

Interim settlement for
the six months
ended September 30, 2002

<Supplement >

November 11, 2002



SHIONOGI & CO., LTD.

Business forecast

<Consolidated>

(Unit: Yen 100 million)

	For the period from Apr. 1, 2002 to Sep. 30, 2002	For the period from Oct. 1, 2002 to Mar. 31, 2003 (forecast)	For the year ending March 31, 2003 (forecast)	For the period from Apr. 1, 2001 to Sep. 30, 2001	For the period from Oct. 1, 2001 to Mar. 31, 2002	For the year ended March 31, 2002
Net Sales	1,774 (13.0)	1,086 (49.8)	2,860 (31.9)	2,038 (1.3)	2,163 (2.4)	4,201 (1.8)
Operating income	70 (8.4)	115 (36.0)	185 (14.3)	77 (29.3)	84 (34.9)	161 (32.3)
Ordinary income	60 (25.6)	115 (51.5)	175 (11.8)	81 (27.8)	75 (45.3)	156 (37.3)
Net income	9 (76.4)	41 (14.7)	50 (40.9)	38 (5.4)	46 (45.9)	84 (33.0)

() percent increase to the same periods of previous year

<Non-consolidated>

(Unit: Yen 100 million)

	For the period from Apr. 1, 2002 to Sep. 30, 2002	For the period from Oct. 1, 2002 to Mar. 31, 2003 (forecast)	For the year ending March 31, 2003 (forecast)	For the period from Apr. 1, 2001 to Sep. 30, 2001	For the period from Oct. 1, 2001 to Mar. 31, 2002	For the year ended March 31, 2002
Net Sales	925 (11.0)	995 (2.8)	1,920 (7.0)	1,040 (0.9)	1,024 (7.7)	2,064 (4.4)
Operating income	55 (23.5)	85 (7.5)	140 (14.6)	73 (22.2)	90 (25.0)	163 (23.4)
Ordinary income	56 (32.0)	94 (0.1)	150 (15.1)	83 (21.9)	93 (30.6)	176 (26.8)
Net income	8 (80.0)	27 (57.8)	35 (67.1)	44 (8.8)	62 (11.4)	106 (11.0)

() percent increase to the same periods of previous year

Financial results of significant consolidated subsidiaries

<Ohmori Group>

(Unit: millions of Yen)

	Net sales	Operating income	Ordinary income	Net income
Six months ended September 30, 2002	95,870	959	641	2,179
Six months ended September 30, 2001	122,405	1,704	1,373	829
(% increase)	(21.7)	(-)	(-)	(-)
Year ending March 31, 2003	95,870	959	641	2,179
Year ended March 31, 2002	256,123	4,582	3,978	2,993
(% increase)	(62.6)	(-)	(-)	(-)

<Shionogi Qualicaps Co., Ltd.>

(Unit: millions of Yen)

	Net sales	Operating income	Ordinary income	Net income
Six months ended September 30, 2002	2,693	280	270	156
Six months ended September 30, 2001	2,893	347	366	209
(% increase)	(6.9)	(19.3)	(26.2)	(25.4)
Year ending March 31, 2003	6,300	800	800	480
Year ended March 31, 2002	6,793	940	988	564
(% increase)	(7.3)	(14.9)	(19.0)	(14.9)

<Overseas 3 capsule companies>

(Unit: millions of Yen)

	Net sales	Operating income	Ordinary income	Net income
Six months ended September 30, 2002	3,241	406	189	39
Six months ended September 30, 2001	2,952	284	368	239
(% increase)	(9.8)	(43.0)	(48.6)	(83.7)
Year ending March 31, 2003	6,300	600	300	40
Year ended March 31, 2002	6,163	497	633	386
(% increase)	(2.2)	(20.7)	(52.6)	(89.6)

<Bushu Pharmaceuticals Ltd.>

(Unit: millions of Yen)

	Net sales	Operating income	Ordinary income	Net income
Six months ended September 30, 2002	1,825	135	18	17
Six months ended September 30, 2001	1,569	153	79	79
(% increase)	(16.3)	(11.8)	(77.2)	(78.5)
Year ending March 31, 2003	3,800	260	20	20
Year ended March 31, 2002	3,588	393	160	159
(% increase)	(5.9)	(33.8)	(87.5)	(87.4)

Ratio of Consolidated financial results against non-consolidated financial results

	For the period from Apr. 1, 2002 to Sep. 30, 2002	For the period from Oct. 1, 2002 to Mar. 31, 2003 (forecast)	For the year ending March 31, 2003 (forecast)	For the period from Apr. 1, 2001 to Sep. 30, 2001	For the period from Oct. 1, 2001 to Mar. 31, 2002	For the year ended March 31, 2002
Net Sales	1.92	1.09	1.49	1.96	2.11	2.04
Operating income	1.27	1.36	1.32	1.06	0.93	0.99
Ordinary income	1.06	1.23	1.17	0.97	0.81	0.89
Net income	1.01	1.57	1.43	0.86	0.74	0.79

Consolidated affiliated companies and affiliated company accounted for by the equity method

< Consolidated affiliated companies >

	Company name	Location	Common stock	Business status	Establish	Closing date	Ownership (%)
1	Shionogi Qualicaps Co., Ltd.	Nara, Japan	JPY 400 million	Mfg. and sale of capsules	April 26, 1965	March 31	100
2	Bushu Pharmaceuticals Ltd.	Saitama, Japan	JPY 1,000 million	Contract mfg. of pharmaceuticals	August 3, 1998	March 31	100
3	Nichia Pharmaceutical Industries Ltd.	Tokushima, Japan	JPY 200 million	Mfg. of pharmaceutical raw materials	August 24, 1976	March 31	75
4	Ohmori Group Honsha Co., Ltd.	Tokyo, Japan	JPY 2,634 million	Wholesaling of pharmaceuticals	August 19, 1963 (Reorganized on July 1, 1998)	March 15	* 100
5	Ohmori Co., Ltd.	Tokyo, Japan	JPY 2,079 million	Wholesaling of pharmaceuticals	October 1, 2001	March 31	* 100
6	Daiwa Trading Co., Ltd.	Osaka, Japan	JPY 11 million	Sale of industrial chemicals etc.	February 8, 1950	March 15	100
7	Saishin Igaku Co., Ltd.	Osaka, Japan	JPY 90 million	Publication of medical information	December 21, 1998	March 31	100
8	Shionogi Medical Information Co., Ltd.	Osaka, Japan	JPY 10 million	Collection of medical information	April 17, 1998	March 31	100
9	Shionogi Engineering Service Co., Ltd.	Hyogo, Japan	JPY 20 million	Inspection and maintenance of pharmaceuticals mfg. equipment	November 2, 1992	March 31	100
10	Shionogi Distribution Service & Co., Ltd.	Osaka, Japan	JPY 10 million	Warehousing and logistic services	May 21, 1985	March 31	* 100
11	Shionogi General Service Co., Ltd.	Osaka, Japan	JPY 10 million	Traveling, Insurance agency	November 2, 1992	March 31	* 100
12	Soei Co., Ltd.	Osaka, Japan	JPY 48 million	Real estate rental	February 5, 1936	March 31	* 100
13	Osaka Yakuin Co., Ltd.	Osaka, Japan	JPY 110 million	Asset Management	April 1, 1939	March 15	100
14	Wakayama Yakuin Co., Ltd.	Wakayama, Japan	JPY 48 million	Asset Management	June 4, 1947	March 15	* 100
15	Kyosaido Co., Ltd.	Kyoto, Japan	JPY 40 million	Asset Management	June 5, 1947	March 15	* 100
16	Taiwan Shionogi & Co., Ltd.	Taipei, Taiwan, R.O.C.	TW\$ 92 million	Mfg. and sale of pharmaceuticals	December 26, 1963	December 31	100
17	Shionogi Europe B.V.	Amsterdam, The Netherlands	Euro 35,910 thousand	Holding company	June 17, 1992	December 31	100
18	Shionogi Qualicaps, Inc.	North Carolina, U.S.A.	US\$ 24 million	Mfg. and sale of capsules	June 10, 1992	December 31	* 100
19	Shionogi Qualicaps, S.A.	Madrid, Spain	Euro 15,626 thousand	Mfg. and sale of capsules	September 10, 1992	December 31	* 100
20	Shionogi Holding USA, INC.	Delaware, U.S.A.	US\$ 3,960	Holding company	June 10, 1992	December 31	100
21	Shionogi USA, INC.	Delaware, U.S.A.	US\$ 1 million	Contract research for pharmaceuticals	February 15, 2001	December 31	100
22	SG Holding, INC.	Delaware, U.S.A.	US\$ 10 thousand	Holding company	September 27, 2001	December 31	100

< Affiliated company accounted for by the equity method >

	Company name	Location	Common stock	Business status	Establish	Closing date	Ownership (%)
1	Shionogi-GlaxoSmithKline Holding L.P.	Cayman Islands	-	Holding company	October 19, 2001	December 31	* 50

Sales by segment

<Consolidated>

(Unit: Yen 100 million)

	For the period from Apr. 1, 2002 to Sep. 30, 2002	For the period from Oct. 1, 2002 to Mar. 31, 2003 (forecast)	For the year ending March 31, 2003 (forecast)	For the period from Apr. 1, 2001 to Sep. 30, 2001	For the period from Oct. 1, 2001 to Mar. 31, 2002	For the year ended March 31, 2002
Pharmaceuticals and related businesses	1,694	999	2,693	1,911	2,063	3,974
Ethical drugs	1,593	942	2,533	1,762	1,918	3,680
OTC and quasi-drugs	83	40	125	91	90	181
Diagnostics	18	17	35	15	16	31
Clinical Testing Services	0	0	0	42	40	82
Capsule business	57	62	119	55	65	120
Other businesses	23	25	48	71	35	106
Animal health products	0	0	0	17	15	32
Agrochemicals	0	0	0	29	6	23
Industrial Chemicals	11	12	23	13	11	24
Real estate/Distributing services, etc.	12	13	25	11	14	25
Total	1,774	1,086	2,860	2,038	2,163	4,201

<Non-consolidated>

(Unit: Yen 100 million)

	For the period from Apr. 1, 2002 to Sep. 30, 2002	For the period from Oct. 1, 2002 to Mar. 31, 2003 (forecast)	For the year ending March 31, 2003 (forecast)	For the period from Apr. 1, 2001 to Sep. 30, 2001	For the period from Oct. 1, 2001 to Mar. 31, 2002	For the year ended March 31, 2002
Pharmaceuticals and related businesses	915	982	1,897	983	1,005	1,988
Ethical drugs	859	925	1,784	890	913	1,803
OTC and quasi-drugs	38	40	78	37	37	74
Diagnostics	18	17	35	15	16	31
Clinical Testing Services	0	0	0	41	39	80
Other businesses	11	12	23	56	19	75
Animal health products	0	0	0	15	14	29
Agrochemicals	0	0	0	28	6	22
Industrial Chemicals	11	12	23	13	11	24
Total	925	995	1,920	1,040	1,024	2,064

Main Products <Non-consolidated>

Ethical drugs

(Unit: Yen 100 million)

Product name	Category	Apr. 2002- Sep. 2002	Oct. 2002- Mar. 2003 (forecast)	Apr. 2002- Mar. 2003 (forecast)	Apr. 2001- Sep. 2001	Oct. 2001- Mar. 2002	Apr. 2001- Mar. 2002	
Total ethical drugs		859	925	1,784	890	913	1,803	
Top 10 products								
1	FLOMOX	Oral cephem antibiotic (in-house)	141	189	330	150	186	336
2	FLUMARIN	Injectable Oxacephem antibiotic (in-house)	109	111	220	120	113	233
3	VANCOMYCIN	Glycopeptide antibiotic	101	99	200	109	101	210
4	RINDERON	Synthetic adrenocortical hormone	56	48	104	55	48	103
5	MS CONTIN	Long-acting analgesic for cancer pain	49	51	100	54	50	104
6	IMUNACE	Interleukin-2	46	46	92	35	40	75
7	LONGES	ACE inhibitor	34	31	65	39	35	74
8	KEFRAL	Oral cephem antibiotic	30	32	62	40	41	81
9	CLARITIN	Antiallergic agent	20	34	54	-	-	-
10	DOBUTREX	Agent for treatment of acute circulatory insufficiency	20	20	40	23	23	46
Other main products								
	BROACT	Injectable cephem antibiotic	18	16	34	21	19	40
	PL GRANULES	Cold remedy	11	21	32	11	22	33
	BERIZYM	Digestive enzymes	16	14	30	16	15	31
	LANDEL	Antihypertensive (Calcium antagonist)	12	12	24	11	11	22
	RHYTHMY	Sleep inducer (in-house)	12	10	22	11	11	22
	ULGUT	Gastritis and peptic ulcer therapeutic agent	9	8	17	11	10	21
	MORPHINE-HYDROCHLORIDE	Injectable morphine hydrochloride analgesic	7	9	16	6	9	15
	AQUPLA	Anticancer (in-house)	6	6	12	4	5	9
	KEFLEX	Oral cephem antibiotic	5	5	10	6	6	12
	KOLANTYL	Antacid	5	5	10	6	5	11
	SEFTEM	Oral cephem antibiotic (in-house)	1	1	2	1	1	2
	CEFTIBUTEN (Export)	Oral cephem antibiotic (in-house)	10	8	18	18	17	35

OTC products

(Unit: Yen 100 million)

Product name	Category	Apr. 2002- Sep. 2002	Oct. 2002- Mar. 2003 (forecast)	Apr. 2002- Mar. 2003 (forecast)	Apr. 2001- Sep. 2001	Oct. 2001- Mar. 2002	Apr. 2001- Mar. 2002	
Total OTC products		38	40	78	37	37	74	
	SEDES	Analgesic and antipyretic	17	15	32	15	14	29
	POPON-S	Multivitamin with calcium	8	7	15	8	7	15
	CORRECT	Denture adhesive	5	5	10	5	5	10
	BELIX	Vitamin B1 with E	5	5	10	4	4	8
	PYLON	Cold remedy	1	5	6	1	5	6

Employees

(Unit: persons)

	End of March 2001	End of September 2001	End of March 2002	End of September 2002	End of March 2003 (forecast)
Consolidated	9,579	9,537	9,169	7,848	6,170
Non-consolidated	5,540	5,230	5,237	5,053	4,730

Investments in equipments/Depreciation cost

(Unit: Yen 100 million)

	For the period from Apr. 1, 2002 to Sep. 30, 2002	For the period from Oct. 1, 2002 to Mar. 31, 2003 (forecast)	For the year ending March 31, 2003 (forecast)	For the period from Apr. 1, 2001 to Sep. 30, 2001	For the period from Oct. 1, 2001 to Mar. 31, 2002	For the year ended March 31, 2002
<Consolidated>						
Investment in equipments	50	42	92	48	43	91
Depreciation cost	48	57	105	40	54	94
<Non-consolidated>						
Investment in equipments	40	30	70	39	36	75
Depreciation cost	38	45	83	29	41	70

(Unit: Yen 100 million)

Main constructions	Total budget	Result until March 31, 2002	For the period from Apr. 1, 2002 to Sep. 30, 2002	For the period from Oct. 1, 2002 to Mar. 31, 2003 (forecast)	For the year ending March 31, 2003 (forecast)
Reinforcement of packaging equipment for antibiotics	14	0	8	3	11
Concentration of packaging line on solid dosage form	12	0	2	1	3
Mfg. equipment for increase production on Carplex® (White carbon)	5	3	2	0	2

Main investments on system

(Unit: Yen 100 million)

	For the year ended March 31, 2001	For the year ended March 31, 2002	For the period from Apr. 1, 2002 to Sep. 30, 2002	For the period from Oct. 1, 2002 to Mar. 31, 2003 (forecast)	For the year ending March 31, 2003 (forecast)
Sales task supporting	-	14	1	4	5
Production information	2	5	2	1	3
Development Management	2	9	3	3	6
Accounting & Purchasing	-	1	8	7	15

R&D cost

(Unit: Yen 100 million)

	For the year ended March 31, 2001	For the year ended March 31, 2002	For the period from Apr. 1, 2002 to Sep. 30, 2002	For the period from Oct. 1, 2002 to Mar. 31, 2003 (forecast)	For the year ending March 31, 2003 (forecast)
Consolidated (% to Net sales)	293 (7.1%)	306 (7.3%)	149 (8.4%)	168 (15.5%)	317 (11.1%)
Non-consolidated (% to Net sales)	287 (13.3%)	303 (14.7%)	149 (16.1%)	168 (16.9%)	317 (16.5%)

Drugs Under Development

11-Nov-02

<in Japan>

Stage/Code No.	Administration	Category/Indication	Origin	NDA submission
NDA's filed				
NS75A	SC	Prevention of premature ovulation during a controlled ovarian stimulation followed by assisted reproductive technology (ART). Luteinizing hormone-releasing hormone antagonist. Generic name: Cetrorelix	Co-developed with Nippon Kayaku Co.,Ltd. Licensed from Zentaris AG (Germany)	December, 2000
S-8117	Oral	Long-acting analgesic for cancer pain Morphine-like analgesic activity through opioid receptor. Higher bioavailability than morphin. Generic name: Oxycodone (sustained release).	Licensed from Mundipharma AG (Switzerland)	September, 2001
S-7878	Injection	Prevention of urinary disorders associated with ifosfamide. Additional indication: cyclophosphamide-induced bladder disorder (orphan). Generic name: Mesna	Licensed from Baxter Oncology AG (Germany)	November, 2001
SR47436	Oral	Antihypertensive Angiotensin II receptor antagonist Not prodrug unlike other antagonists. Not found cough appeared in ACE inhibitors. Generic name: Irbesartan	Co-developed with Bristol Pharmaceuticals K.K. Licensed from Sanofi SA (France)	October, 2002
NDA in preparation for filing				
S-7701	Oral	Anti-fibrosis (idiopathic interstitial pulmonary fibrosis). Additional indications to other fibrosis may be possible. Generic name: Pirfenidone	Licensed from Marnac, Inc (USA)	2002 4Q (planned)
Vancomycin	Injection	Glycopeptide antibiotic Additional indication: sepsis, pneumonia, meningitis caused by PRSP (orphan). Generic name: Vancomycin	Licensed from Eli Lilly and Company (USA)	2002 4Q (planned)

Phase 3				
LY248686	Oral	Antidepressant SNRI (serotonin & norepinephrine reuptake inhibitor). Considering the dosage in USA, additional study at higher dose is conducting to confirm the efficacy .	Licensed from Eli Lilly and Company (USA)	Refiling, 2005
S-4661	Injection	Carbapenem antibiotic. Broad spectrum. Low renal toxicity and low response (convulsion) toward central nervous system. Generic name: doripenem	Developed in-house	2003 4Q (planned)

Phase 2				
S-6820	Injection	Recombinant interleukin-2 Additional indication: liver metastasis from colorectal cancer. Generic name: Teceleukin	Licensed from Biogen, Inc (USA)	2003 (planned)
NS75A	Injection	Uterine myoma Luteinizing hormone-releasing hormone antagonist. Generic name: Cetrorelix	Co-developed with Nippon Kayaku Co., Ltd. Licensed from Zentaris AG (Germany) Phase 2a (completed)	
S-5920	Injection	Acute organ failure (severe sepsis) sPLA2 (secretory phospholipase A2) inhibitor. First candidate as sPLA2 inhibitors	Developed by collaboration with Eli Lilly and Co. (USA)	
S-3013	Oral	Antiinflammatory sPLA2 (secretory phospholipase A2) inhibitor. First candidate as sPLA2 inhibitors	Developed by collaboration with Eli Lilly and Co. (USA)	

Phase 1				
S-3578	Injection	Cephem antibiotic. Broad spectrum (Gram (+), Gram (-)). Effective in MRSA-, MRSE-, and PRSP-infected in vivo animal model	Developed in-house	

<Outside Japan>

Stage/Code No.	Administration	Category/Indication	Origin/Overseas status/Stage	NDA submission
Phase 2				
S-5751	Oral	Antiallergic Prostaglandin D2 receptor antagonist. First candidate as PGD2 receptor antagonists.	Developed in-house Japan: Phase 1 US: Phase 2	
S-3304	Oral	Anticancer Matrix metalloproteinases inhibitor. Not cytotoxic, but prevent proliferation and metastasis. Great safety margin.	Developed in-house USA: Phase 2 (in preparation)	
S-8921	Oral	Antihyperlipidemia Inhibition of bile acid transporter in small intestine.	Developed in-house Europe: Phase 2a	

<Shionogi-GSK>

Code No.	Administration	Category/Indication	Origin/Overseas status/Stage	NDA submission
S-8510	Oral	Antidementia Benzodiazepine receptor partial inverse agonist. First candidate having this mechanism of action. Brain activation through enhancement of corinergetic and monoaminergic transmission.	Developed in JV Japan: Phase 2 Europe: Phase 1	
S-0139	Injection	Cerebrovascular diseases (Acute ischemic stroke). First candidate having this indication. Endothelin A receptor antagonist	Developed in JV Japan: Phase 2 Europe: Phase 1	
S-1360	Oral	Anti-HIV First candidate as HIV integrase inhibitor. Efficacy expected for patients getting resistant to other anti-HIV drugs on the market. Combination with other anti-HIV drugs on the market	Developed in JV USA: Phase 1/2	
S-1746	Injection	Acute ischemic stroke. AMPA receptor and glycine binding site of NMDA receptor antagonist	Developed in JV Phase 1 (in preparation)	

<Out-Licensing Activity>

Code No.	Administration	Category/Indication	Remarks	NDA submission
S-4522	Oral	Antihyperlipidemia. HMG CoA reductase inhibitor. Superior activity to other statines. Generic name: Rosubastatin	Licensed to "AstraZeneca, UK" in April, 1998	June, 2001 (world wide except Japan) April, 2002 (Japan)
S-1153	Oral	Anti-HIV Non-nucleoside reverse transcriptase inhibitor Generic name: Capravirine	Licensed to "Pfizer, USA" in June, 1998 Phase 3 Trials on-going	

<Discontinued>

none				
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Sales by product category

<Non-consolidated>

	For the period from April 1, 2002 to September 30, 2002		For the period from April 1, 2001 to September 30, 2001		For the period from April 1, 2001 to March 31, 2002	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Nervous system drugs	12,978	14.0	13,101	12.6	27,231	13.2
Circulatory and respiratory system drugs	10,217	11.0	8,893	8.5	17,715	8.6
Digestive system drugs	3,187	3.4	3,353	3.2	6,602	3.2
Hormone preparations	3,205	3.5	3,137	3.0	6,189	3.0
Topical and sensory organ drugs	7,278	7.9	7,201	6.9	13,434	6.5
Vitamins	3,195	3.4	3,169	3.0	6,074	2.9
Antibiotics and biological preparations	46,611	50.4	50,873	48.9	103,938	50.4
Chemotherapeutics and antitumor drugs	2,504	2.7	2,386	2.3	5,335	2.6
(Pharmaceuticals total)	(89,175)	(96.3)	(92,113)	(88.4)	(186,518)	(90.4)
Diagnostics and Clinical testing services	1,805	2.0	5,751	5.6	11,266	5.4
Agrochemicals and Animal Health products	0	0.0	4,383	4.2	5,202	2.5
Industrial chemicals and other products	1,580	1.7	1,805	1.8	3,417	1.7
Total	92,560	100.0	104,052	100.0	206,403	100.0
(Export)	(1,477)	(1.6)	(2,289)	(2.2)	(4,573)	(2.2)

Shionogi BioResearch Corp.

1 . Profile of Shionogi BioResearch Corp.

Corporate name : Shionogi BioResearch Corp.
Address : 32 Loockerman Square, Suite L-100, City of Dover,
Country of Kent, Delaware
Representative : Mitsunori Ono
Established : July 1, 1997
Business : Research and development of pharmaceuticals
Fiscal year end : December
Number of employees : 40
Office : 45 Hartwell Avenue, Lexington, Massachusetts 02173
Main shareholders : Shionogi Holding USA, Inc.
(100% owned subsidiary of Shionogi)
Percentage of total shares owned: 80.9%

Total assets : US\$ 5,025 thousands
Financial results :

	(US\$ thousands)		
	2002 (First half)	2001	2000
Net sales	3,500	5,000	5,000
Ordinary income (loss)	(1,483)	(3,899)	(5,163)

2 . Sales of Shares Held by Shionogi Holding USA, Inc.

Purchaser of shares : Principia Associates, Inc.
Ownership ratio before sale : 30,600 thousand shares (ownership ratio 80.9%)
Number of shares sold : 30,600 thousand shares (US\$ 10 million)
Ownership ratio after sale : 0 shares (ownership ratio 0%)

Outplacement Support Program associated with Consolidation of Manufacturing Plants

Aiming to create an efficient manufacturing organization, Shionogi has consolidated manufacturing at the Settsu and Kanegasaki plants and subsidiary Bush Pharmaceuticals Co., Ltd. In connection with this, employees in manufacturing divisions are being reassigned. At the same time, at the Kuise and Akoh plants, which are downsizing, we are implementing an outplacement support program as outlined below.

- 1 . Eligible employees : Employees assigned to manufacturing divisions at the Kuise and Akoh plants
- 2 . Application period : October 28, 2002 to November 8, 2002
- 3 . Retirement date : December 31, 2002
- 4 . Preferential terms : A special additional allowance will be paid in addition to the regular retirement allowance. Outplacement assistance will be provided for employees who wish to seek opportunities outside the Company.
- 5 . Number of applicants : 208
- 6 . Estimated amount for special additional allowance and outplacement assistance : JPY 3.2 billion

Closing of Fukuoka Distribution Center

Shionogi's distribution centers are located in Osaka, Tokyo, Sapporo and Fukuoka. The Fukuoka Distribution Center has functioned as a distribution base for distribution in the Kyushu region, the Fukuoka Branch Office and sales offices in the Kyushu region. However, distributors in the Kyushu region are rapidly consolidating, and conditions for shipping from the Osaka area are improving. Therefore, the Fukuoka Distribution Center will be closed and its functions will be integrated into the Osaka Distribution Center. This will raise the efficiency of distribution operations.

- 1 . Address : 5-80, Okihama-cho, Hakata-ku, Fukuoka
Fukuoka Rinkoh Warehouse K.K. (Rental)
- 2 . Employees : 9 (Employees 7, Part-timers 2)
- 3 . Estimated date of the closing : End of May 2003