



For immediate release

March 24, 2009

Company Name: Dainippon Sumitomo Pharma Co., Ltd.

President: Masayo Tada

Stock Exchange: Listings: Tokyo, Osaka, Nagoya

Security Code Number: 4506

Announcement of a judgment of the suit (an appeal court decision)

The Company was involved in litigation with Wakunaga Pharmaceutical Co., Ltd. (“the plaintiff”) at the Osaka High Court (a trial on appeal) with respect to a suit filed for damages associated with termination of a license agreement concluded between the two companies on a new quinolone compound. Today a judgment was rendered by the Osaka High Court. The following are a gist of the high court decision and some relevant matters:

1. A brief history of the litigation

July 22, 2004	The plaintiff filed a lawsuit with the Osaka District Court.
March 16, 2007	A decision of the first trial was rendered.
March 30, 2007	Both the plaintiff and the Company filed appeals respectively with the Osaka High Court.
March 24, 2009	A decision of the appeal court was rendered.

2. A gist of the appeal court decision

This appeal court judgment has overturned the decision of the first trial and rejected every claim of the plaintiff's.

(An outline of the first trial is described in the page of “reference”.)

(Reference)

In June 1998, the Company concluded an exclusive license agreement with the plaintiff under which the Company acquired an exclusive license for development, manufacture and sale of a new quinolone compound. Based on the agreement, the Company began developing the new quinolone compound into an antibiotic. In May 2002, the Company decided to discontinue the development of this compound and, thereafter, terminated the exclusive license agreement. In response, the plaintiff filed a lawsuit against the Company on July 22, 2004 with the Osaka District Court to claim 5,000 million yen which was part of 8,983 million yen that the plaintiff claimed to have suffered, alleging that the Company terminated the license agreement wrongfully.

The Company asserted that the decision to discontinue the development was made based on due assessment on the compound and the termination of the license agreement was nothing but an enforcement of the right allowable under the provisions of the agreement. However, the Osaka District Court held that some of the plaintiff's claims were meritorious and ordered the Company to pay 890 million yen.