oncology area, etc.

Under these circumstances, DSP has created the third MTBP for the 5 years beginning with fiscal 2013.

By executing the third MTBP, DSP is committed to achieving its 2017 Vision. It has also set the new vision “Aspire to be a globally active R&D-based company” and “Contribute to medical care through leading-edge technologies” to ensure further growth in the quest for innovation.

The following is an overview of the third MTBP.

## 1. Business Goals

	Reference: FY2012 Forecast	FY2015 (Reference)	FY2017 (Goals)
Net sales	348.0 billion yen	350.0 billion yen	450.0 billion yen
Pharmaceuticals	[309.2 billion yen]	[300.0 billion yen]	[400.0 billion yen]
Operating income	28.0 billion yen	30.0 billion yen	80.0 billion yen
EBITDA *	63.0 billion yen	50.0 billion yen	110.0 billion yen
R&D costs	59.2 billion yen	65.0 billion yen	80.0 billion yen

\*Earnings before interest, taxes, depreciation and amortization

## 2. Basic Strategies of the Third MTBP

Under the following five principles, DSP is committed to sustainable growth by promoting strategic business activities while strengthening business foundation.

1. Establish a robust revenue base in Japan
2. Further expand overseas business and maximize earnings
3. Expand global pipeline
4. Continuously pursue operational efficiency and CSR
5. Build an active corporate culture and develop talent

## 3. Third MTBP Strategies

### (1) Product Strategy

DSP will work to grow LATUDA<sup>®</sup> (lurasidone hydrochloride), an atypical antipsychotic and our global strategic product, to be a blockbuster by maximizing product value through additional indications and by expanding business regions.

DSP will also work towards the earliest possible launch of BBI608 and BBI503, currently in development as the first anticancer drugs in the world with efficacy against cancer stem cells. In addition, DSP will expand its businesses globally. This will be driven by new medicines through the successful development of “post-LATUDA<sup>®</sup>” candidates primarily in the Psychiatry & Neurology and Oncology areas as well as through proactive in-licensing and strategic alliances.

### (2) Therapeutic Area Strategy

DSP is shifting resources to research and development in Psychiatry & Neurology and Oncology and will continue to actively invest company resources during the third MTBP. This will enable Psychiatry & Neurology and Oncology areas to grow as global business pillars of revenue by the final year of the third MTBP.

### (3) Regional Strategy

DSP will place a priority on maintaining and expanding businesses in Japan and North America.

In Japan, resources will be concentrated on growth products – AIMIX<sup>®</sup>, METGLUCO<sup>®</sup> and SUREPOST<sup>®</sup> in the Cardiovascular and Diabetes areas and LONASEN<sup>®</sup> and TRERIEF<sup>®</sup> in the

Psychiatry & Neurology area – to maintain and increase scale of business operations. Furthermore, global products such as lurasidone hydrochloride and BBI608 will be launched in Japan in the latter half of the third MTBP to expand the Japan business. DSP will also proactively promote in-licensing and alliances.

In North America, DSP aims to minimize the sales decline of existing products by expanding LATUDA<sup>®</sup> sales and launching STEDESA<sup>™</sup>. During the latter half of the third MTBP, DSP will significantly advance its North American business with the launch and quick expansion of its oncology business and launch of new products. Meanwhile, DSP will continue to invest to expand its businesses in North America.

In China, DSP aims to expand businesses through the launch of three products that are currently under development. In Europe, DSP will start selling lurasidone hydrochloride through its own sales organization in the UK and consider the possibility of expanding its sales regions. In Southeast Asia, DSP will also create a foundation with lurasidone hydrochloride to enter into business in the region and investigate opportunities for business expansion in the Oceania region.

#### (4) R&D Strategy

DSP will focus research and development on Psychiatry & Neurology and Oncology areas and focus therapeutic areas, where high unmet medical needs exist in order to channel all energies into innovative drug discovery.

In Psychiatry & Neurology areas, DSP seeks solutions to current treatments that do not sufficiently result in adequate symptom relief and intends to focus on offering treatments to patients who do not respond enough to existing medicines by promoting research and development in schizophrenia, depression, Alzheimer's disease and other disorders.

In the Oncology area, BBI (US) and the DSP Cancer Institute (Japan) will form a global R&D team to lead the world in the cancer stem cell area and to continually create innovative products.

In addition, DSP will apply leading-edge science such as iPS cells to drug discovery, while strengthening activities in cell therapy and regenerative medicines to develop medicines for refractory diseases.

#### 4. Returns to Shareholders

Based on integrated and sustainable improvement of corporate value and shareholder value, in addition to stability, DSP will consider increases in dividends in line with improved business performance.

#### 5. Strengthen Business Foundation and Promote CSR Management

DSP pursues business efficiency and works to build a strong corporate culture to establish a robust business management structure that can respond flexibly to changes in the business environment.

At the same time, DSP will ensure further reinforcement of its Corporate Mission, Management Mission and Declaration of Conduct, strengthen its corporate governance globally, promote social contribution activities in and out of Japan, improve the vitality of employees, and promote communication with various stakeholders.

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.