

October 5, 2006
Shionogi & Co., Ltd.

Basic Agreement Reached on Construction of Joint Research Facility

Osaka, October 5, 2006 — In order to promote research exchange in accordance with their philosophy of industrial-academic collaboration, Shionogi & Co., Ltd. (Head Office: Osaka; President: Motozo Shiono) and Hokkaido University (President: Mutsuo Nakamura) today executed a basic agreement concerning the construction of a Shionogi-owned research facility for joint research use on land owned by Hokkaido University.

Since 2002, Shionogi and Hokkaido University have been conducting cooperative research in glyco-engineering. Shionogi also participated in Hokkaido University's "A vision for the formation of an innovation center for future drug discovery and medical care, 2006 - 2015" project, which was selected for implementation under the Ministry of Education, Culture, Sports, Science, and Technology's "Coordination Funds for Promoting Science and Technology" program in May 2006. In addition, Shionogi aims to further promote and expand joint research. For these reasons, the Company has decided to construct the new joint research facility.

Active joint research will improve the drug discovery technology platform, including Hokkaido University's glyco-engineering technology platform and protein conformation analysis technologies. As a result, Hokkaido University and Shionogi expect to discover more drug discovery seeds. Shionogi aims to build a win-win relationship with its commitment to the full range of Hokkaido University's life science research.

Overview of the Facility

Land area and location:	Approximately 1,500m ² (including parking lots and other ancillary facilities) on the Hokkaido University North Campus
Building:	Building area of 600m ² ; four stories; floor space of approximately 2,700m ² (including tower)
Construction scheduled to begin:	Spring 2007
Construction scheduled to be completed:	End of 2007
Operations scheduled to begin:	April 2008

Land Lease and Other Matters

The land is subject to a 20-year leasehold contract for business use. Hokkaido University is to acquire title to the building free of charge upon expiration of the leasehold contract.

For further information, contact:

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