

Shionogi: Global Pers

Special
Feature

Initial Strides of Globalization
Overcoming the Challenges of the U.S. Market



Sciele Pharma, Inc.

Company Overview

- Established in 1992 in the United States
- Nationwide operations, based in Atlanta, Georgia
- Engages in the development and sales of prescription drugs in the cardiovascular and metabolic disease, diabetes, women's health, and pediatrics domains
- Total number of employees: Approximately 1,000 (Of which, sales reps: More than 700)

Management Team

Patrick P. Fourteau
Chief Executive Officer

Edward Schutter
President and Chief Operating Officer

Darrell Borne
Executive Vice President, Chief Financial Officer,
Secretary and Treasurer

Joseph J. Ciaffoni
Chief Commercial Officer

Larry M. Dillaha, M.D.
Executive Vice President, Chief Medical Officer

Leslie Zacks
Executive Vice President, Chief Legal and Compliance Officer

pective. Global Reach.

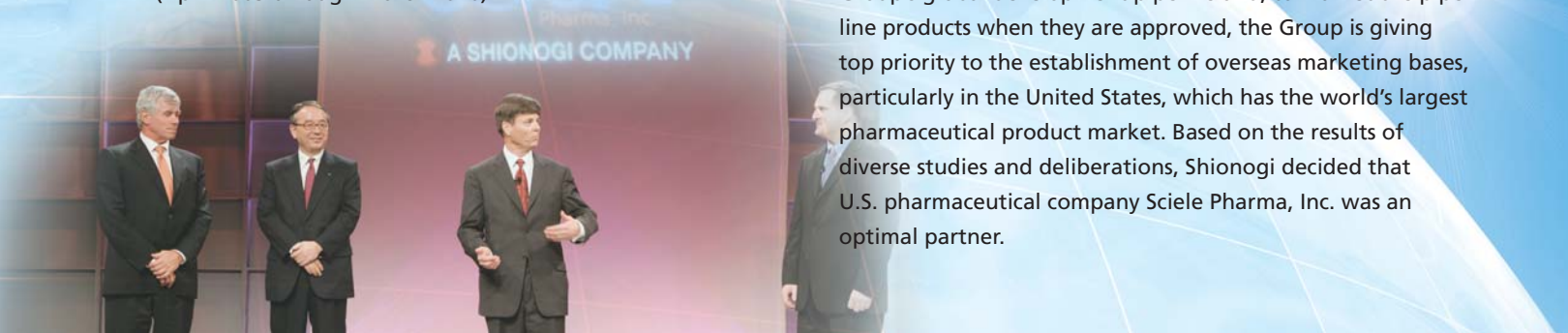
Shionogi's Overseas Operations/Globalization Strategy—Progress of the First and Second Medium-Term Management Plans

The world's pharmaceutical industry is engaged in intensifying global competition regarding both R&D and marketing operations in which the participants include U.S.- and Europe-based companies. At the same time, the Japanese market is declining due to repeated waves of medical system reforms, which are slowing the market's growth.

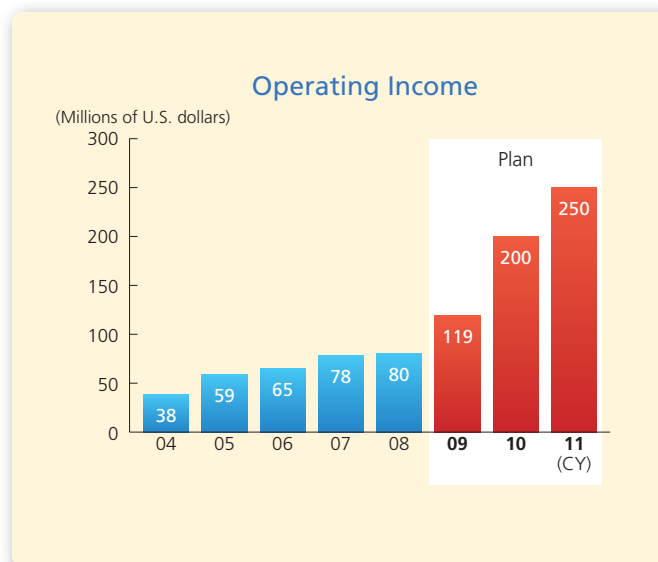
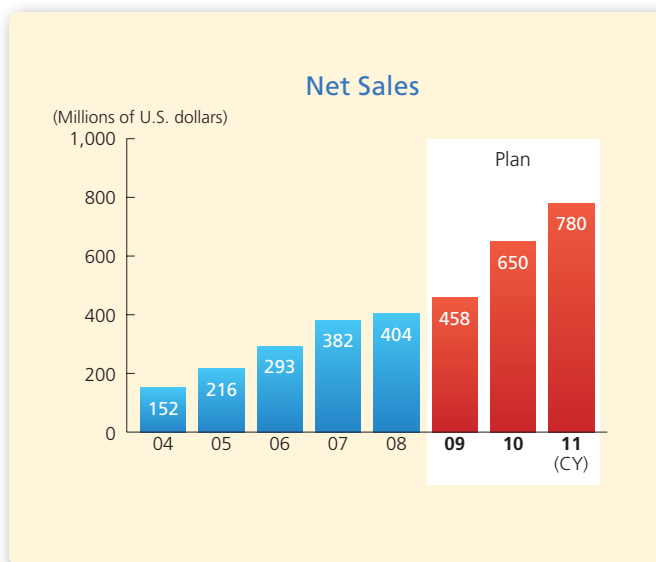
Amid these circumstances, Shionogi is striving to grow as a global pharmaceutical company. Its first medium-term management plan (April 2000 through March 2005) was designed to create a solid foundation of operations in preparation for tightening the Shionogi Group's focus on prescription drug business. Then, to leverage the results of that first plan, Shionogi drafted its second medium-term management plan (April 2005 through March 2010).

The second plan, which Shionogi is now implementing, calls for measures to enable Shionogi to "make significant strides." In line with this plan, the Shionogi Group is emphasizing moves to leverage strengths in three areas, including traditional strengths in infectious diseases along with newly established strengths in pain and metabolic syndrome. At the same time, the plan stipulates that the Shionogi Group strongly emphasizes R&D programs that generate in-house products that meet global standards. Accordingly, the Group has discovered numerous in-house drug candidates and is now moving ahead with domestic and overseas development programs for those candidates.

This progress in R&D operations is broadening the Shionogi Group's global development pipeline and, to market the pipeline products when they are approved, the Group is giving top priority to the establishment of overseas marketing bases, particularly in the United States, which has the world's largest pharmaceutical product market. Based on the results of diverse studies and deliberations, Shionogi decided that U.S. pharmaceutical company Sciele Pharma, Inc. was an optimal partner.



Performance of Sciele Pharma



Shionogi: Global Perspective. Global Reach.

Sciele Pharma Acquisition—Providing a Marketing Base in the United States

In October 2008, Shionogi made a very significant initial stride in its globalization by acquiring Sciele Pharma.

Sciele Pharma has several pipeline products in late-stage clinical development, as well as a proven record of successfully commercializing its new drug products. Sciele Pharma has more than 700 MRs in the United States, where they are engaged in day-to-day product marketing aimed at building strong relationships with medical professionals. In addition, its managed markets team is dedicated to working with managed care customers, pharmacy benefit managers, and government organizations.

The Shionogi Group is currently moving ahead with the creation of global systems able to concurrently develop multiple in-house drug candidates in Japan, the United States, and Europe, and the Group's domestic and overseas pipeline products are advancing smoothly through their development stages. In contrast, although Sciele Pharma is projecting growth based on existing products and its late-stage pipeline for a period of several years, it is not involved in early-stage research and development. In view of the expected timing of the market launch of Shionogi's in-house products, it is clear that the prospective product launch schedules of the two companies are mutually reinforcing in an optimal manner.

In the future, plans call for measures to strengthen Shionogi Group development and marketing systems, primarily

through cooperation between Shionogi USA, Inc., and Sciele Pharma, as a means of accelerating the Group's growth.

The Shionogi Group's Growth Going Forward

As a result of the acquisition of Sciele Pharma, Shionogi is now able to draw on Sciele Pharma's strengths regarding the submission of regulatory applications and relationships with institutional customers. Moreover, Shionogi is positioned to shift away from its previous practice of licensing out overseas marketing rights for its in-house products and move toward cooperative marketing arrangements, as well as exclusive marketing schemes. Concerning development programs, Shionogi will be increasing its development activities in the U.S. market and also using both its own and Sciele Pharma's networks to arrange a growing number of in-licensing transactions. With respect to manufacturing operations, plans call for Shionogi and Sciele Pharma to share manufacturing technologies as a means of reducing manufacturing costs throughout the Group. As a result of these strategies and various collaborations, designed to deepen ties between the employees of Shionogi and Sciele Pharma, the Shionogi Group is expected to make considerable progress implementing its strategy of fostering the development of staff capable of managing global business programs.

Major Products

Cardiovascular/Metabolism

- Sular®
(Hypertension)

SULAR
(nisoldipine) Extended Release Tablets
8.5/17/25.5/34 mg

With Geomatrix® Delivery System

- Nitrolingual® Pumpspray
(Angina)

Nitrolingual®
Pumpspray
(nitroglycerin lingual spray)
0.4 mg nitroglycerin per spray

Diabetes

- Fenoglide™
(Lowering Non-HDL
Cholesterol and
Triglycerides)

Fenoglide® 120mg
(fenofibrate) tablets & 40mg

- Prandin®
(Type 2 Diabetes)

PRANDIN®
repaglinide TABLETS
Available in 0.5 mg, 1 mg, and 2 mg TABLETS

Pediatrics

- Allegra® OS/ODT
(Allergies)

allegra®
fexofenadine HCl
Oral Suspension, 30mg/5mL (6mg/mL)

- Ulesfia™
(Head Lice)

Ulesfia™
(benzyl alcohol) Lotion

Women's Health Products

- Prenate DHA®
(Prenatal Vitamin)

Prenate DHA™
Rx prenatal vitamin & DHA

- Prenate Elite®
(Prenatal Vitamin)

Prenate Elite®
PRENATAL VITAMINS—FILM-COATED TABLETS

Surging Ahead in Step with Shionogi



Patrick P. Fourteau
CEO, Sciele Pharma, Inc.

This past year has been an exciting and historic year of change for Sciele Pharma.

All of us are proud to be part of Shionogi, a world-class company with a long, distinguished history. Under the leadership of Dr. Teshirogi, our acquisition by Shionogi has been a very smooth transition. An important element of our successful integration is based on the tremendous respect that the leadership of Sciele Pharma and Shionogi have for each other. This is also true for all of the employees throughout our organizations. Our companies have similar cultures, which first and foremost place a high regard on our employees and customers. We share a common purpose, which is to create a

world-leading pharmaceutical company, and to stand out above our competitors.

The outstanding efforts of our employees have enabled Sciele Pharma to achieve another year of excellent results. I am pleased with the performance of our sales force, who has executed well in a very difficult and challenging economic environment. We are enthusiastic about the July launch of our new head lice product, Ulesfia™, which was approved by the FDA in April 2009, and we plan to submit applications to the FDA for the approval of an additional four products this year. We synergistically cooperate with Shionogi, and we will continue to capitalize on opportunities that will generate further growth for the Group.

While we are pleased to be joined with a larger company like Shionogi, we have retained the values that have made Sciele Pharma successful in the past: speed of execution, teamwork, pay-for-performance, and an entrepreneurial spirit. All of us at Sciele Pharma, working together with our colleagues at Shionogi, are truly dedicated to bringing products to market that improve the health and quality of life for patients worldwide in the 21st century. I am very optimistic about our prospects for strong growth and the future contributions that Sciele Pharma will provide to Shionogi.

Sciele Pharma's Pipeline (As of August 2009)

