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

<table>
<thead>
<tr>
<th>External Opportunity &amp; Market Attractiveness</th>
<th>Change of Internal Environment</th>
<th>Alignment with Mgmt Philosophy</th>
<th>Compatibility with Global Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) High unmet medical needs/Necessity to pursue innovation</td>
<td>(5) Establishing access to North American market</td>
<td>(8) The challenge to provide cancer treatment is the mission of a R&amp;D-oriented pharmaceutical company</td>
<td>(9) A therapeutic area where a mid-sized company can succeed</td>
</tr>
<tr>
<td>(2) Dynamic expansion of the role of medications - Cancer as a chronic disorder, “Incurable” → &quot;Treatable&quot;</td>
<td>(6) Next move after the launch of LATUDA</td>
<td></td>
<td>- Intense competition but “Product-driven” therapeutic area - Segmented market with the rise of personalized medicine</td>
</tr>
<tr>
<td>(3) R&amp;D made possible through a rational approach</td>
<td>(7) Strengthening the current development pipeline</td>
<td></td>
<td>(10) A typical specialty area - Global business is possible with a small sales force</td>
</tr>
<tr>
<td>(4) Long term business, Market growth expected in the mid/long term - Extended survival period, actualized needs for refractory, recurrent and metastatic cases</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(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
(5) Establishing access to North American market
(6) Next move after the launch of LATUDA
(7) Strengthening the current development pipeline
(8) The challenge to provide cancer treatment is the mission of a R&D-oriented pharmaceutical company
(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
To Establish Global Oncology R&D organization

To Establish Marketing organization

Global R&D System

Global Oncology Business Development Office

Planning and promotion of global strategy

Initiative in Oncology Domain

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 base

Japan

Development/ Marketing base

Development base

China

U.S

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Boston-area privately held biotechnology company focused on cancer stem cells</th>
</tr>
</thead>
<tbody>
<tr>
<td>Representative</td>
<td>Chiang J. Li, M.D, FACP</td>
</tr>
<tr>
<td>Founded</td>
<td>November 2006</td>
</tr>
<tr>
<td>Headquarters</td>
<td>333 Providence Highway, Norwood, MA 02062</td>
</tr>
<tr>
<td>Employees</td>
<td>30</td>
</tr>
</tbody>
</table>

Board of Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chiang J. Li, MD FACP</td>
<td>Chief Executive Officer &amp; Chief Medical Officer</td>
</tr>
<tr>
<td>Joel Marcus</td>
<td>CEO, Alexandria Equities</td>
</tr>
<tr>
<td>Taro Inaba</td>
<td>General Manager, Healthcare and Cleantech Investment, Mitsui&amp;Co.</td>
</tr>
<tr>
<td>William J. Rutter</td>
<td>Chairman of Synergenics, Founder and former chairman of Chiron</td>
</tr>
</tbody>
</table>
Emphasizing innovation as the essence of business
Entrepreneurial spirit essential to innovation
Extensive experiences with clinical trials
Many interesting R&D seeds and ideas
Small size, highly talented team (30 employees)
Human Network
Focused on cancer stem cell R&D and leading pipeline
BBI608 (In preparation for P3), BBI503 (Currently in P1)
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

<table>
<thead>
<tr>
<th>Product</th>
<th>Target Indication</th>
<th>Clinical Development Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBI608</td>
<td>Colorectal (2nd/3rd line, monotherapy)</td>
<td>Pre-clinical, Phase1, P3 preparation</td>
</tr>
<tr>
<td></td>
<td>Colorectal (2nd/3rd line, combo)</td>
<td>Phase2, P2 ongoing</td>
</tr>
<tr>
<td></td>
<td>Colorectal (1st line, combo)</td>
<td>Pre-P1b</td>
</tr>
<tr>
<td></td>
<td>Solid tumor (2nd/3rd line, combo with Paclitaxel)</td>
<td>P1b/2 ongoing</td>
</tr>
<tr>
<td>BBI503</td>
<td>Solid tumor (monotherapy)</td>
<td>P1 ongoing</td>
</tr>
</tbody>
</table>

- **BBI608**
  - 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**
  - 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

- **BBI608**
  - Colorectal (2nd/3rd line, monotherapy)
  - Colorectal (2nd/3rd line, combo)
  - Colorectal (1st line, combo)
  - Solid tumor (2nd/3rd line, combo with Paclitaxel)

- **BBI503**
  - Solid tumor (monotherapy)

**Predicted Launch year:** 2015 (earliest)
Mechanisms of Action on BBI608 and BBI503

Treatment by chemotherapy

Recurrence
Development of heterogeneity by gene and epigenetic changes
-Resistance to chemotherapy

Metastasis
Development of heterogeneity by gene and epigenetic changes
-Resistance to chemotherapy

Cancer stem cells (CSC) survive (Chemotherapy resistance)

The “red cells (CSC)” are not controlled by existing therapy, and CSC tumorigenisty (self-renewal activity), recurrence or metastasis takes place.

BBI-608 and BBI-503
Anti-Cancer Stem Cell drugs

Drugs targeting cancer stem cells are expected to offer significant advances over current therapies
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

### 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

Impact to P/L:
- Details of amortization of goodwill and intangible assets like In-process R&D will be announced when determined

Funding of Acquisition
- Own Fund
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.