Second Quarter Financial Results for FY2009

(Apr. 1 to Sep. 30, 2009)

October 30, 2009

Masayo Tada
President and CEO
Dainippon Sumitomo Pharma Co., Ltd.

Financial Results

Billions of yen

	2Q FY2008	2Q FY2009	Change		2Q FY2009	
			Value	Percentage	Forecasts	Difference
Net sales	134.4	132.2	- 2.1	- 1.6 %	130.6	1.6
Operating income	18.2	18.9	0.7	4.1 %	12.8	6.1
Ordinary income	18.2	19.1	0.8	4.6 %	12.4	6.7
Net income	10.9	12.7	1.8	16.4 %	7.8	4.9

Notes: 1. All values are rounded to the nearest 100 million yen.
2. 2Q represent period from Apr.1 to Sep.30.
3. Sumitomo Pharmaceuticals (Suzhou) Co.,Ltd. is newly added as a consolidated subsidiary from FY2009.

Increase and Decrease Factors of Net Sales

Billions of yen

	2Q FY2008	2Q FY2009	Change	
			Value	Percentage
Net sales	134.4	132.2	- 2.1	- 1.6 %
Pharmaceuticals	106.1	103.5	- 2.6	- 2.4 %
Domestic	93.6	91.4	- 2.2	- 2.3 %
Overseas	12.5	12.1	-0.4	- 3.2 %
Other products	28.2	28.7	0.4	1.5 %

(Positives)
- Increased sales of GASMOTIN® ／ PRORENAL® ／ MEROPEN®
- Sales growth of LONASEN® ／ AmBisome®

(Negatives)
- Decreased sales of AMLODIN® due to the influence of generics

Domestic Sales of Major Products

Billions of yen

	2Q FY2008	2Q FY2009	Change		2Q FY2009	
			Value	Percentage	Forecasts	Difference
AMLODIN®	30.5	26.9	- 3.7	- 12.0 %	25.3	1.6
GASMOTIN®	9.9	10.4	0.5	4.9 %	10.4	- 0.0
PRORENAL®	7.3	7.8	0.5	7.0 %	7.7	0.1
MEROPEN®	7.3	7.6	0.3	4.8 %	6.6	1.0
4 Strategic Products Total	55.1	52.7	-2.3	- 4.2 %	50.0	2.7
LONASEN®	1.3	3.0	1.6	122.3 %	2.8	0.2
AVAPRO®	1.3	1.0	- 0.3	- 22.2 %	2.1	- 1.1
TRERIEF ®	—	0.4	0.4	—	0.4	- 0.0
New Products Total	2.7	4.4	1.7	64.0 %	5.3	- 0.9
EBASTEL®	3.9	4.0	0.1	2.6 %	3.3	0.7
SUMIFERON®	3.0	3.0	- 0.0	- 0.7 %	3.0	0.0
AmBisome®	1.4	1.9	0.5	34.2 %	1.9	- 0.0

Note: Sales are before deduction of sales rebates.

Cost of Sales and Selling, General & Administrative Expenses

Billions of yen

	2Q FY2008		2Q FY2009		Change	
		% of net sales		% of net sales	Value	Percentage
Net sales	134.4	—	132.2	—	- 2.1	- 1.6%
Cost of sales	52.8	39.3%	51.3	38.8%	- 1.5	- 2.9%
Gross profit	81.5	60.7%	80.9	61.2%	- 0.6	- 0.8%
SG&A expenses	63.3	47.2%	62.0	46.9%	- 1.4	- 2.2%
SG&A expenses	38.5	28.7%	37.7	28.6%	- 0.8	- 2.1%
R&D costs	24.8	18.5%	24.2	18.3%	- 0.5	- 2.2%
Operating income	18.2	13.5%	18.9	14.3%	0.7	4.1%

Note: Cost of sales includes provision for (reversal of) reserve for sales returns.

(Cost of sales)
- Decrease in the influence of the application of “Accounting Standard for Measurement of Inventories”

(SG&A expenses)
- Decrease in sales promotion costs and advertising costs related to new products
- Increase in overseas development cost of lurasidone

Non-operating Income & Expenses and Extraordinary Income & Loss

Billions of yen

	2Q FY2008	2Q FY2009	Change	
			Value	Percentage
Operating income	18.2	18.9	0.7	4.1%
Non-operating income and expenses	0.0	0.1	0.1	
Finance income and expenses including dividend income	0.8	0.7	- 0.1	
Contribution	- 0.9	- 0.9	0.0	
Others	0.1	0.4	0.2	
Ordinary income	18.2	19.1	0.8	4.6%
Extraordinary income and loss	—	—	—	
Income taxes and minority interests	- 7.3	- 6.4	0.9	
Net income	10.9	12.7	1.8	16.4%

Financial Position

Billions of yen

	As of Mar. 31, 2009	As of Sep. 30, 2009	Change
ASSETS	391.3	394.2	2.9
Current assets	263.5	270.6	7.0
Fixed assets	127.8	123.6	- 4.1
LIABILITIES	66.8	61.0	- 5.8
Current liabilities	53.3	46.9	- 6.4
Long-term liabilities	13.4	14.1	0.6
NET ASSETS	324.5	333.2	8.7
(shareholders' equity ratio)	82.9%	84.5%	

(ASSETS)
・Increase in marketable securities ・・・・・・・・・・・・・・・・・・・・・・・・・・ 8.0 billion yen
・Decrease in long-term time deposits ・・・・・・・・・・・・・・・・・・・・・・・・ − 3.0 billion yen

(LIABILITIES)
・Decrease in notes and accounts payable ・・・・・・・・・・・・・・・・・・・・ − 6.1 billion yen

Cash Flows

Billions of yen

Ⅰ Net cash provided by operating activities	＋13.0
・Income before income taxes and minority interests	+ 19.1
・Depreciation and amortization	+ 5.5
・Decrease in notes and accounts payable	- 5.9
・Income taxes paid	- 5.9
Ⅱ Net cash used in investing activities	＋ 2.1
・Decrease in time deposits	+ 5.0
・Purchases of property, plant and equipment	- 3.0
Ⅲ Net cash used in financing activities	- 3.7
・Dividends paid	- 3.6

Cash and cash equivalents at the end of period: 61.4 billion yen
(compared with the beginning of period: +11.9 billion yen)
Including increase in cash and cash equivalents related to change in scope of consolidation: +0.5 billion yen

Financial Forecasts for FY2009

Forecasts for FY2009

Billions of yen

	FY08 Results	FY09		Changes	
		Forecast (as of May 11)	Forecast (as of Oct. 29)	Compared to the previous fiscal year	Compared to the forecast of May
Net sales	264.0	264.0	264.0	—	—
Operating income	31.2	25.0	29.0	- 2.2	4.0
Ordinary income	31.4	24.0	27.0	- 4.4	3.0
Net income	20.0	15.0	18.0	- 2.0	3.0
R&D costs	52.8	54.5	53.0	0.2	- 1.5

Notes: The figures above do not include estimated contribution of Sepracor Inc., which has recently become a wholly-owned subsidiary.

Cost of Sales and Selling, General & Administrative Expenses

Billions of yen

	FY08 Results	FY09 Forecasts		Changes	
		Forecast (as of May 11)	Forecast (as of Oct. 29)	Compared to the previous fiscal year	Compared to the forecast of May
Net sales	264.0	264.0	264.0	—	—
Cost of sales	〔39.3%〕 103.7	〔40.3%〕 106.5	〔39.8%〕 105.0	〔0.5pt〕 1.3	〔-0.5pt〕 - 1.5
Gross profit	160.3	157.5	159.0	- 1.3	- 1.5
SG&A expenses	129.1	132.5	130.0	0.9	- 2.5
SG&A expenses	76.3	78.0	77.0	0.7	- 1.0
R&D costs	52.8	54.5	53.0	0.2	- 1.5
Operating income	〔11.8%〕 31.2	〔9.5%〕 25.0	〔11.0%〕 29.0	〔-0.8pt〕 - 2.2	〔1.5%〕 4.0

Notes: 1. Cost of sales includes provision for (reversal of) reserve for sales returns

2. Assumption Exchange rate in Second- half ¥100 to US$1,¥150 to UK£1

(Reason for amendment) Reduction in costs are expected by Striving for efficient management and for efficient and profitable corporate structure.

Striving for Efficient Management and Profitable Corporate Structure

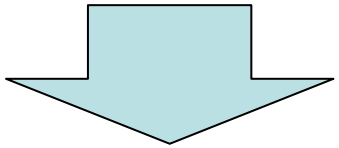
- **Launching a project of**

  "Comprehensive business performance improvement"

  (June, 2009)

  Company-wide action plan for cost reduction was put in place.
  Organizers dedicated to this project were appointed.

  - Efficient R&D spending based on prioritization
  - Promotion of operation streamlining project in indirect sections
  - Reduction in total cost (selling, general and administrative expenses, manufacturing costs)



- **Cost-reduction Plan**
  - Target for FY2009: 3 billion yen (compared to the previous forecasts)
  - The amount of the cost reduction in and after FY2010 to be reflected in the next mid-term business plan

Strengthening our domestic business foundation

- **Establishment of regional headquarters within the Sales and Marketing Division as of June 26, 2009**

  ⇒ **Advancement and enhancement of community-based business framework, hence improving profitability**

- **Enhancements in CNS area：Sharp increase in the number of CNS specialist MRs as of October 1,2009**

CNS specialist MRs : 88 ⇒144
CNS Group Managers : 11⇒18

- CNS specialist MRs
  - ✓ fully cover schizophrenia market
  - ✓ provide specialized information with psychiatrists and neurologists at university hospitals

Aiming at sales maximization of LONASEN ®
and rapid market penetration of TRERIEF ®, a new product

Acquisition of Sepracor Inc.

Transaction Rationale

- **Potential to accelerate penetration and maximize sales of Lurasidone in the U.S.**
- **Establish business platform in North American**
- **Expand scale of pharmaceutical business**
- **Reinforcement of product pipeline**

Progress

- **September 3** — **Acquisition of Sepracor announced**
- **September 15** — **Tender offer launched**
- **October 19** — **Tender offer completed**
  (approx. 86.9% of outstanding shares tendered)
- **October 20** — **Sepracor became a wholly-owned subsidiary of U.S. Holding Company.**
- **November 12 (planned)** — **Sepracor's CEO visiting Japan**
  IR Meeting to be held

R&D Pipeline

Development Pipeline

Pre-registration	Phase III	Phase II	Phase I
Diabetes SMP-862 (metformin)	Schizophrenia SM-13496 (lurasidone)	Diabetic neuropathy AS-3201 (ranirestat)	Over-active bladder syndrome SMP-986
Diabetes SMP-508 (repaglinide)		Hypertension (Combination Product) DSP-8153	Diabetes DSP-3235
Febrile neutropenia MEROPEN	Schizophrenia Bipolar disorder (US/EU etc.) SM-13496 (lurasidone)	Over-active bladder syndrome (US/EU) SMP-986	Allergic disorders DSP-3025
	Small cell lung cancer (China) Amrubicin		Bronchial asthma (US) SMP-028
			Diabetes (EU) DSP-7238
			Diabetes (US) DSP-8658

Development in Japan（New Chemical Entity） Development in Japan for new indications etc. Overseas development

Development Pipeline Highlights

- MIRIPLA® (miriplatin) :

  Deleted due to approval in October 2009

- SMP-508 (repaglinide) :

  Changed from “Phase III” to “NDA filed”

  Therapeutic indication : Type 2 diabetes mellitus

Outline of MIRIPLA®

[Brand name] MIRIPLA® for intra-arterial injection 70 mg

[Generic name] miriplatin hydrate

[Indication] Lipiodolization in hepatocellular carcinoma

[profile]

- “MIRIPLA” is a lipophilic platinum complex.
- “MIRIPLA” is administered into the tumor via the hepatic artery suspended in a “MIRIPLA suspension vehicle 4 mL”.
- “MIRIPLA” is suitable for “lipiodolization”, because it accumulates and remains in the tumor after the administration into the hepatic artery, and the platinum component is released gradually over a long period, and there is a reduced systemic exposure.

* “Lipiodolization” is one of the standard methods for treating hepatocellular carcinoma, where an anticancer drug is suspended in an oily lymphographic agent and then administered into the hepatic artery.

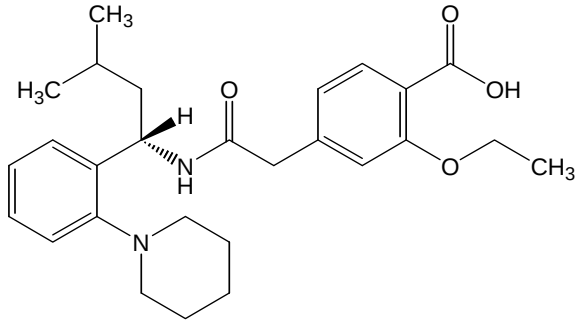
Outline of SMP-508 (repaglinide)

[Generic name] repaglinide

[Therapeutic Indication] Type 2 diabetes mellitus

[Profile]

- A rapid insulin secretagogue
- SMP-508 is expected to suppress postprandial hyperglycemia, resulting in reduction of HbA1c and fasting blood glucose levels.
- Substantial efficacy can be expected, even in long-term administration, as well as the possibility that strict control of blood-glucose (HbA1c values, as well as improvement of postprandial hyperglycemia) can be maintained over long periods of time.
- In licensed from Novo Nordisk



Clinical Development of Lurasidone

Program to Evaluate the Antipsychotic Response to Lurasidone

Global studies

- Schizophrenia
  - Phase 3 Placebo-Controlled Clinical Study (PEARL 1)
    - Study completed as scheduled (extension study ongoing)
    - Results announced in May, 2009.
  - Phase 3 Placebo- and Active Comparator- Controlled Clinical Study (PEARL 2)
    - Study completed as scheduled (extension study ongoing)
    - Result announced in August, 2009.
  - Long-term Safety Study (PEARL Safety)
    - Screening started on March 17, 2008, dosing underway
  - Phase 3 Placebo- and Active Comparator- Controlled Clinical Study (PEARL 3)
    - Screening started on October 27, 2008, dosing underway
- NDA to the U.S. FDA to be submitted early 2010

Clinical Development of Lurasidone

PRogram to **EV**aluate the **A**ntidepressant **I**mpact of **L**urasidone

Global studies

- Bipolar Disorder（Phase 3 studies)
  - IND submitted to FDA on December 17, 2008.
  - Screening started in April, 2009, dosing underway

- Development for Japanese NDA submission (Pan-Asia study)
  - IND for Phase 3 Study（against schizophrenia) in Japan, Taiwan and South Korea
  - Dosing underway
  - Protocol Synopsis
    - Comparator：Placebo (Reference：risperidone)
    - Target Number of Enrolled Patients：440
    - Primary Endpoints：PANSS

Disclaimer Regarding Forward-looking Statements

The statements made in this presentation material 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.

Actual financial results may differ materially from those presented in this document, being dependent on a number of factors.

Information concerning pharmaceuticals (including compounds under development) contained within this material is not intended as advertising or medical advice.