

March 7, 2006
Shionogi & Co., Ltd
Galderma KK

Shionogi and Galderma Announce Memorandum of Understanding Regarding Adapalene gel 0.1%, a topical treatment of acne vulgaris

Osaka, March 7, 2006 – Shionogi & Co., Ltd. (Head Office: Osaka, President: Motozo Shiono) and Galderma KK (Head Office: Tokyo, President: Humberto C. Antunes) today announced they have signed a Memorandum of Understanding regarding a sales and marketing alliance for Adapalene, a topical treatment for *acne vulgaris* (common acne) currently being developed in Japan by Galderma.

Under this basic agreement, Galderma and Shionogi will co-promote Adapalene gel 0.1% with their respective sales forces and Shionogi will gain exclusive sales and distribution rights for the product for a period of 8 years from the launch date. Galderma will file a NDA and be the manufacturing and marketing authorization holder in Japan. The two companies are currently discussing the details of a definitive agreement.

Adapalene Gel 0.1% is a naphthoic acid derivative that possesses retinoid-like activities discovered by Galderma's in-house research, and used as a topical treatment of acne vulgaris. Adapalene is currently the most prescribed topical treatment worldwide for acne (IMS acne diagnosis MAT June 2005) and is marketed in more than 80 countries under the Differin® brand where it is recommended as first-line therapy. As Adapalene binds to specific retinoic acid nuclear receptors (RAR), it is suggested that topical Adapalene gel normalizes the differentiation of follicular epithelial cells resulting in decreased microcomedo formation and decreased in non inflammatory and inflammatory lesions..

Galderma Japan recently completed two domestic phase III studies for Adapalene, including about 540 patients and is planning to file a NDA in Japan in the second quarter of 2006.

In Japan, currently available treatments for acne are limited to topical and oral antibiotics targeting the inflammatory symptoms of acne and *P. acnes*, the bacteria which plays a vital role in the process. Therefore, Adapalene is expected to represent a major improvement for practitioners to treat patients with mild to moderate acne vulgaris as it would become the first-in-class topical retinoid in Japan.

Acne is a chronic, inflammatory disease of the pilo-sebaceous unit, characterised by the formation of non-inflammatory and inflammatory lesions, particularly on the face. The disease leaves numerous physical consequences (scarring) and psychological consequences, justifying the need for a precise diagnosis of the type and severity of the acne, and appropriate, personalised treatment for each individual patient. There are different types of acne, but the most common is acne vulgaris (more than 80%). In Japan it is estimated that more than 90% of the population experiences acne onset during adolescence.

Shionogi & Co. Ltd. is a major research-driven Japanese pharmaceutical manufacturer. The company's primary businesses are research and development, manufacturing, marketing, and import and export sales of pharmaceutical and diagnostics products. Shionogi follows a basic policy of continually providing the superior medicines essential to people's health. For more details, please visit <http://www.shionogi.co.jp>

Shionogi offers a variety of drugs related to the field of dermatological disorders, including topical steroids, anti-allergics and antibiotics. By introducing Adapalene, Shionogi expects to strengthen its offerings in this field and help achieve the goals of its second medium-term management plan, which is now in progress.

Created in 1981, Galderma is a 50/50 joint venture between Nestlé and L'Oréal and employs 2.300 people. In order to drive its sustained growth, Galderma commits 13.4% of its revenues to research and development activities.

Galderma is the world's leading pharmaceutical company in dermatology (IMS D class MAT Sep. 2005 – limited to 31 countries), focusing exclusively on meeting the needs of dermatology patients and physicians by providing therapeutic solutions for the diagnosis, prevention and treatment of dermatological conditions. The company had global revenues of 636 Mio EUR in 2005. Its expertise spans a broad spectrum of skin, hair and nail diseases, with a focus on acne, rosacea, onychomycosis, psoriasis, hyper-pigmentation disorders and non-melanoma skin cancer and photo-damage.

Galderma KK, the fully-owned Japanese arm of Galderma, was established in 1996. Currently it markets the topical anti-fungal product PEKIRON® under a licensing agreement with Kyorin Pharmaceutical. With the introduction of Adapalene gel in Japan, Galderma KK, together with its strategic alliance partner Shionogi, aims to increase the awareness of Doctors on acne and its treatments, and to provide comprehensive scientific information to prescribers and medical institutions with the goal of improving treatment outcomes as well as the quality of life of Japanese acne patients.

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