

Acquisition of Boston Biomedical Inc.



February 29, 2012
Dainippon Sumitomo Pharma Co., Ltd.

Oncology Strategy and Acquisition Significance

Commitment to Oncology

Entering the Oncology Area Globally

External Opportunity & Market Attractiveness

- (1) High unmet medical needs/Necessity to pursue innovation
- (2) Dynamic expansion of the role of medications
 - Cancer as a chronic disorder, "Incurable" → "Treatable"
- (3) R&D made possible through a rational approach
- (4) Long term business, Market growth expected in the mid/long term
 - Extended survival period, actualized needs for refractory, recurrent and metastatic cases

Change of Internal Environment

- (5) Establishing access to North American market
- (6) Next move after the launch of LATUDA
- (7) Strengthening the current development pipeline

Alignment with Mgmt Philosophy

- (8) The challenge to provide cancer treatment is the mission of a R&D-oriented pharmaceutical company

Compatibility with Global Strategy

- (9) A therapeutic area where a mid-sized company can succeed
 - Intense competition but "Product-driven" therapeutic area
 - Segmented market with the rise of personalized medicine
- (10) A typical specialty area
 - Global business is possible with a small sales force

Initiative in Oncology Domain

Japan

Research base

(Own Research/ Alliances/ In-licensing)

- Setting as R&D challenge domain
- Biopharma approach (Low molecule, protein, peptide, antibody and nucleic acid, etc.)
- Cooperative research project with Kyoto University (DSK Project)
- Option agreement with BBI on BBI608 introduction

Development/
Marketing base

China

Development base

Global R&D
System

Global Oncology
Business
Development Office

Planning and promotion of
global strategy

U.S

Global Oncology Business Development Office established on June 24, 2011 is spearheading our efforts to enter the oncology area

- To Establish Global Oncology R&D organization
- To Establish Marketing organization

Significance of BBI Transaction

Marks our commitment to the oncology business globally

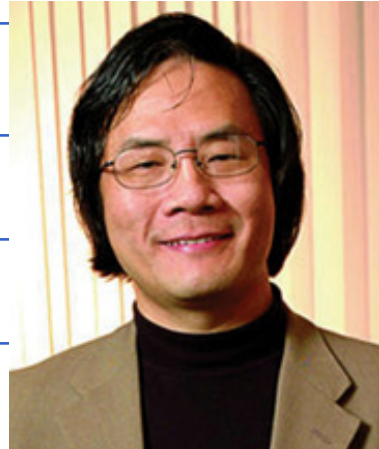
- Acquisition of highly innovative development pipeline (BBI608 and BBI503)
 - Post-LATUDA candidate drugs
 - Expected growth driver from 2015 onward
- Acquisition of R&D personnel with high expertise and a human network in this area
- Securing an excellent drug discovery platform
- Utilizing BBI as a base to establish DSP's global oncology R&D organization

BBI Corporate Profile and Acquisition Benefits

BBI Business Profile

Company Overview

Description	Boston-area privately held biotechnology company focused on cancer stem cells
Representative	Chiang J. Li, M.D, FACP
Founded	November 2006
Headquarters	333 Providence Highway, Norwood, MA 02062
Employees	30



Board of Directors

Name	Position
Chiang J. Li, MD FACP	Chief Executive Officer & Chief Medical Officer
Joel Marcus	CEO, Alexandria Equities
Taro Inaba	General Manager, Healthcare and Cleantech Investment, Mitsui&Co.
William J. Rutter	Chairman of Synergenics, Founder and former chairman of Chiron

Boston Biomedical Inc. Appeal

Attractive Key Elements of BBI

Philosophy

- Emphasizing innovation as the essence of business
- Entrepreneurial spirit essential to innovation

Human Resources

- Extensive experiences with clinical trials
- Many interesting R&D seeds and ideas
- Small size, highly talented team (30 employees)
- Human Network

R&D Capabilities Pipeline

- Focused on cancer stem cell R&D and leading pipeline
BBI608 (In preparation for P3), BBI503 (Currently in P1)

R&D center location

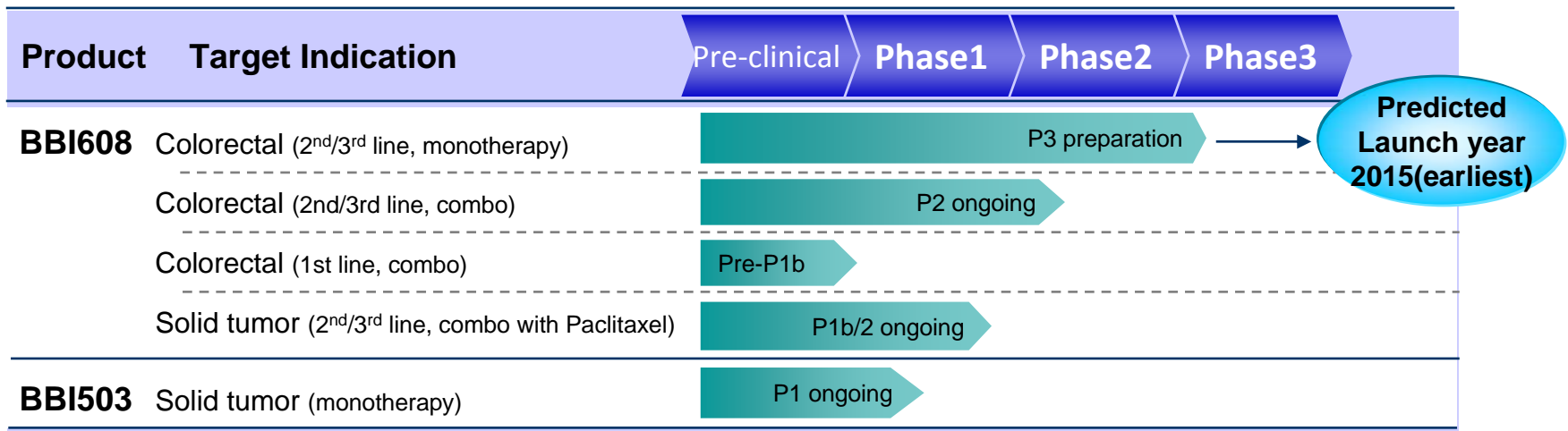
- Located in Boston area where biotechnology companies, pharmaceutical companies and research institutions focusing on cancer treatment are centered

Product Concept and Development

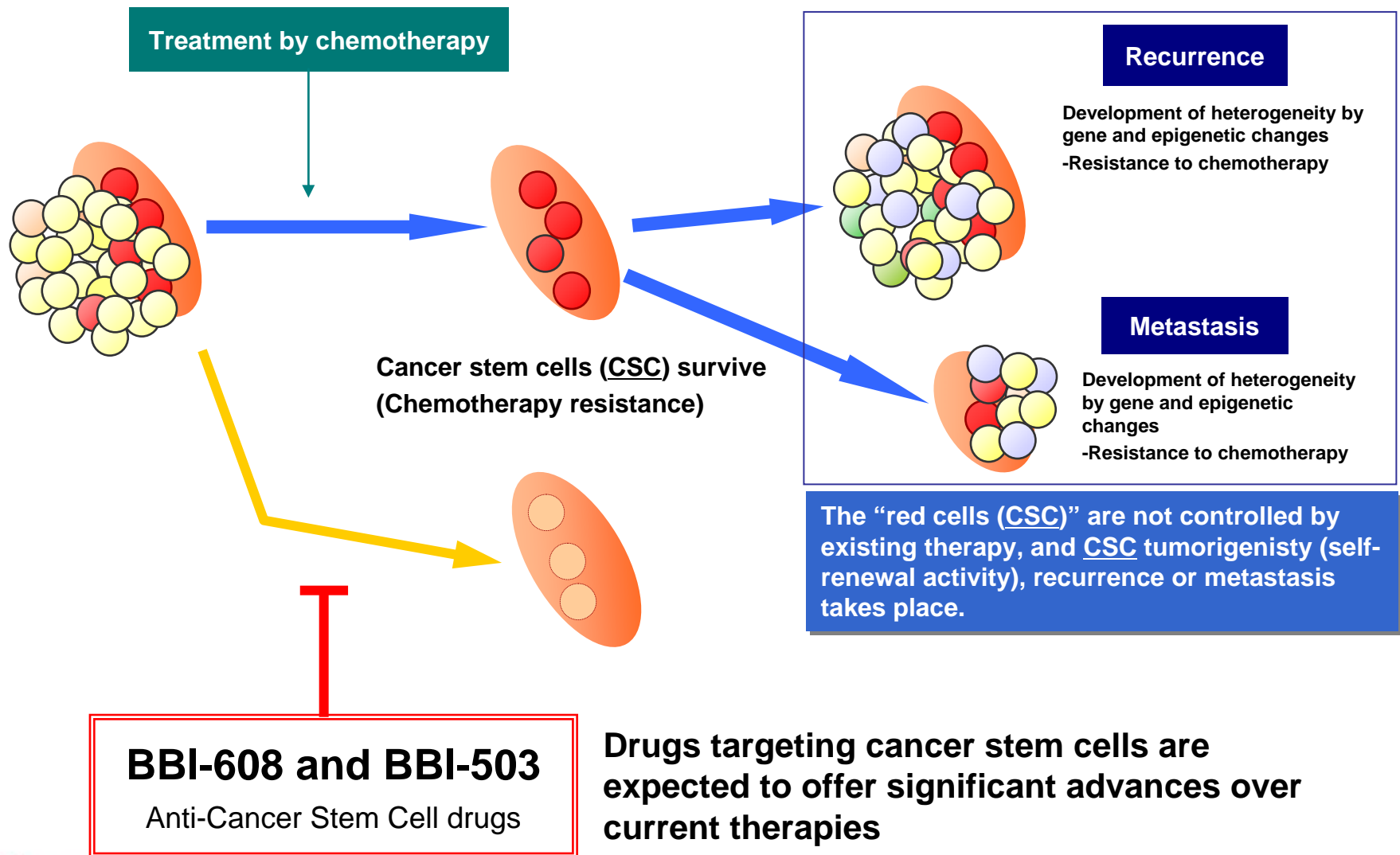
Status of BBI608 and BBI503

BBI608	<ul style="list-style-type: none"> ● First-in class, Molecular Targeted Drugs (small molecular compound, Oral agent) ● Excellent efficacy in monotherapy and combination with chemotherapy by inhibiting both growth of tumor cells and maintenance of cancer stem cells ● Highly safe, easy-to-use with existing chemotherapy. No particular hematologic toxicity observed
BBI503	<ul style="list-style-type: none"> ● First-in class, Molecular Targeted Drugs (small molecular compound, Oral agent) ● Excellent efficacy in monotherapy and combination with chemotherapy by inhibiting both growth of tumor cells and maintenance of cancer stem cells by the different mechanism to BBI608. ● Highly safe, easy-to-use with existing chemotherapy.

Clinical Development Schedule




Mechanisms of Action on BBI608 and BBI503









Transaction Summary and Financial Impact

Transaction Summary

Form:

-  Acquisition of all shares of BBI
-

Consideration:

-  Upfront Payment : US\$200 million
 -  Development milestones : Maximum US\$540 million
 -  Paid at pivotal trial commencement, application and approval
 -  Sales Milestones : Maximum US\$1,890 million
 -  Based on annual net sales in North America and Japan
 -  Maximum amount is paid in case when annual net sales exceed US\$ 4 billion
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Closing (Planned)

-  April, 2012
-


Financial Impact

Accounting Treatment :

Upfront Payment:

-  The difference between the total amount of the upfront lump sum payment and accompanying expenses, and the net acquired assets after deducting assumed liabilities is accounted for as goodwill.


Development and Sales Milestones:

-  Recorded as goodwill at the time of payment, amortization conducted retroactively to the date of the acquisition

Period of Goodwill Amortization

-  Planned 20 year fixed amount amortization
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Impact to P/L:

-  Details of amortization of goodwill and intangible assets like In-process R&D will be announced when determined
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Funding of Acquisition

-  Own Fund
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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.

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