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Company name: Dainippon Sumitomo Pharma Co., Ltd  
Representative: Masayo Tada, President  
(Securities Code: 4506, 1st Section of TSE and OSE)  
Contact: Atsuko Higuchi, Director Corporate Communication  
(Phone: +81-6-6203-1407)

**Dainippon Sumitomo Pharma Co., Ltd.'s U.S. Subsidiary Sunovion  
Pharmaceuticals Inc. to Acquire Elevation Pharmaceuticals, Inc.  
(US Biopharmaceutical Company)**

Osaka, Japan, August 31 2012 – Dainippon Sumitomo Pharma Co., Ltd (DSP) (Headquarters: Osaka, Japan; President: Masayo Tada) announces today that its wholly-owned subsidiary Sunovion Pharmaceuticals Inc. (Sunovion) has signed a definitive agreement (“Agreement”) on August 30, 2012 (U.S. Time) to acquire Elevation Pharmaceuticals, Inc. (Elevation) (Headquarters: San Diego, CA, USA; President & Chief Executive Officer: Bill Gerhart).

Elevation is a privately held biopharmaceutical company specializing in the development of new aerosol therapies for patients with respiratory diseases. The Agreement includes Elevation’s investigational compound EP-101, for the treatment of patients with moderate to severe chronic obstructive pulmonary disease (COPD).

According to the terms of the agreement, Sunovion will make an upfront payment of US\$100 million to the shareholders of Elevation on closing of the acquisition of its shares, and thereafter it will make development milestone payments for EP-101 up to US\$90 million. Furthermore, after the regulatory approval, it will also make commercial milestone payments up to US\$210 million. Subsequent milestone payments up to \$30 million could occur contingent upon the successive development of additional new programs.

**1. Purpose of the Acquisition of Elevation**

EP-101 is an inhalation solution of a long-acting muscarinic antagonist (LAMA) bronchodilator, delivered by a customized Nebulizer System. Two Phase 2 studies have been conducted by Elevation on EP-101 to evaluate its efficacy and safety in patients with moderate to severe COPD.

Sunovion plans to initiate an additional Phase 2 study in the fourth quarter of 2012 followed by Phase 3 studies in the second half of 2013.

Hiroshi Nomura, Vice Chair of Sunovion Pharmaceuticals stated: "Sunovion focuses on the respiratory disease area as one of its therapeutic areas. As such, we believe we have both the knowledge and infrastructure necessary to develop and commercialize this potential new product. The acquisition of Elevation Pharmaceuticals will help to further strengthen and diversify our respiratory pipeline and portfolio to meet the needs of people living with respiratory diseases and the healthcare providers who treat them."

## 2. Outline of the acquisition

After the acquisition, Elevation will become a 100% owned subsidiary of Sunovion in the San Diego area, California.

The boards of DSP, Sunovion and Elevation Pharmaceuticals have approved the transaction and Agreement. However, meeting the terms and conditions between Sunovion and Elevation and the completion of statutory procedures is required to complete the acquisition. After completion of these procedures, the acquisition is deemed to be closed as soon as possible, within 2012 at the latest. Barclays served as financial advisor to Sunovion on this transaction.

## 3. Outline of Elevation

- (1) Company Name: Elevation Pharmaceuticals Inc.
- (2) Headquarters: San Diego, California, U.S.A.
- (3) Name and Position of the Representative: Bill Gerhart, President & Chief Executive Officer
- (4) Established in December, 2007
- (5) Capital: US\$4,463 (Based on unaudited financial statements as of the end of July, 2012).
- (6) Private, unlisted company
- (7) Major shareholder: Canaan Partners, Care Capital, TPG Ventures, Novo A/S, Mesa Verde Venture Partnership.
- (8) Employees : 7
- (9) Relationship with DSP and Sunovion: There is no significant relationship with Elevation in terms of capital, human resources and business. Also, there is no significant relationship between the related parties and affiliated companies of DSP and their counterparts of Elevation in terms of capital, human resources and

business.

(10) Financial Information: Total Assets of US\$12.1 million (Based on unaudited financial statements as of the end of July, 2012). Elevation currently recognizes no product sales, as it does not have launched products at the moment.

(11) Business description: Elevation is a biopharmaceutical company specializing in the development of new aerosol therapies for patients with respiratory diseases. Elevation is developing EP-101.

#### 4. Effects of acquisition on DSP's earnings

If the currently planned acquisition is completed, Elevation is expected to become a wholly-owned subsidiary of Sunovion in the second quarter of the fiscal year ending March 31, 2013. DSP assumes there will be no material impact on its financial performance for the foreseeable future in and after the fiscal year ending March 31, 2013. However, if this changes in the future, DSP will disclose any relevant information immediately.

(Reference)

About EP-101

EP-101 is a proprietary solution formulation of glycopyrrolate, delivered by a customized eFlow<sup>®</sup>\* Nebulizer System.

Daily administration of inhaled bronchodilators and corticosteroids (including long-acting beta agonists LABAs and long-acting muscarinic antagonists LAMAs, etc.) are the main therapeutic options for managing the symptoms of COPD, and these medicines are available in dry powder inhaler, metered dose inhaler devices, etc. Although nebulized bronchodilators are currently available, there is no nebulized LAMA product available at this time.

EP-101 was designed for patients who are not well controlled on current standard of care or who prefer nebulizer delivery or are unable to effectively operate or benefit from dry powder inhalers or metered dose inhalers.

Two Phase 2 studies have been conducted, and an additional Phase 2 study will be conducted this year on EP-101 to evaluate its efficacy and safety in patients with moderate to severe COPD. Phase 3 trials are expected to initiate in the second half of 2013.

\* eFlow<sup>®</sup> is a customized Nebulizer System originated by PARI Pharma GmbH (Germany) and licensed to Elevation. It was developed to allow ease of use and medication delivery is optimized to within 2 minutes (with existing nebulizers 5 to 10 minutes is required). In addition, the operation noise is softer and it is lightweight compared to existing nebulizers.