

Shionogi and GlaxoSmithKline to collaborate on the research, development and commercialization of novel antibiotics targeting drug-resistant Gram-negative bacteria

Osaka, Japan, October 28, 2010 - Shionogi & Co., Ltd. (Head Office: Osaka, Japan; President and Representative Director: Isao Teshirogi, Ph.D.; hereafter “Shionogi”) today announced a collaboration with GlaxoSmithKline (hereafter “GSK”) focused on research, development and commercialization of novel cephem antibiotics targeting Gram-negative bacteria (hereafter “Gram-negative cepheems”).

Under the terms of the agreement, Shionogi and GSK will jointly pursue research and development of compounds arising from Shionogi’s discoveries in the cephem field. Shionogi will receive an upfront payment and is eligible for milestone payments. The parties will share commercialization costs and profits in certain major markets, while each company has exclusive, royalty-bearing, rights in other territories.

Gram-negative bacterial infections represent a serious and growing area of unmet need worldwide, particularly with the increasing prevalence of multidrug resistant strains. This alliance with GSK will be of great significance, driving the development of novel compounds with activity against a wide range of drug resistant bacteria, including those with diverse mechanisms of multidrug resistance and regional isolates with distinct biological characteristics.

Shionogi and GSK have a strong track record of productive R&D collaborations, and the new alliance will maximize the potential of these novel antibiotics while also supporting Shionogi’s strategy for globalization.

About Gram-negative cepheems

The gram-negative cepheems that are the subject of this alliance are novel injectable antibiotics with a potent effect on multidrug resistant Gram-negative bacteria, and which have their genesis in Shionogi’s internal research. These potential new antibiotics have demonstrated strong efficacy in pre-clinical studies against multidrug resistant *Acinetobacter* spp., *Escherichia coli*, and *Klebsiella pneumoniae*, in addition to multidrug resistant *Pseudomonas aeruginosa*. As a result, these agents may be valuable new agents against infections that are currently difficult to treat because of a lack of effective drugs.

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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