- Heading toward the Real Growth -

February 2008
Merrill Lynch Global Pharmaceutical, Biotechnology & Medical Device Conference 2008

Isao Teshirogi, Ph.D.
Director, Senior Executive Officer

S-O-N-G for you!

SHIONOGI & CO., LTD.

Establishment of the 2nd Medium-Term Business Plan

SONG for you!

The 1st Medium-Term Business Plan
(April 2000－March 2005)

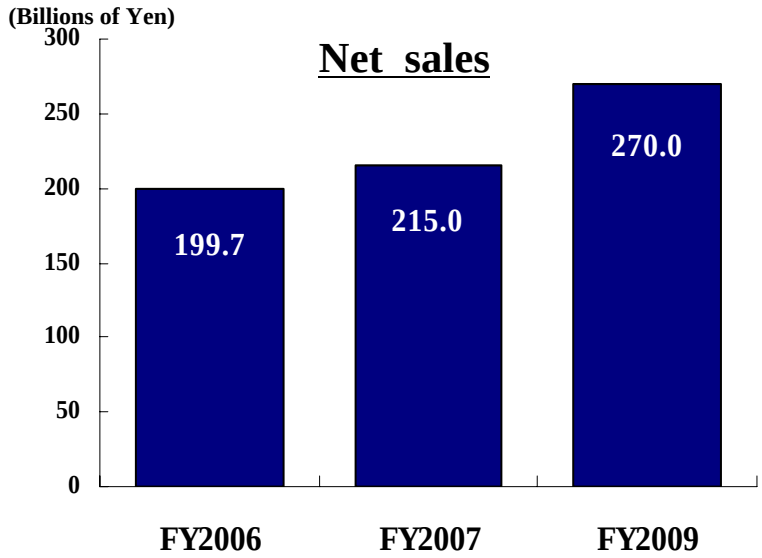
Concentration on the prescription drug business

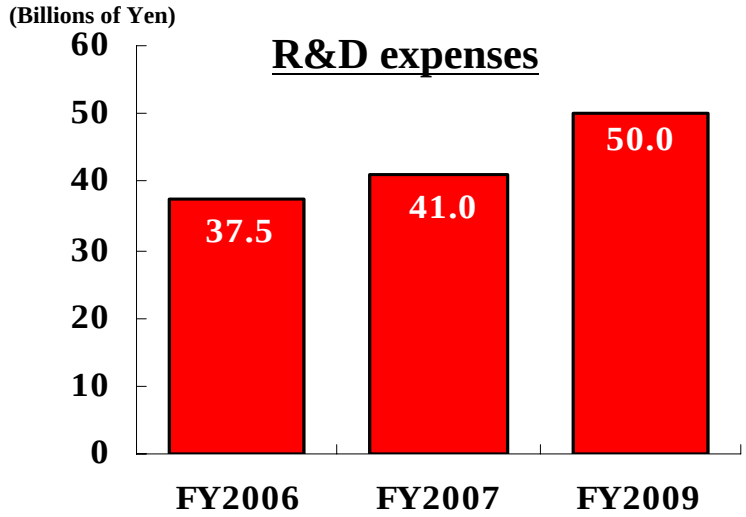
The 2nd Medium-Term Business Plan
(April 2005－March 2010)

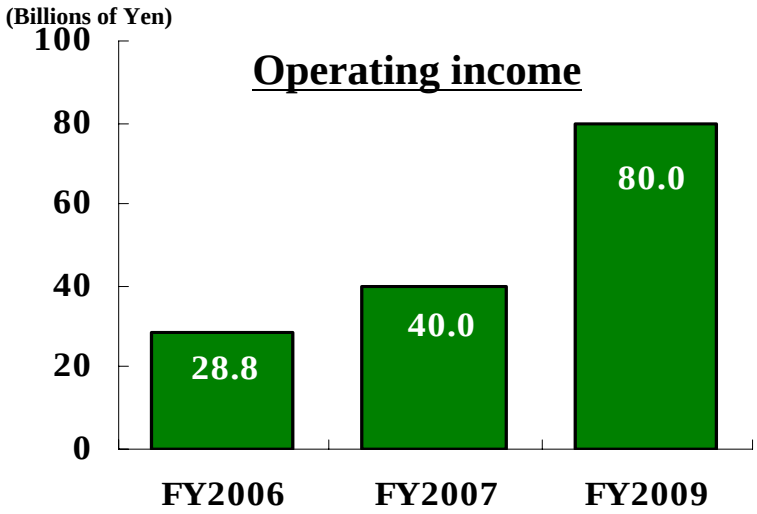
Entering a stage to accelerate toward significant growth

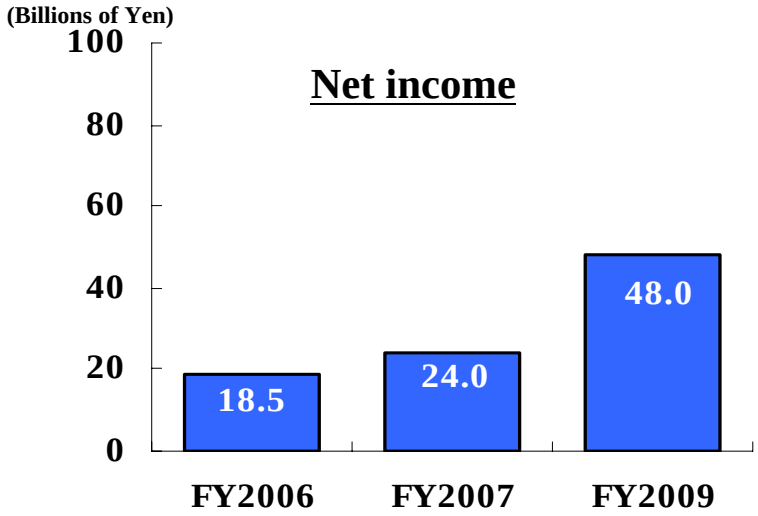
- ◆Full contribution of Crestor®
  (royalty income and domestic sales)
- ◆Activating R&D activities
- ◆Launching new products in domestic market
  (10 products in total)

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









Performance Summary 1Q-3Q and forecasts for FY2007

(Billion Yen)

	FY2007 1Q-3Q	Y on Y change(%)	FY2007 forecasts	Y on Y change(%)
Net Sales	162.4	+8.7%	215	+7.6%
Operating Income	29.6	+39.3%	40	+38.6%
Ordinary Income	29.5	+38.7%	40	+42.3%
Net Income	18.6	+47.3%	24	+29.1%
R&D Cost	30.7	+11.1%	41	+9.5%

Achievement in FY2007

Research and Development

- **Smooth Progress on Development Activities**
  - **– Both Globally and Domestically**
    - **Launch Claritin® DS/Pediatric Indication**
    - **NDA Submission of Duloxetine (M.D.)**
    - **Completion of Enrollment of S-2367 Phase IIb on time**
    - **Initiation of 2 Phase IIa (S-777469/Peramivir)**
- **Initiated Phase I Studies for 4 New Products (3 in-house compounds)**

Achievement in FY2007

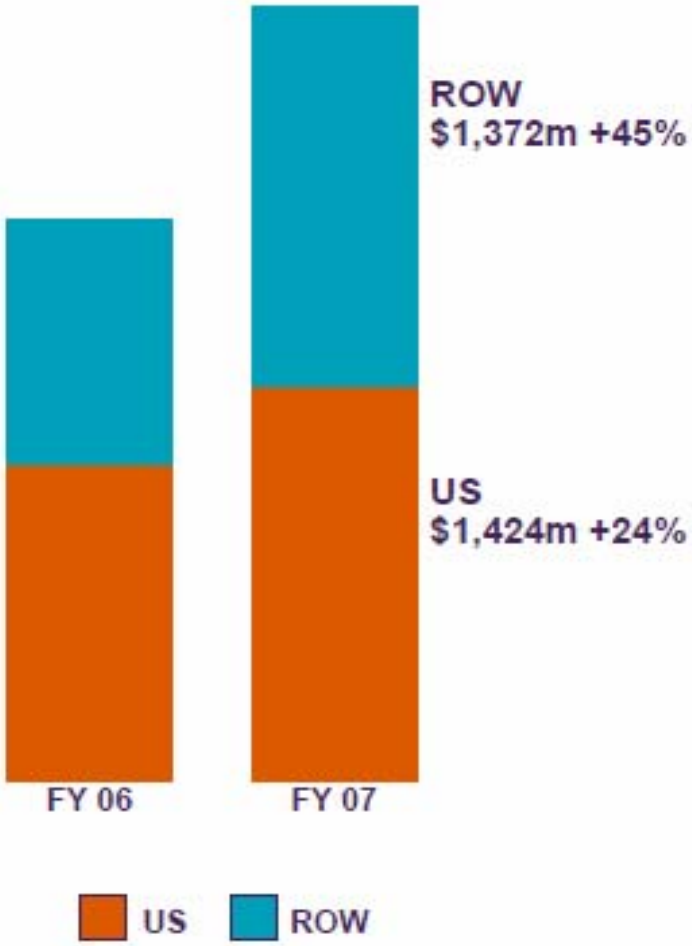
Licensed-out Products

- **Crestor®**
  - Continuous Growth Globally by AstraZeneca
  - US New Indication → Future Growth to be expected

- **Doripenem (Doribax®)**
  - Johnson & Johnson obtained US Approval (October, 2007) -cIAI and cUTI
  - Shionogi began supplying final formulation

Crestor™

FY 07 Sales: $2,796m +33%



Sales growth rates at CER

- **ROW**
  - Western Europe +26%
  - Canada +43%
  - Japan launch: 8.8% share*
- **US**
  - US statin TRx's +8%
  - Crestor™ TRx's +22%**
  - Crestor™ TRx's share 8.6%**
- **US Atherosclerosis indication launched in Nov 07**

Source: * IMS Health
** IMS Health, US NPA December 2007

Achievement in FY2007

Domestic Sales

- **New Products Began to Contribute**

Ethical Drug (Domestic Sales)	
FY2007	Y on Y change(%)
1Q (Apr.-Jun.)	-0.1%
2Q (Jul.-Sep.)	+2.4%
3Q (Oct.-Dec.)	+2.6%
1Q-3Q Total	+1.7%

- **Crestor® : Growing**

  Oct. – Dec. 2006 : Less than 0.1 bil. yen/month

  (more than 10 times)

  Oct. – Dec. 2007 : 1.2 bil. yen/month

Pipeline

SHIONOGI & CO., LTD.

Development status and launch schedule for new drugs

		DCS	Ph1/Ph2a	Ph2b	Ph3	Files	Launch
Targeted R&D Areas	Infectious Diseases		S-349572/S-265744/S-247303 (HIV infection)	S-013420 (Bacterial infection)	Finibax® (Pediatric infection)	Doripenem (J&J, Bacterial infection)	Doripenem (J&J, Bacterial infection*)
			S-021812(Peramivir) (Influenza)				Finibax® kit product (FY2006)
	Pain	★★	Final review stage for in-licensing (Non-cancer pain treatment)		Duloxetine (DNP)		OxiNorm® (FY2006)
	MS		Final review stage for in-licensing (Insulin sensitizer)	S-2367 (Anti-obesity)		Irbesartan (Hypertension)	→（FY2008）
			Final review stage for in-licensing (Lipid lowering agent)				
Frontier Areas	Allergy	★	S-777469 (Pruritus resulting from AD)				Claritin® dry syrup (FY2007)
			S-555739 (Allergic disease)				
	Others	★	S-888711 (Thrombocytopenia)			Pirfenidone (Idiopathic pulmonary fibrosis)	→（FY2008）
						Adapalene (Acne vulgaris)	→（FY2008）
			S-0139 (Cerebrovascular disease)			Duloxetine (Depression)	→（FY2009）
			NS75A (Uterine myoma)	NS75B (Benign prostatic hypertrophy)			Cetrotide® (FY2006)

in-house product

DNP: Diabetic Neuropathic Pain, AD: Atopic Dermatitis

**Complicated intra-abdominal infections and Complicated urinary tract infections, including pyelonephritis*

S-2367: Profile

- **Anti-obesity (Oral)**
- **Neuropeptide Y (NPY) Y5 receptor antagonist**
- **Key findings from pre-clinical studies**
  - **Increased energy consumption**
  - **Suppressed visceral fat accumulation and improved blood glucose and serum lipid levels**
  - **Confirmed continuous suppression effect for weight increase without rebound**
  - **Confirmed excellent safety**
- **Key findings from clinical studies to date**
  - **Once-daily administration (T ½ : about 20 hours)**
  - **No serious adverse events observed**
  - **Achieved positive results in Phase IIa proof-of-concept study in the USA**

Phase IIb studies are under way in the USA

S-2367: Current Status

- **Phase IIb studies:**
  - **Two studies: (Total number of patients : 1500)**
    - **Initiated patient enrollment in March 2007 and completed patient enrollment in September 2007**
    - **Scheduled to conduct interim analysis: late March – early April, 2008**
- **Partnering:**
  - **Started negotiation with a number of pharmaceutical companies to select the favorable candidate for a partner**
  - **Plan to decide a partner by the time Phase IIb clinical study is completed**

USA NDA scheduled for FY2010

S-777469: Profile

- **Target Indication: Atopic dermatitis**
- **Treatment for atopic dermatitis which has selective and strong agonist activity to CB2 receptor and has both anti-pruritic and anti-inflammatory efficacy**
  ⇒ First in class as a treatment for atopic dermatitis
- **Inhibits scratching behavior induced by various pruritogenic agents in mouse model**
- **Demonstrated anti-inflammatory efficacy in mouse model**
- **Good safety profile in GLP toxicology studies**
- **Initiated Phase I multiple dose studies simultaneously in Japan and the USA (2Q FY2007)**

POC studies already started

S-021812 (Peramivir) : Profile

- Licensed from BioCryst Pharmaceuticals, Inc. (the USA)
- Anti-influenza virus drug (neuraminidase inhibitor)
- Highly active against influenza A and B viruses
  → Stronger activity against influenza B virus than Tamiflu
- Strong activity against the highly pathogenic avian influenza virus (H5N1)
- Strong binding potency with neuraminidase and resistant to dissociation
  → Possibly effective even with single administration
- Expected to be effective even if administered more than 48 hours later after infection (delayed administration)
- Phase III study is ongoing in the USA by BioCryst (intramuscular injection)

Completed Phase I clinical study ⇒ Phase II clinical study on-going

S-888711 : Profile

- **A novel small-molecule : Thrombopoietine(TPO) receptor agonist**
- **Target indication:Thrombocytopenia associated with various diseases such as ITP*1, MDS*2 and HCV*3 infection**

*1: Idiopathic Thrombocytopenic Purpura
*2: Myelodysplastic Syndrome
*3: Hepatitis C Viurus

- **Orally active with little food effect and high bioavailability based on animal PK studies**
- **Efficacy: Increased platelet counts in animal models in a dose-dependent manner with a wide therapeutic window**
- **Good safety profile in GLP toxicology studies**

Started Phase I clinical study in Japan in September, 2007

S-349572 / S-265744 / S-247303 : Profiles

- **Being developed by Shionogi-GlaxoSmithKline Pharmaceuticals, LLC**
- **HIV Integrase inhibitor (Oral)**
- **Strong anti-HIV activity by inhibiting virus replication in vitro**
- **Good resistance profile**
- **Good pharmacokinetic profile**
- **Low risk of drug-drug interactions**

S-349572 : Profile

- **Started Phase I clinical study in the USA in November, 2007**
- **Confirmed good PK in human**

- "Growth" is our main focus -

- Crestor® story : Global and Domestic
- In-house compounds
  : S-2367/S-777469 → Middle to late clinical development phases
  New FTIH*1 → 2-3 compounds/year
- Ten new products launch between 2005-2009 in Japan
  : Less fragile to Medical Reforms
- Aggressive Investment in R&D, Production and EBM*2/LCM*3
  : 60 bil. yen between FY2007 and FY2009

*1: First Trial in Human
*2: Evidence Based Medicine
*3: Life Cycle Management

Build a strong presence as a pharmaceutical company with high growth potential

For Further Inquiries

These presentation materials contain forward-looking statements regarding the Company's plans, outlook, strategies and results for the future. All forward-looking statements are based on judgements derived from the information available to the Company at the time of publication.

Certain risks and uncertainties could cause the Company's actual results to differ materially from any projections presented in these presentation materials.