



Nomura Investment Forum 2008

The Current Status at Shionogi

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 **SHIONOGI & CO., LTD.**

- **This presentation contains forward-looking statements. These statements are based on expectations in light of the information currently available, assumptions that are subject to risks and uncertainties which could cause actual results to differ materially from these statements.**
- **Risks and uncertainties include general domestic and international economic conditions such as general industry and market conditions, and changes of interest rate and currency exchange rate. These risks and uncertainties particularly apply with respect to product-related forward-looking statements. Product risks and uncertainties include, but are not limited to, completion and discontinuation of clinical trials; obtaining regulatory approvals; claims and concerns about product safety and efficacy; technological advances; adverse outcome of important litigation; domestic and foreign healthcare reforms and changes of laws and regulations. Also for existing products, there are manufacturing and marketing risks, which include, but are not limited to, inability to build production capacity to meet demand, unavailability of raw materials and entry of competitive products.**
- **The company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.**
- **This material contains information on pharmaceuticals (including compounds under development), but this information is not intended to make any representations or advertisements regarding the efficacy or effectiveness of these preparations nor provide medical advice of any kinds.**

Establishment of the 2nd Medium-Term Business Plan

The 1st Medium-Term Business Plan

(April 2000 — March 2005)

~ Concentration on the prescription drug business ~

The 2nd Medium-Term Business Plan

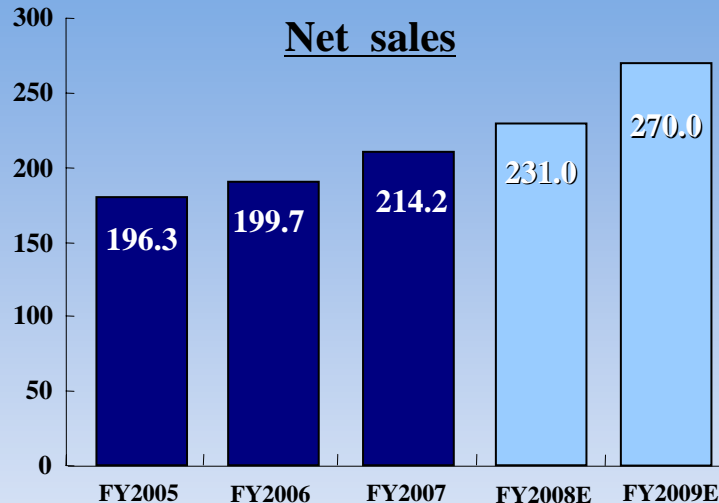
(April 2005 — March 2010)

*~ Entering a stage to accelerate
toward significant growth ~*

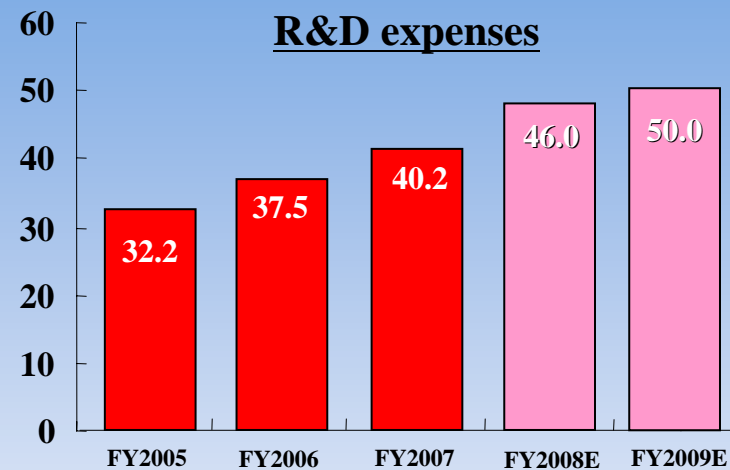
- ◆ **Full contribution of Crestor[®]**
(royalty income and domestic sales)
- ◆ **Activating R&D activities**
- ◆ **Launching new products in domestic market**
(10 products in total)

Consolidated Financial Targets for the 2nd Medium-Term Business Plan

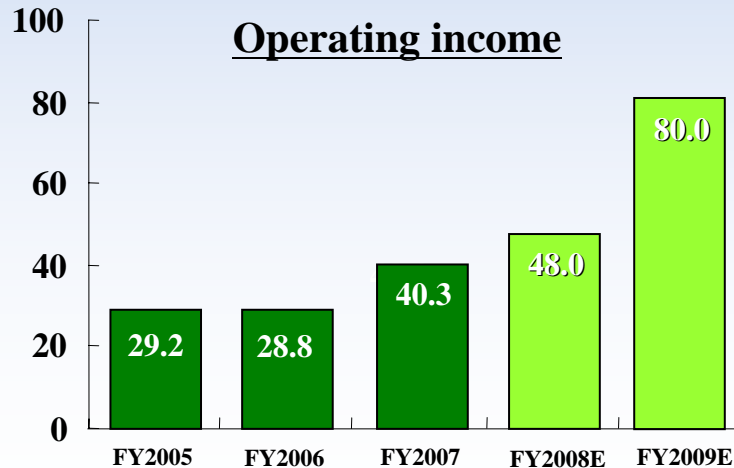
(Billions of Yen)



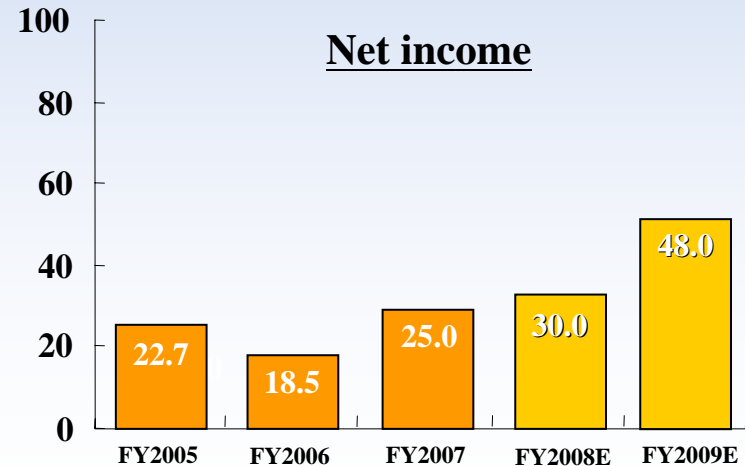
(Billions of Yen)



(Billions of Yen)

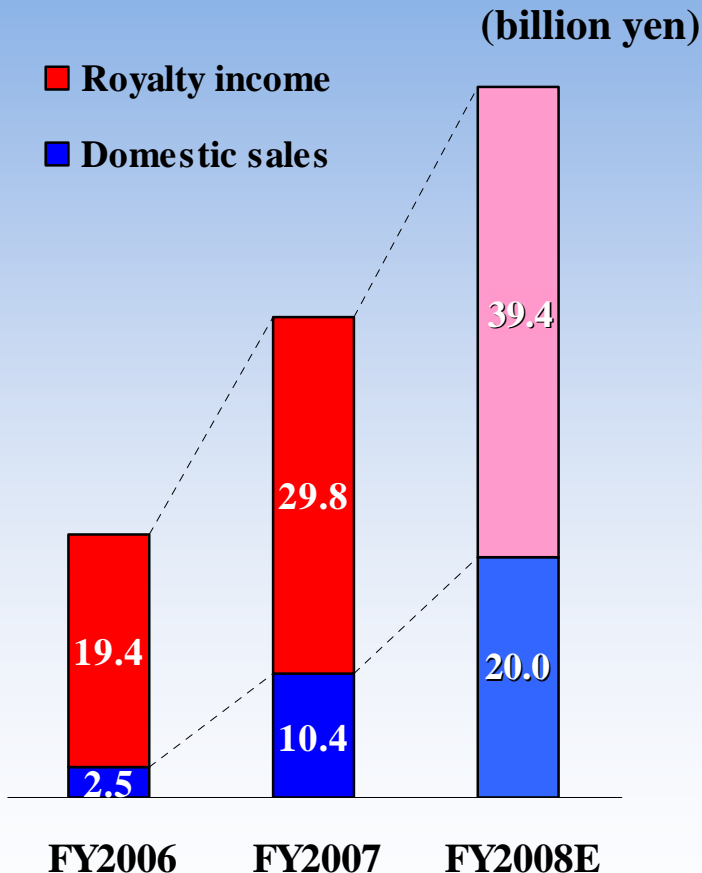


(Billions of Yen)



Expansion of Crestor® Sales

Expansion of royalty income and domestic sales



- Royalty income
 - Global sales by AstraZeneca increased

(Unit:billion dollar)

Crestor Global Sales	06	07	1Q-3Q 08
	2.0	2.8	2.6

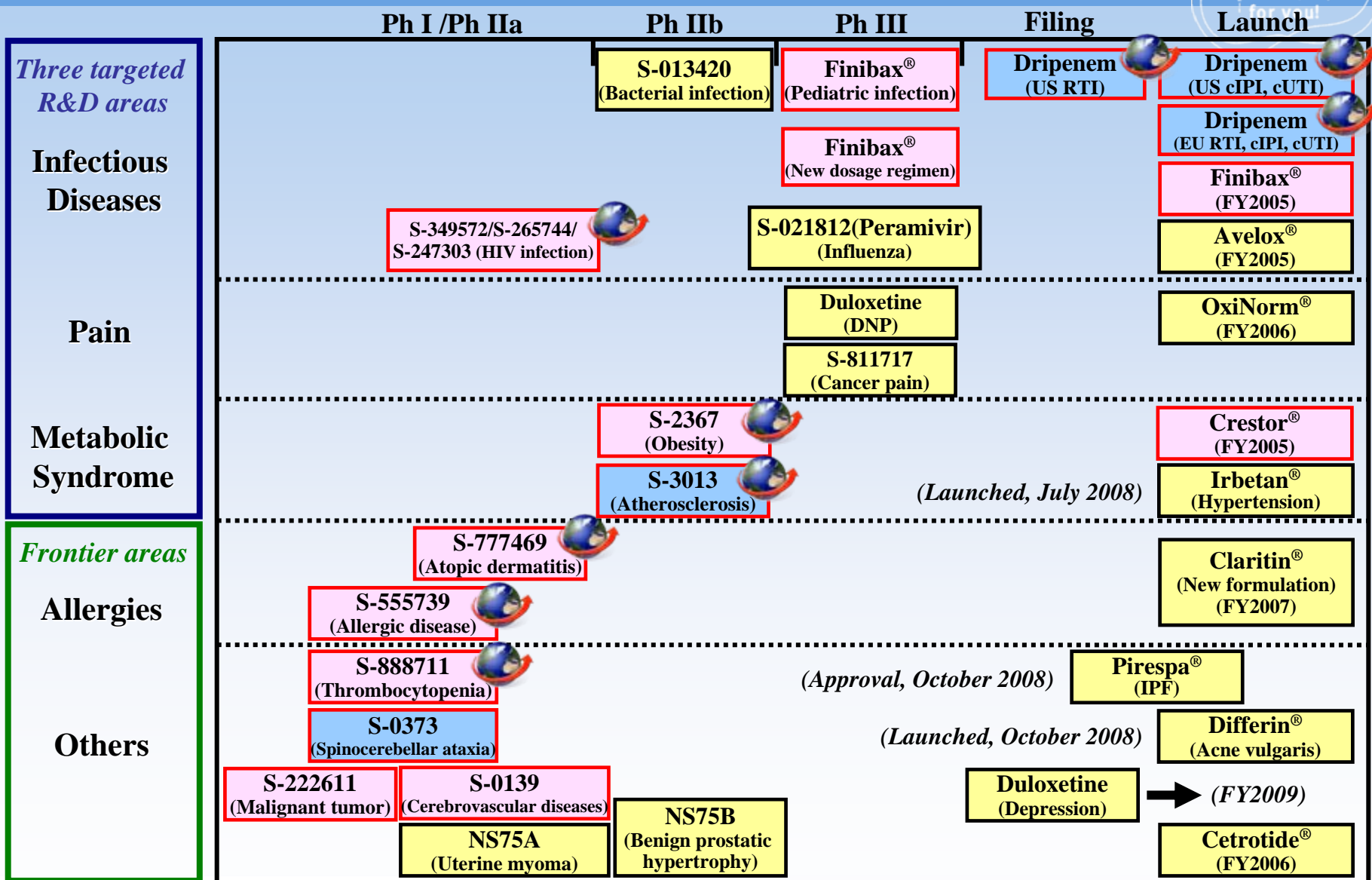
- Domestic sales
 - Market share increased smoothly

(Unit:%, Based on NHI Price)

	06	07				08	
	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Crestor Total	4.0	5.3	7.0	8.5	10.5	11.2	12.8

- ◆ Further expansion expecting from JUPITER

Pipeline (As of December, 2008)

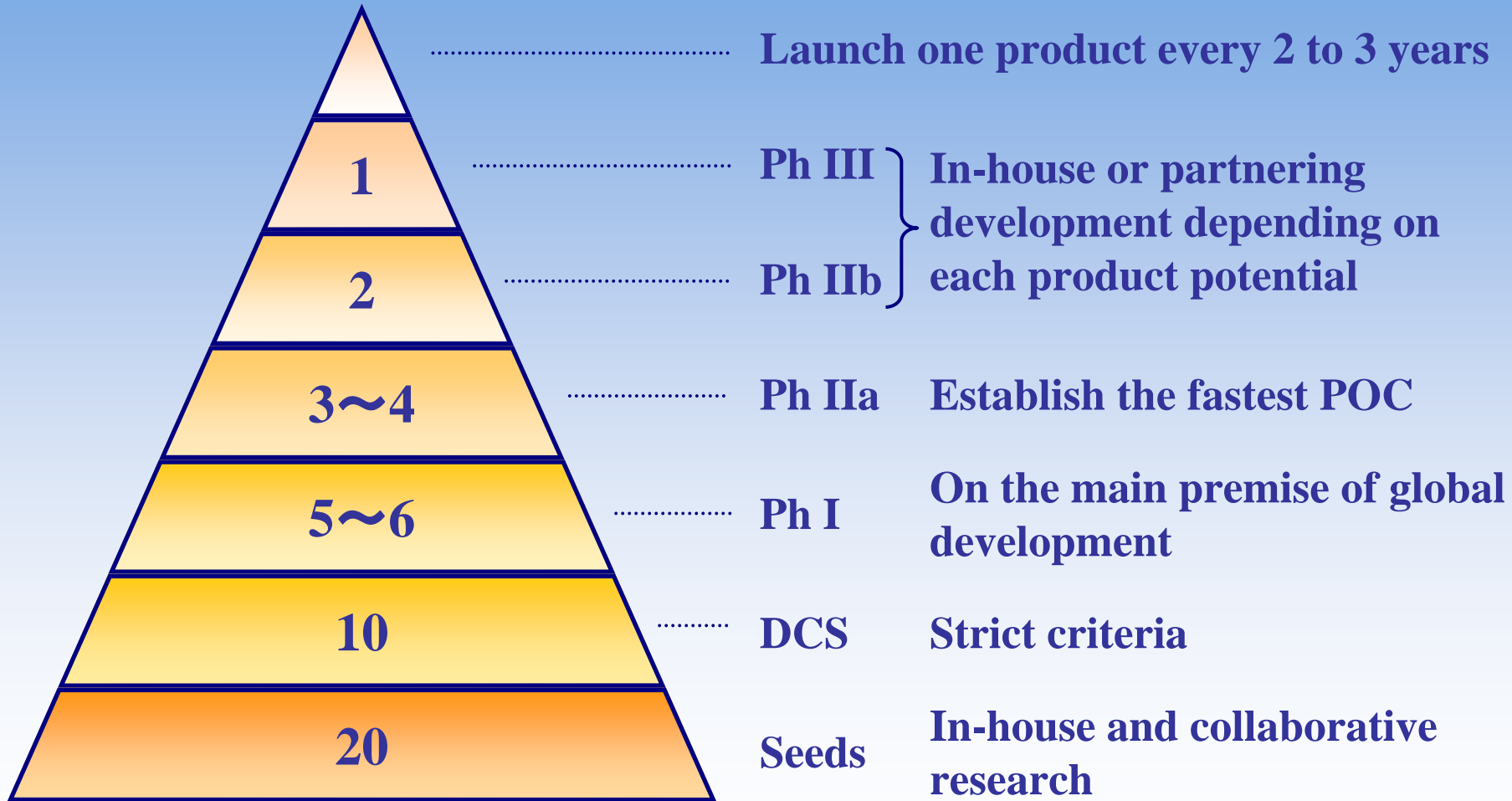


DNP: Diabetic Neuropathic Pain, RTI: Respiratory Tract Infection, cUTI: complicated Urinary Tract Infections including pyelonephritis, cIAI: complicated Intra-Abdominal Infections, IPF: Idiopathic pulmonary fibrosis

In-house **Out-licensed** **In-licensed**

Developing in-house products globally

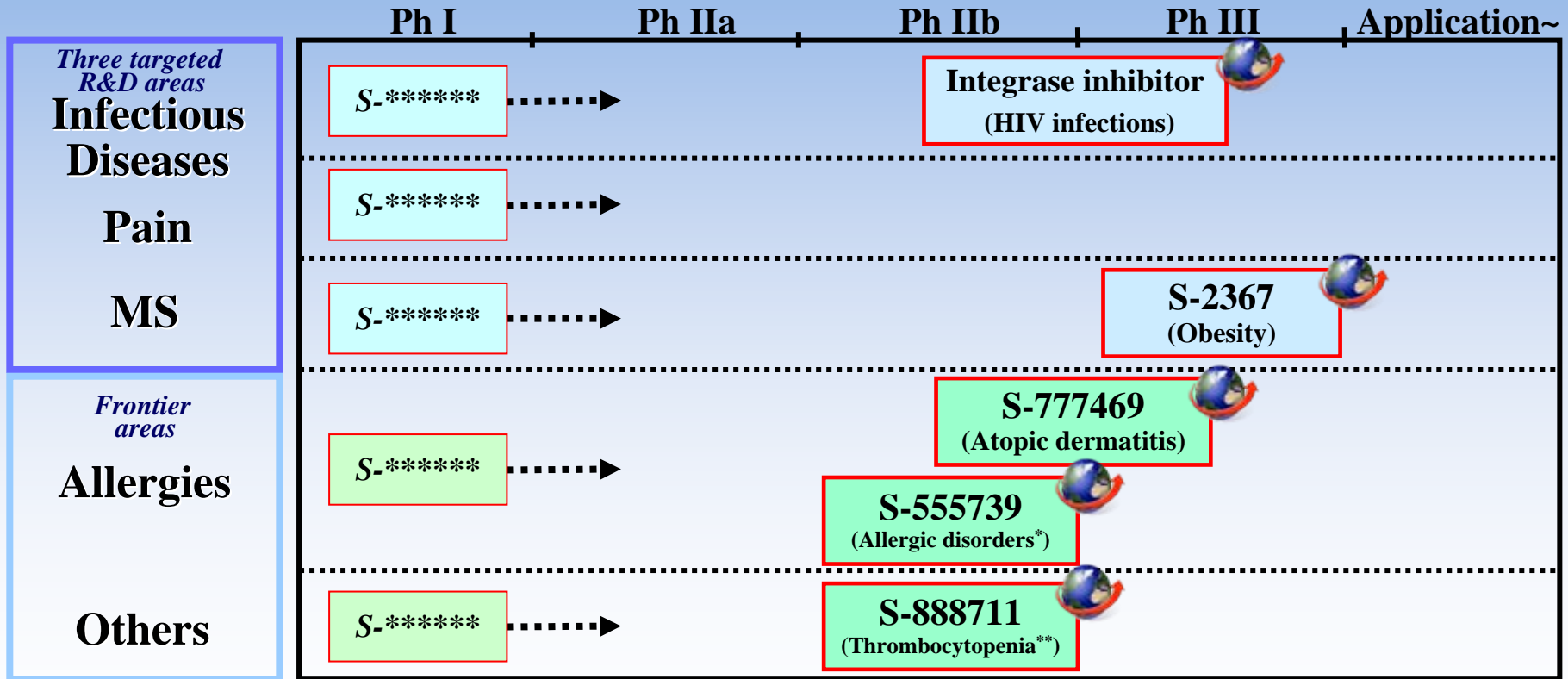
Goals for Original Pipeline



DCS: Drug Candidate Selection, POC: Proof of Concept

Pipeline of Proprietary Global Development: Development Goals for FY 2009

- Steady progress in clinical trials of proprietary products
- Increased focus on establishing an overseas infrastructure



* Allergic rhinitis, asthma, etc.

** Idiopathic thrombocytopenic purpura, hepatitis C, carcinoma chemotherapy, etc.

Products resulting from proprietary global development efforts

Launching new products in domestic market

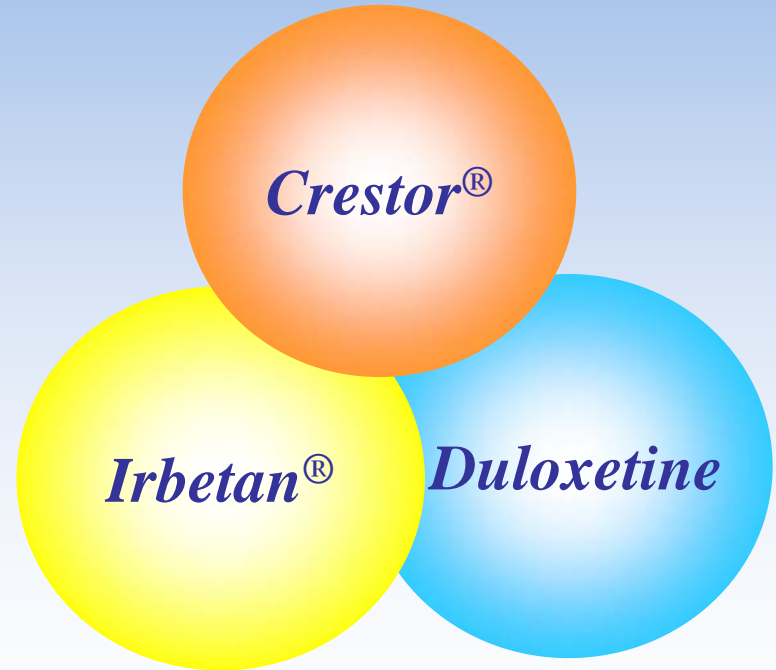


Launching 10 New Products in the Domestic Market during the 2nd Mid-Term Business Plan

Filing & Launch (as of today 2008)

	Filing	Launch
Three targeted R&D areas		Finibax[®] (FY2005)
	Infectious Diseases	Avelox[®] (FY2005)
		OxiNorm[®] (FY2006)
	Pain	Crestor[®] (FY2005)
	Metabolic Syndrome	
		Claritin[®] (New formulation) (FY2007)
Frontier areas		Pirespa[®] (Idiopathic Pulmonary Fibrosis) <i>(Approval, Oct. 08)</i>
		Differin[®] (Acne vulgaris) <i>(Launch, Oct. 08)</i>
		Duloxetine (Depression) → <i>(FY2009)</i>
		Cetrotide[®] (FY2006)
Others		

● Growth Driver beyond 2010

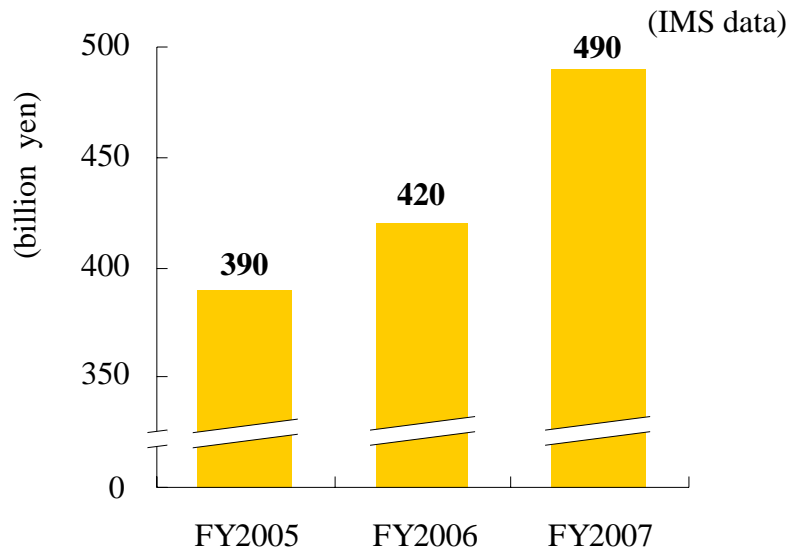


Growth Driver beyond 2010

Irbetan[®] (Hypertension)

- Approved in 109 countries and launched in 86 countries worldwide by Sanofi-Aventis and Bristol Myers Squibb as of today
- ARB* market in Japan has grown by double digits every year

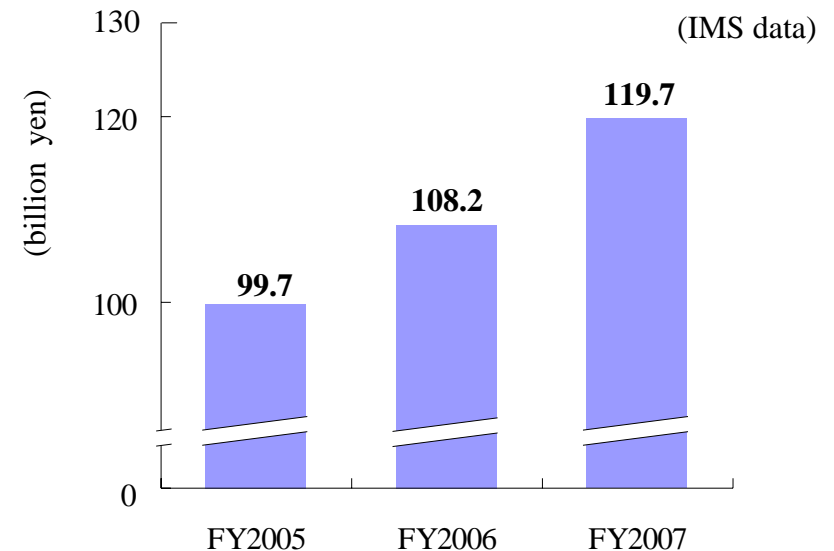
ARB market in Japan



Duloxetine (Depression & DNP)

- Approved for depression in more than 90 countries, and for DNP (diabetic peripheral neuropathic pain) in more than 70 countries
- The market of treatment for depression has been expanding

Market of treatment for depression



* Angiotensin II receptor blocker

Overseas Strategy

The 2nd Mid-Term Business Plan

- Move at least 5 products to Phase II or later by the end of FY2009
- Simultaneously develop multiple in-house products in Japan, the US and Europe
- Forge strategic alliances for each products

Medium to Long Term Goals

- Establish a sales infrastructure in the US
- Continuously expand in-house product pipeline
- Educate personnel to enable adaptation to globalization



Accelerate globalization by acquisition of Sciele



Benefits expected from Acquisition

- **Increase profitability by selling Shionogi's in-house products through Sciele's sales force**
 - Immediately acquire a nationwide sales network with more than 700 MRs
 - Utilize highly capable know-how concerning product launches and sales in the US
 - Leverage Sciele's strong sales force in the cardiovascular and metabolic areas
- **Enhance expertise in development activities and in-licensing activities in the US**
- **Cost reduction as a group by exchanging know-how on manufacturing**
- **Tax savings through optimizing tax structure**
- **Improve infrastructure of operating system in the US**
 - Strengthen functions of marketing, pharmaceutical affairs and administration

Impact on Financials

	FY2008	FY2009	2010FY	FY2011
<Financial Forecast of Sciele>				Units: million dollar
Sales	105	500	650	780
Operating income	30	140	200	250

※ FY2008: Oct.-Dec.

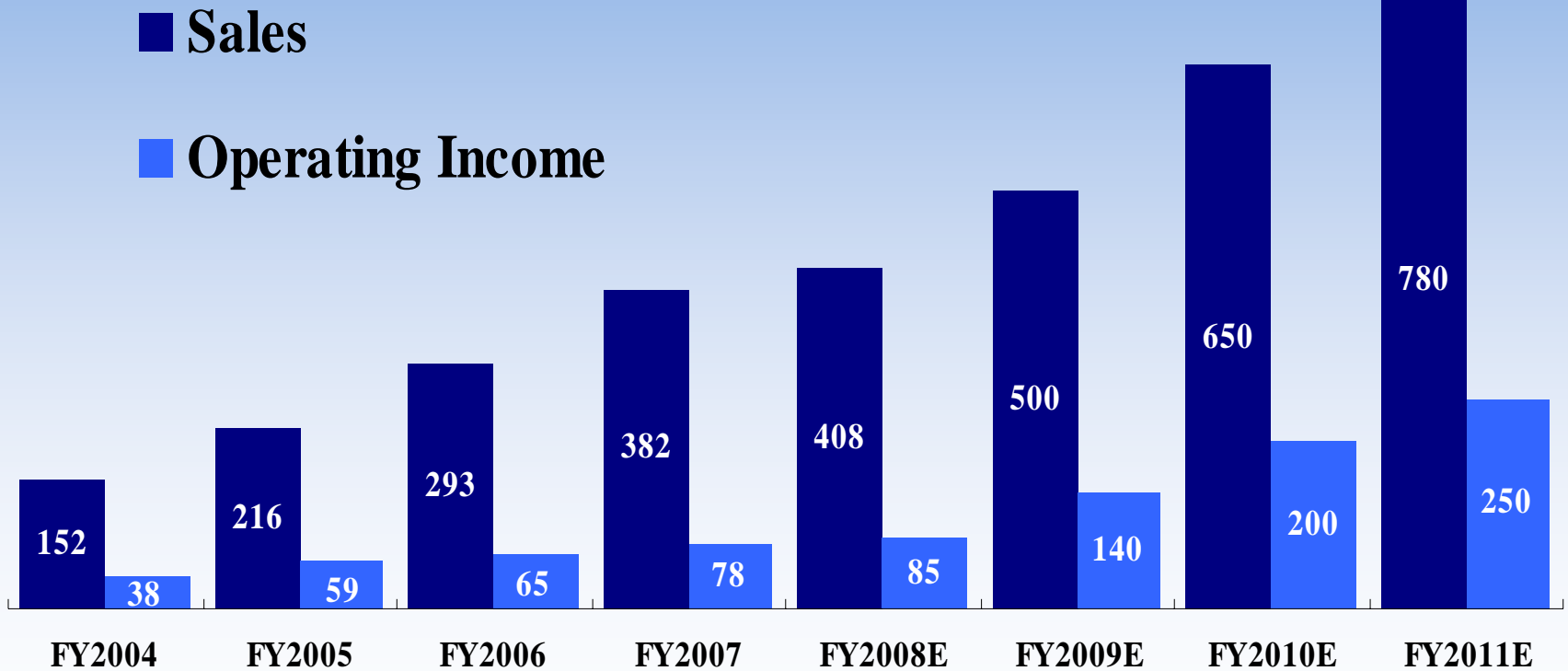
<Impact resulting from Acquisition>				Units: billion yen
Net interest payment (Approx.)	L 1	L 2	L 2	L 2
Amortization of IPR&D, goodwill & intangible assets and fair value of inventory	Amount will be announced promptly following the final settlement of accounts			

Impact on EPS	Dilutive	Accretive	Accretive	Accretive
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Sciele's Continuous Growth

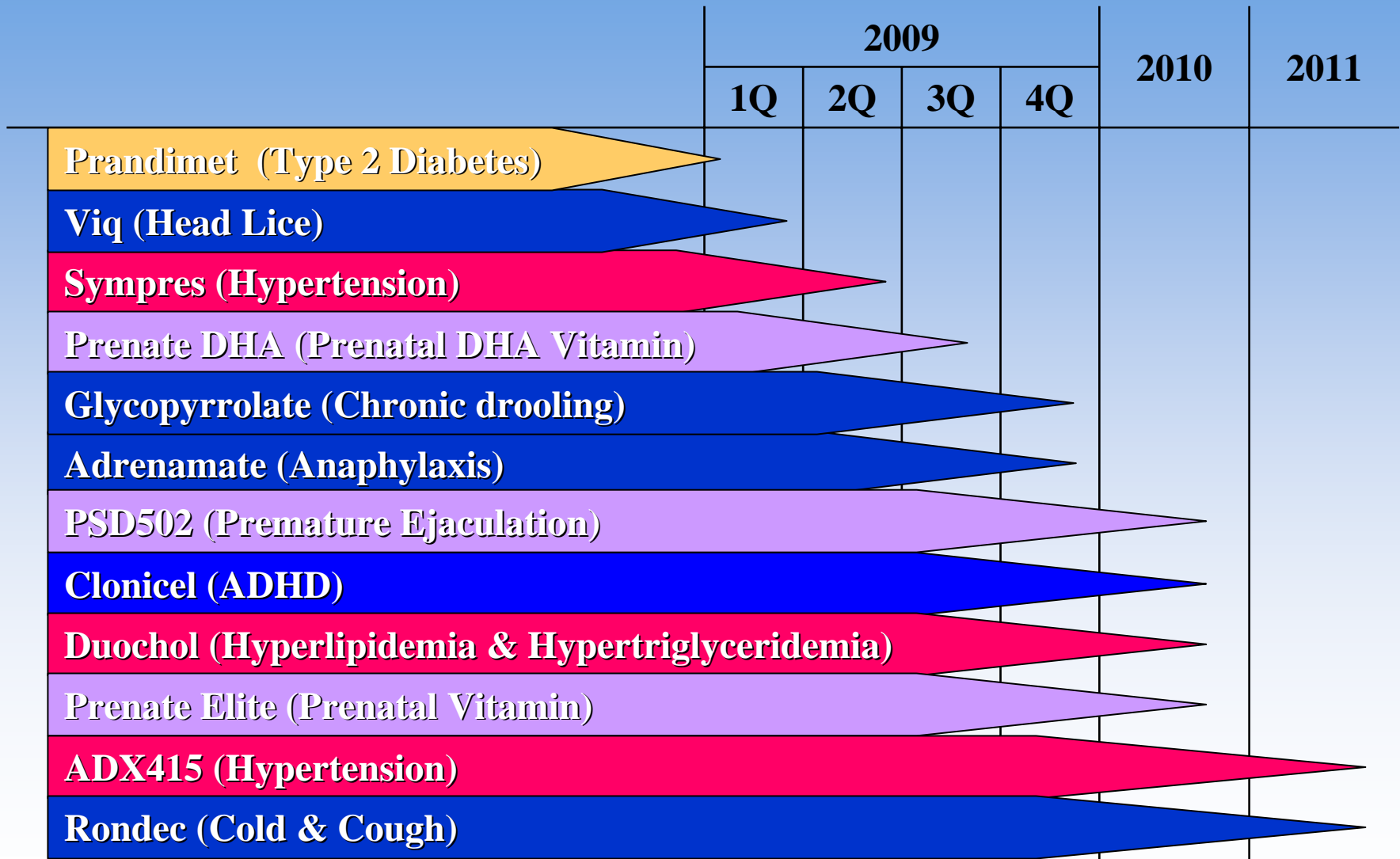
<Financial Forecasts of Sciele>

(Units: million dollar)





Pipeline Leading Sciele's Growth



Toward the Achievement of the 2nd Medium-Term Business Plan

- **Further concentration on research and development area**
 - S-2367 / S-349572 / S-777469
 - S-555739 / S-888711
 - Scheduled to move another 3 novel compounds to Phase I within FY2008
- **Steady development of domestic sales: improvement of SFE**
 - Crestor[®] / Irbetan[®]
 - New products: Finibax[®] / Differin[®] / Pirespa[®] (Pirfenidone)
- **Positive contribution of Sciele from FY2009**