

January 27, 2003
Shionogi & Co., Ltd.

Shionogi to Merge Six Subsidiaries by Absorption

At a meeting held on January 27, 2003, the Board of Directors of Shionogi & Co., Ltd. resolved to merge and absorb six of its subsidiaries. The companies to be merged are consolidated subsidiaries Soei Co., Ltd., Osaka Yakuhin Co., Ltd., Kyosaido Co., Ltd., Wakayama Yakuhin Co., Ltd., and Daiwa Trading Co., Ltd., as well as non-consolidated subsidiary Shimpo sha Co., Ltd. Details are as follows.

1. Purpose of the merger

The merger will enable greater utilization of resources within the Shionogi Group and more efficient group management.

2. Outline of the merger

(1) Merger timetable

Board meeting to approve merger contract: January 27, 2003

Shareholder meetings to approve merger contract:

Shionogi & Co., Ltd.: No meeting will be held, in accordance with Article
413-3-1 of the Commercial Code

Six subsidiaries: February 12, 2003 (scheduled)

Merger date: April 1, 2003 (scheduled)

Merger registration: April 1, 2003 (scheduled)

(2) Merger method

The merger will take the form of a statutory merger, with Shionogi & Co., Ltd. as the surviving company. The six merged subsidiaries will be dissolved.

(3) Merger ratio

Shionogi & Co., Ltd., the surviving company, owns 100% of the outstanding shares (including shares owned indirectly) of the six subsidiaries. Therefore, the merger will not result in any issuance and allocation of new shares or increase in capital.

(4) Merger subsidy

No merger subsidy will be paid.

3. Profile of companies involved in the merger

Please refer to the attachment.

4. Impact on Shionogi & Co., Ltd.

The impact on Shionogi & Co., Ltd., the merging company, will be negligible.

5. Impact on earnings

The impact of the merger on consolidated or non-consolidated earnings will be negligible.

Attachment

Profile of Companies Involved in the Merger

	Merging company	(Merged company)	(Merged company)	(Merged company)	(Merged company)	(Merged company)	(Merged company)
Company name	Shionogi & Co., Ltd.	Soei Co., Ltd.	Osaka Yakuin Co., Ltd.	Kyosaido Co., Ltd.	Wakayama Yakuin Co.,	Daiwa Trading Co., Ltd.	Shimpo sha Co., Ltd.
Established	June 5, 1919	Feb. 5, 1936	April 1, 1939	July 5, 1947	June 4, 1947	Feb. 8, 1950	Dec. 20, 1976
Head office	Doshomachi, Chuo-ku, Osaka	Doshomachi, Chuo-ku, Osaka	Higashikomabashi, Chuo-ku, Osaka	Doshomachi, Chuo-ku, Osaka	Doshomachi, Chuo-ku, Osaka	Kawaramachi, Chuo-ku, Osaka	Doshomachi, Chuo-ku, Osaka
Representative	President and Representative Director Motozo Shiono	President and Representative Director Hisao Asano	President and Representative Director Keiichi Takeda	President and Representative Director Keiichi Takeda	President and Representative Director Keiichi Takeda	President and Representative Director Masao Noda	President and Representative Director Hisao Asano
Capital	21,279 million yen	48 million yen	110 million yen	40 million yen	48 million yen	11.7 million yen	10 million yen
Main business	Manufacture and sale of pharmaceuticals	Real estate management and leasing	Real estate management and leasing	Asset management	Asset management	Sale of industrial chemicals; sale of pharmaceutical chemicals	Asset management
Number of employees (including directors)	5237	8	4	4	4	6	4
Financial results (Year ended 3/31/2002)							
Revenue (Net sales)	206,403 million yen	2,369 million yen	194 million yen	12 million yen	8 million yen	1,655 million yen	20 million yen
Ordinary income	17,663 million yen	514 million yen	157 million yen	6 million yen	8 million yen	40 million yen	20 million yen
Net income	10,639 million yen	312 million yen	110 million yen	6 million yen	8 million yen	25 million yen	20 million yen
Possession of shares (direct)			100%	50%	50%	100%	
by merging company (indirect)		100%		50%	50%		100%