

## **Outsourcing Agreement on Distribution Operation**

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**Osaka, Japan, January 31, 2011** - Shionogi & Co., Ltd. (Head Office: Osaka, Japan; President and Representative Director: Isao Teshirogi, Ph.D.; hereafter “Shionogi”) and Mitsubishi Logistics Corporation (Head Office: Tokyo, Japan; President: Tetsuro Okamoto; hereafter “Mitsubishi Logistics”) announced an agreement to contract out distribution operation of Shionogi's products to Mitsubishi Logistics.

In recent years, environment of distribution operation business surrounding pharmaceutical companies has greatly changed. Some distribution companies have accumulated knowledge and know-how on handling of pharmaceuticals, and have laid a foundation for operating distribution of pharmaceuticals steadily and efficiently, that is introductions of delivery companies that have delivery vehicles special for pharmaceuticals and cooperative distribution system with other pharmaceutical companies, and establishment of facilities adaptable enough for changes in the delivery volume and storage of pharmaceuticals.

Within the companies, Mitsubishi Logistics has offered high level of distribution system for pharmaceuticals for about 30 years, taking an advantage of the know-how cultivated through the management of warehouses special for pharmaceuticals.

Shionogi is now working on sweeping reform of business process to achieve the 3<sup>rd</sup> Medium-Term Business Plan, and this outsourcing agreement with Mitsubishi Logistics has been decided, aiming at boosting the efficient distribution of Shionogi's products.

New distribution centers operated by Mitsubishi Logistics will be constructed in the eastern part and western part of Japan, which are due to start operation in 2013. The operation of the new distribution centers will be phased in, and Shionogi Distribution Center is to be closed after the transfer is completed accordingly.

Shionogi will make the best effort for a further improvement of the stable supply of the products as a mission of a pharmaceutical company, using Mitsubishi Logistics' distribution know-how of pharmaceuticals. Mitsubishi Logistics also continues to make efforts to improve the quality of the distribution service of pharmaceuticals.

**Forward-Looking Statements**

*This announcement 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.*

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