



Acquisition of Sciele Pharma, Inc.

September 1, 2008

 **SHIONOGI & CO., LTD.**

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President and Representative Director

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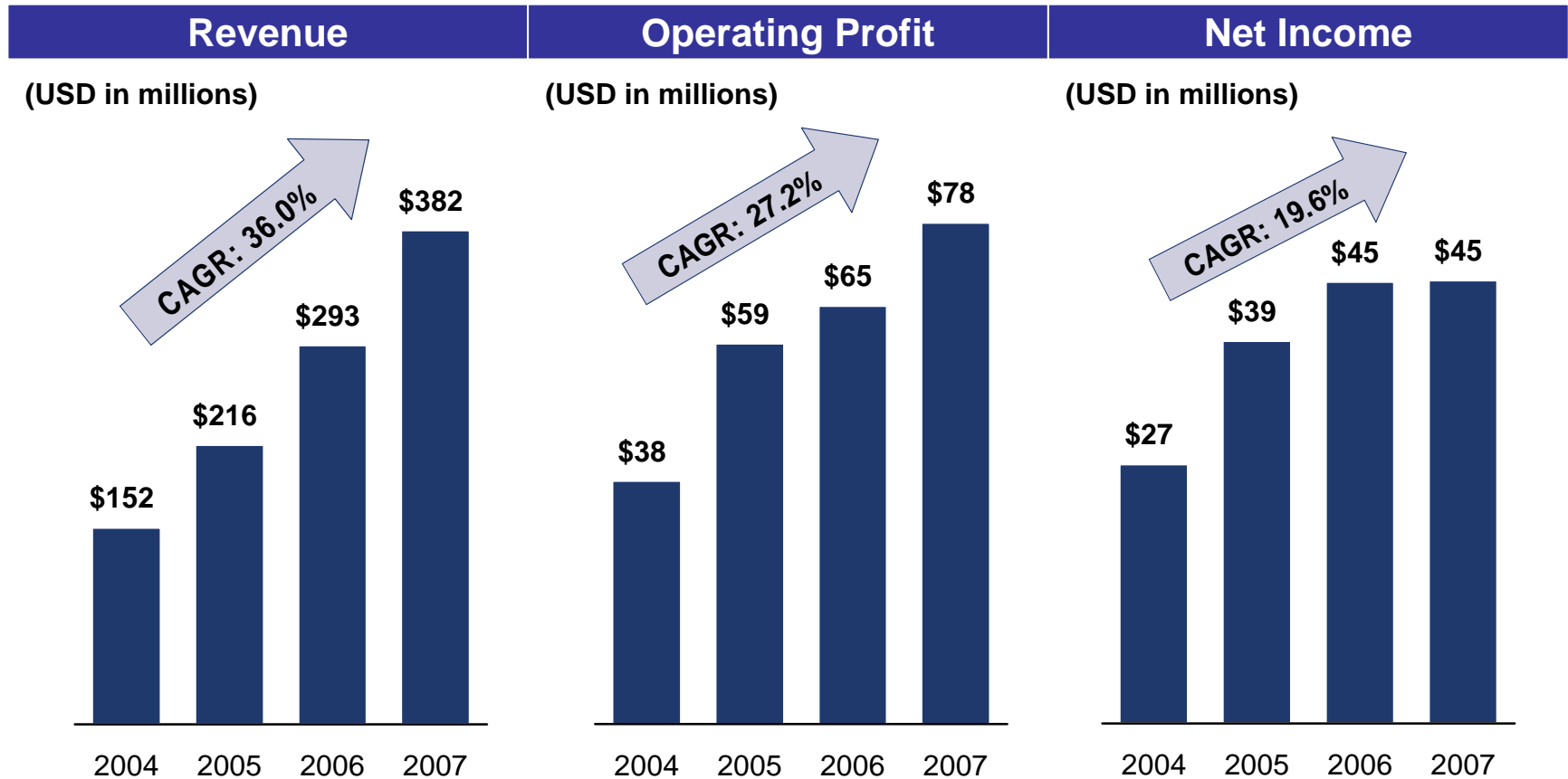
I. Overview of Sciele

Overview of Sciele: Company Overview

- ◆ Established in 1992 in the U.S., listed on the NASDAQ since 2000
- ◆ Nationwide operations, based in Atlanta, Georgia
- ◆ Engages in the development and sales of prescription drugs in the cardiovascular disease, diabetes, women's health, and pediatrics domains
 - Acquires rights to manufacture and market products from development partners
 - Proven ability to bring products in later phases to the market
 - Strong nationwide sales network
- ◆ Total number of employees: 920 (as of 12/31/2007)
 - Of which, sales reps: 770

Source: Company disclosures, 2007 SEC 10K Filings, Company website

Overview of Sciele: High Growth Rate and Stable Profitability



CAGR = Compound Annual Growth Rate during 2004-2007

Source: Company disclosures, 2007 SEC 10K Filings

Overview of Sciele: Sciele's Strengths

Sales and Marketing Capability

- ◆ Over 700 sales representatives across the U.S.
- ◆ Ability to retain capable personnel and enhance sales capabilities based on performance-based compensation and clear quantitative targets
- ◆ Ability to maintain product prices based on strong relationships and negotiations with healthcare organizations

Sourcing/Launching Pipeline Products

- ◆ Focusing on niche products in Phase II and III of development
- ◆ Business development team has an industry-wide network and has know-how based on many years of experience
- ◆ Speedy acquisition of pipeline products and proven ability to bring pipeline products to market

Product Portfolio

- ◆ Balanced portfolio built around products in the cardiovascular disease, diabetes, women's health, and pediatrics domains
- ◆ Stable growth and profitability in each area of specialization

Experienced Management and Personnel

- ◆ Speedy decision-making and execution
- ◆ Strong experience in the pharmaceutical industry
- ◆ Strong leadership and teamwork

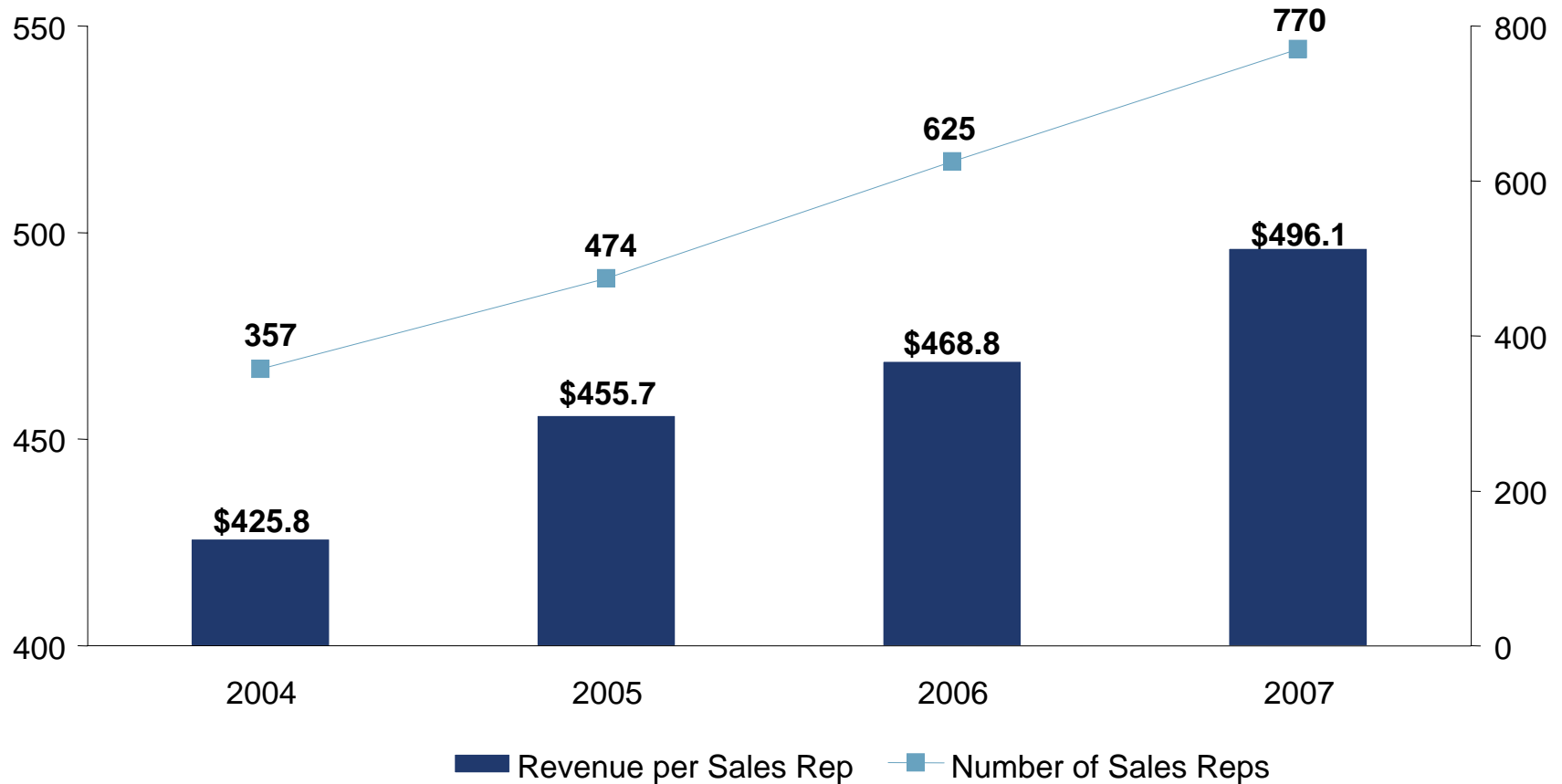
High growth rate and stable profitability

Overview of Sciele: Sales Force Productivity

Number of Sales Reps and Revenue per Sales Rep

(USD in thousands)

(Persons)



Source: Company disclosures, 2007 SEC 10K Filings

Overview of Sciele: Product Portfolio, Pipeline and Sales Force

Sales Force	Key Products	Major Pipeline Products	
Sales Division (718 sales reps)	Cardio-vascular (223)	<ul style="list-style-type: none"> •Sular CR (Nisoldipine) with Geomatrix Delivery System •Nitrolingual Pumpspray 	<ul style="list-style-type: none"> •CloniBID (Phase III) •Duochol (Phase III) •ADX-415 (Phase II)
	Diabetes (174)	<ul style="list-style-type: none"> •Prandin •Fortamet •PrandiMet (market launch planned during the current fiscal year) •Fenoglide 	
	Women's Health (177)	<ul style="list-style-type: none"> •Prenate Family (DHA and Elite) •Zovirax Ointment and Cream •Fosteum 	<ul style="list-style-type: none"> •PSD502 (Phase III)
	Pediatrics (144)	<ul style="list-style-type: none"> •Allegra OS, Allegra ODT •Orapred ODT •Twinject •Methylin OS/CT 	<ul style="list-style-type: none"> •Xytril (Completed Phase III safety trials) •Head Lice Treatment (Phase III) •Cloniceal (Phase III)

Source: Company disclosures, Company website. Headcount data from Sciele's presentation material at Healthcare Conference held by Bank of America (5/13/2008)

Overview of Sciele: Experienced Management Team

Patrick P. Fourteau

- ◆ Chief Executive Officer and Director
- ◆ Over 25 years of industry experience, including years at Eli Lilly

Edward Schutter

- ◆ Chief Operating Officer
- ◆ Over 20 years of industry experience, including years at Solvay

Joseph J. Ciaffoni

- ◆ Chief Commercial Officer
- ◆ Over 15 years of industry experience, including years at Novartis

Darrell Borne

- ◆ Chief Financial Officer
- ◆ Over 15 years of experience in financial management, including years at Exxon/Mobil

Larry M. Dillaha M.D.

- ◆ Chief Medical Officer
- ◆ Over 15 years of industry experience, including years at Sanofi-Aventis

Leslie Zacks

- ◆ Chief Legal and Compliance Officer
- ◆ Over 15 years of legal experience including years at Hunton & Williams LLP

Source: Company disclosures, company website



II. Objectives of the Acquisition

Overseas Strategy

Second Medium-term Management Plan

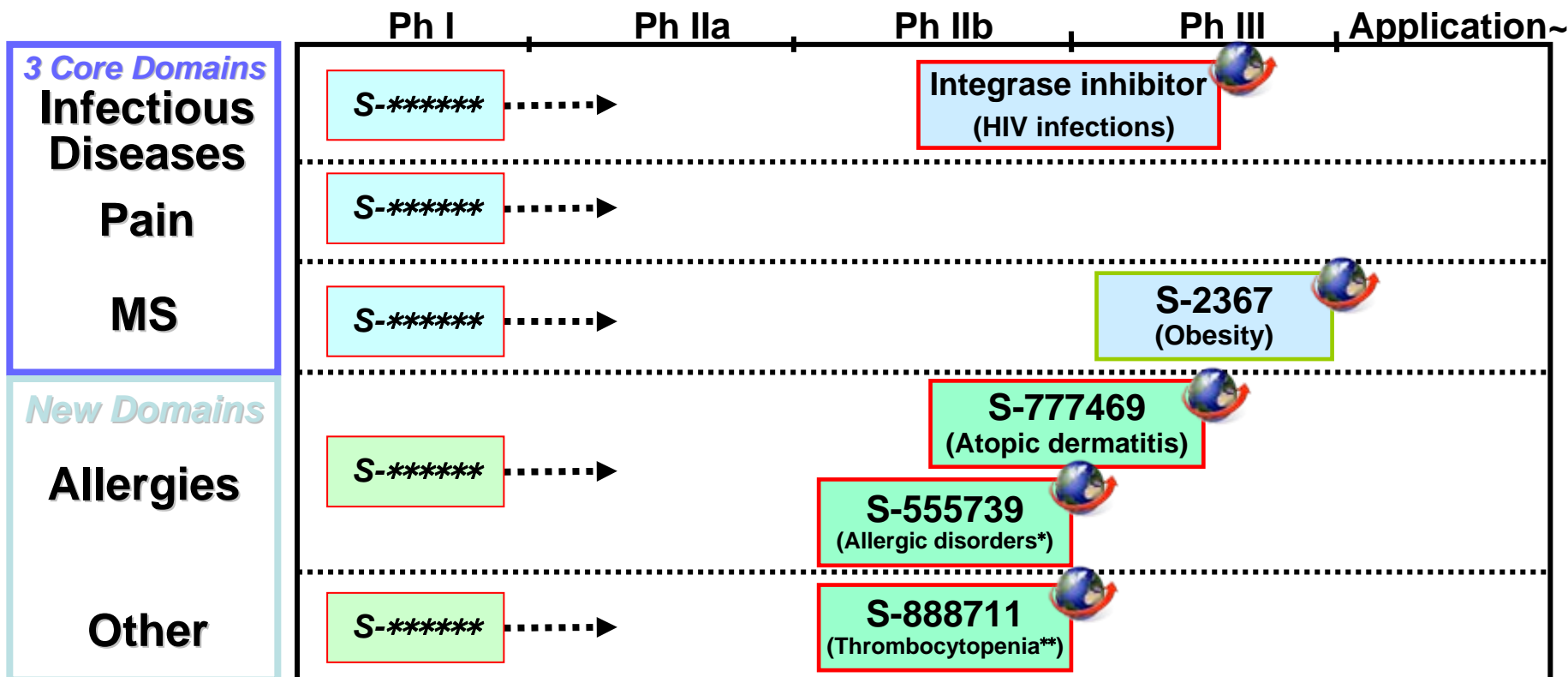
- ◆ **Acquire at least 5 products in Phase II or later by the end of FY 2009**
- ◆ **Simultaneous development of multiple proprietary products in Japan, the U.S., and Europe**
- ◆ **Forge strategic alliances for each product**

Medium/Long-term Goals

- ◆ **Establish a sales infrastructure in the U.S.**
- ◆ **Continued expansion of the proprietary product pipeline**
- ◆ **Educate personnel to enable adaptation to globalization**

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

Expected Benefits from the Acquisition

- ◆ **Significant strengthening of U.S. sales infrastructure**
 - **Immediate addition of a nationwide sales network of over 700 MRs**
- ◆ **Reduce overall time and expense required to establish and advance a U.S. sales infrastructure**
 - **Leverage strong know-how concerning product launch and sales in the U.S.**
- ◆ **Pursue synergies based on complementary product domains**
 - **Proven track record of both Shionogi and Sciele in areas of focus, such as the cardiovascular disease and diabetes domains**
- ◆ **Enhanced profitability based on proprietary sales of strong pipeline products**
 - **Ability to develop proprietary pipeline products in addition to allowing for sales efforts in the U.S.**
- ◆ **Potential to advance skills of Shionogi personnel**
 - **Access to a Sales team with proven track record in the U.S. market**



III. Acquisition Overview and Financial Impact

Overview of the Sciele Acquisition

- ◆ **Acquisition Price**
 - **\$31 per share**
 - **57% premium* based on average stock price over the last 6 months**
 - **Total acquisition price** of \$1,424 million**
- ◆ **Acquisition via Tender Offer in the U.S.**
 - **Tender Offer to begin in early September**
 - **Sciele will become a wholly-owned subsidiary after completion of a merger following the Tender Offer**
 - **Unanimously approved by the Sciele board**

* As of Aug 29, 2008

** Includes the redemption of senior convertible notes. Total acquisition price is subject to change due to changes in the number of shares and share equivalents by time of closing

Acquisition Financing (Expected)

- ◆ **Cash on hand and borrowings at time of Tender Offer**
 - **Cash on hand: Approx. 47 billion yen**
 - **Bridge loans: Approx. 110 billion yen**
- ◆ **Take-out financing for the bridge loans**
 - **Considering a wide range of alternatives including long-term borrowings and corporate bonds**



Financial Impact

- ◆ **Consolidation of earnings**
 - **Consolidation of 3 months of earnings of Sciele in FYE 3/2009 (October 2008 to December 2008) due to difference in fiscal year end**
- ◆ **EPS Impact**
 - **Expected to accrete in FY 2009 due to high margins**
 - **Details on creation of goodwill and in-process R&D expense (one-time write-off in FY 3/2009) to be announced when finalized**
- ◆ **Initiatives to provide shareholder returns as a result of the acquisition remain unchanged**
 - **Continued focus on stably enhancing returns to shareholders based on performance while placing a high priority on investments aimed at securing medium-to-long term growth**
 - **Dividend payout ratio: 35% target in FY 2009**





IV. Reference Materials

Sciele's Key Products

Product Name	Domain	Overview
<p>Sular / Sular CR</p> 	<p>Cardio-vascular</p>	<ul style="list-style-type: none"> ◆ Sular is a dihydropyridine (DHP) calcium channel blocker that lowers blood pressure and provides consistent 24-hour control of hypertension ◆ A new Sular formulation was approved by the FDA in January 2008 and is now available in four lower dosage strengths ◆ Sular can be used alone or in combination with ACE inhibitors, beta blockers and diuretics
<p>Nitrolingual Pumpspray</p> 	<p>Cardio-vascular</p>	<ul style="list-style-type: none"> ◆ This oral nitroglycerin spray offers acute relief in the event of heart attack or chest pain caused by coronary artery disease, a condition that affects 9.1 million Americans, according to the American Heart Association ◆ Nitrolingual Pumpspray is formulated to deliver fast pain relief with simple and reliable administration

Source: Company disclosures, Company website

Sciele's Key Products

Product Name	Domain	Overview
<p>Triglide</p> 	<p>Diabetes</p>	<ul style="list-style-type: none"> ◆ Triglide offers an effective oral treatment for lipid disorders such as elevated cholesterol and triglycerides ◆ It can be administered under both fed and fasting conditions, allowing patients to take the drug at any time, which contributes to improved compliance
<p>Fenoglide</p> 	<p>Diabetes</p>	<ul style="list-style-type: none"> ◆ Fenoglide offers the lowest dose of fenofibrate currently available on the market for the treatment of hyperlipidemia and hypertriglyceridemia ◆ Available in tablet form and two dosage strengths, Fenoglide utilizes LifeCycle Pharma's MeltDose® technology, which is designed to enhance absorption and bioavailability.

Source: Company disclosures, Company website

Sciele's Major Pipeline Products

Product	Domain	Overview	
CloniBID	Cardio-vascular	<ul style="list-style-type: none"> ◆ Product ◆ Indication ◆ Market ◆ Benefits ◆ Status ◆ IP ◆ Opportunity 	<p>Extended release clonidine HCL</p> <p>Hypertension</p> <p>Approx. 13mn TRx's written for clonidine products in 2007</p> <p>12 hour, sustained release formulation; little to no drowsiness, somnolence, or sedation</p> <p>PDUFA date of December 19, 2008</p> <p>Issued U.S. patent-expires in October 2013</p> <p>Better formulation of an established anti-hypertensive</p>
ADX-415	Cardio-vascular	<ul style="list-style-type: none"> ◆ Product ◆ Indication ◆ Market ◆ Benefits ◆ Status ◆ IP ◆ Opportunity 	<p>Centrally acting alpha agonist, specific for 2-alpha</p> <p>Hypertension, either as monotherapy or add-on</p> <p>Approximately 20mn Americans with HTN</p> <p>Specificity for 2-alpha should convey improved AE profile</p> <p>IND open 2H08, begin phase II program 2H08</p> <p>Composition of matter through 2024</p> <p>Growing HTN market, large number of uncontrolled patients</p>

Source: Company disclosures, Company website

Sciele's Major Pipeline Products

Product	Domain	Overview
<p>Head Lice Treatment</p>	<p>Pediatrics</p>	<ul style="list-style-type: none"> ◆ First non-pesticide prescription head lice product ◆ No resistance ◆ Easy-to-use <ul style="list-style-type: none"> — 10 minute application — Repeat after 8 days — Similar consistency to hair conditioner ◆ The breathing spiracle remains open after exposure to product allowing the formulation to enter and clog the spiracle ◆ The destruction of the honeycomb breathing interface is apparent
<p>Xytril</p>	<p>Pediatrics</p>	<ul style="list-style-type: none"> ◆ Market: 150,000 Cerebral Palsy patients <ul style="list-style-type: none"> — Other patients with conditions such as Down's Syndrome also require treatment to avoid severe drooling (LCM opportunity) — Indicated for patients with severe drooling would limit the use to about 15% of all CP patients — Other treatment choices include Scopolamine patches, etc. ◆ Orphan drug status allows premium pricing (WAC \$572 per pint bottle, 16 refills per year) ◆ 7 Years data exclusivity ◆ 15% share with favorable compliance will generate sales close to \$175mn to \$200mn in peak sales

Source: Company disclosures, Company website

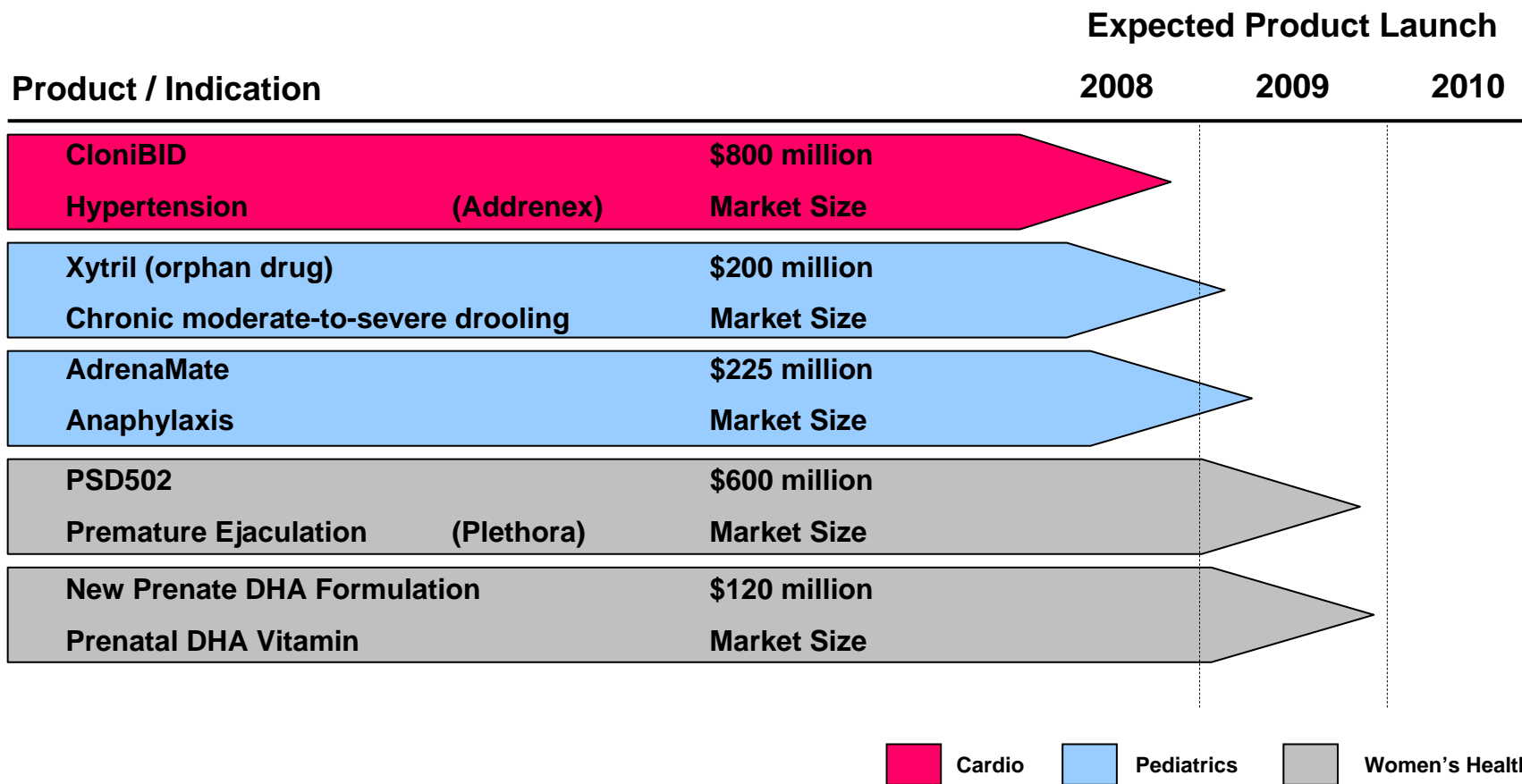
R&D Partnerships

Year	Partner Name	Product Name	Phase when Signed	Domain
2008	Addrenex	ADX-415	Phase II	Cardiovascular
2007	Addrenex	CloniBID Clonicef	Phase III Phase II	Cardiovascular Pediatrics
2007	Plethora Solutions	PSD502	Phase II	Urology, PCP
2007	Summers Laboratories	Head Lice Treatment	Phase III	Pediatrics
2006	Galephar	Duochol	Phase III	Cardiovascular, PCP

Source: Company disclosures

Pipeline Planned for Launch in FY 2009

2009 Product Launches



Source: Company disclosures. Market size is based on IMS Health's NPA data