

Company Name:	Shionogi & Co., Ltd.
Representative:	Isao Teshirogi, President
Securities Code:	4507; TSE 1st Section / OSE 1st Section
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## NOTIFICATION OF SUBSIDIARY TRANSFER

**Osaka (February 22, 2010)** — Shionogi & Co., Ltd. (Head Office: Osaka; President: Isao Teshirogi; hereafter referred to as “Shionogi”) announced that the board of directors meeting held today has decided to transfer all shares in its wholly own subsidiary, Bushu Pharmaceuticals Ltd. (hereafter “Bushu Pharmaceuticals”) to TMC BUYOUT 1 Co., Ltd., a limited liability company (*kabushiki kaisha*) held by a private equity fund, which is managed by Tokio Marine Capital Co., Ltd., as detailed below.

### 1. Reason for Share Transfer

In an environment of intense competition for pharmaceutical companies, Shionogi group (hereafter the “Group”) had concentrated its management resources on the prescription drug business in line with its first medium-term business plan, which covered five years from April 2000, in order to establish the foundation for its future growth. After which, the Group formulated the 2nd medium-term business plan for five years in 2005 in order to move ahead with the formation of management structures for the sustained long-term growth in operations centered on the prescription drug business. Therefore, the Group has been particularly focused on augmenting the development pipeline; maximizing the value of Crestor, its key hyperlipidemia treatment product; strengthening domestic sales; and preparing a strong foundation for the expansion of its global operations.

On the other hand, Shionogi's wholly owned subsidiary, Bushu Pharmaceuticals already ranks second in the growing pharmaceutical contract manufacturing market, and has the foundation to develop its business independently. The spin off of Bushu Pharmaceuticals from Shionogi will achieve a substantial result in that Bushu Pharmaceuticals would be able to make proactive capital investments to match the diversified market demand, while Shionogi can concentrate further its management resources to the prescription drug business. Given these conditions, Shionogi has decided to transfer the shares of Bushu Pharmaceuticals to TMC BUYOUT 1 Co., Ltd., which is expected to realize the full growth potential of Bushu Pharmaceuticals.

### 2. Overview of the Subsidiary to be Transferred

(1) Company Name:	Bushu Pharmaceuticals Ltd.
(2) Head Office:	1 Oaza-Takeno, Kawagoe-shi, Saitama, Japan
(3) Representative:	Takayuki Kasai, President (representative director)
(4) Business Description:	Pharmaceutical contract manufacturing service (from product development & clinical trial services to commercial manufacturing and packaging)
(5) Capital:	1 billion yen

(6) Date of Establishment:	August 3, 1998
(7) Shareholders (percentage of ownership):	Shionogi & Co., Ltd. (100.0%)
(8) Relationship between Shionogi and the subsidiary to be transferred:	
Capital Relationship:	Shionogi holds 100% of 20,000 shares in the subsidiary as of today
Personnel Relationship:	Seventeen employees are seconded from Shionogi to the subsidiary, which includes four officers, as of today
Trading Relationship:	The subsidiary has been manufacturing pharmaceutical products of Shionogi under outsourcing manufacturing contract as part of its business

(9) Recent Business Results:			
	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Net assets	1,796 million yen	2,382 million yen	2,957 million yen
Total assets	15,657 million yen	15,225 million yen	16,107 million yen
Net assets per share	76,000 yen	104,000 yen	133,000 yen
Net sales	7,786 million yen	9,321 million yen	9,254 million yen
Operating income	898 million yen	1,121 million yen	1,088 million yen
Ordinary income	843 million yen	989 million yen	999 million yen
Net income	544 million yen	586 million yen	575 million yen
Net income per share	27,200 yen	29,300 yen	28,800 yen
Dividend per share	0 yen	0 yen	0 yen

### 3. Overview of the Transferee of the shares

(1) Company Name:	TMC BUYOUT 1 Co., Ltd
(2) Head Office:	2-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
(3) Representative:	Kazutaka Komori, representative director
(4) Business Description:	The transferee is committed to control and manage the business of portfolio companies which perform marketing activities and manufacture, or importing pharmaceutical and chemical products
(5) Capital:	1 million yen
(6) Date of Establishment:	September 3, 2009
(7) Shareholders (percentage of ownership):	TMCAP2005 Limited Partnership for Capital Investment (100.0%)
(8) Relationship between Shionogi and the transferee of the shares:	
Capital Relationship:	There is no capital relationship between Shionogi and the transferee that should be described. The transferee has no significant capital relationship with the relevant parties and affiliated companies of Shionogi.
Personnel Relationship:	There is no personnel relationship between Shionogi and the transferee that should be described. The transferee has no significant personnel relationship with the relevant parties and affiliated companies of Shionogi.

Trading Relationship:	There is no trading relationship between Shionogi and the transferee that should be described. The transferee has no significant trading relationship with the relevant parties and affiliated companies of Shionogi.
Correspondence relation as related parties:	The transferee does not correspond to Shionogi's related parties. The relevant parties and affiliated companies of the transferee also do not correspond to Shionogi's related parties.

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4. Number of shares to be transferred and shares owned before and after transfer

Number of shares held before transfer:	20,000 shares (shareholding: 100.0%)
Number of shares to be transferred:	20,000 shares
Number of owned shares after transfer:	0 shares (shareholding: 0%)

\* The Company would like to withhold to disclose the price of the transferred shares due to the intention of transferee.

5. Schedule for Transfer

February 22, 2010:	Resolution of the board of directors, signing of share sale agreement
March 31, 2010:	Transfer of shares (scheduled)

6. Future Outlook

Shionogi is performing a detailed examination on the impacts of this transfer on its financial forecast. So, the company will disclose the revised financial forecast immediately after its revision when deemed necessary.

**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.*

**For further information:**

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