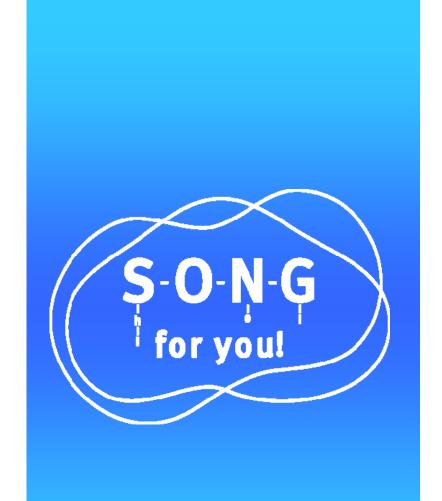


Presentation of Fiscal 2005 Financial Results

May 16, 2006 President Motozo Shiono



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Overview of Financial Results for Fiscal 2005

Financial Results (Consolidated & Non-consolidated)

Billions of yen			
<consolidated></consolidated>	FY2005	FY2004	% Change
Sales	196.3	199.3	(1.5)
Operating income	29.2	28.7	1.7
Ordinary income	29.6	27.8	6.7
Net income	22.7	18.9	20.0
<non-consolidated></non-consolidated>			
Sales	183.3	180.7	1.5
Operating income	25.7	24.5	4.9
Ordinary income	28.1	25.4	10.2
Net income	26.6	17.7	49.9



Consolidated Financial Position and Cash Flows

Billions of yen			
<financial position=""></financial>	3/31/2006	3/31/2005	Change
Total assets	427.6	396.9	30.7
Shareholders' equity	337.1	299.8	37.3
Shareholders' equity ratio	78.8%	75.5%	3.3%
Shareholders' equity per share (yen)	989.76	879.79	109.97
<cash flows=""></cash>	FY2005	FY2004	
Net cash provided by operating activities	16.8	28.5	
Net cash provided by (used in) investing activities	(12.0)	9.7	
Net cash used in financing activites	(24.7)	(11.2)	
Cash & cash equivalents at end of period	76.1	95.7	

Consolidated Sales by Segment

Billions of yen	FY2005	FY2004	% Change
Prescription drugs	167.5	168.0	(0.3)
Flomox	34.1	33.2	2.9
Flumarin	16.4	17.0	(3.5)
Vancomycin	16.1	16.1	0.1
Imunace	11.1	10.4	7.3
Claritin	8.0	8.9	(10.8)
Oxycontin	4.3	2.9	47.5
MS Contin	3.5	5.6	(36.3)
Finibax	0.8	-	-
Avelox	1.8	-	-
Contract manufacturing	2.1	1.3	60.8
OTC products	6.4	6.3	1.6
Diagnostics	3.4	3.5	(5.2)
Royalty income	9.8	6.1	61.3
Crestor	8.1	4.8	69.5
Capsule business	6.1	11.8	(49.0)
Real estate & others	3.1	3.3	(8.9)
Total	196.3	199.3	(1.5)

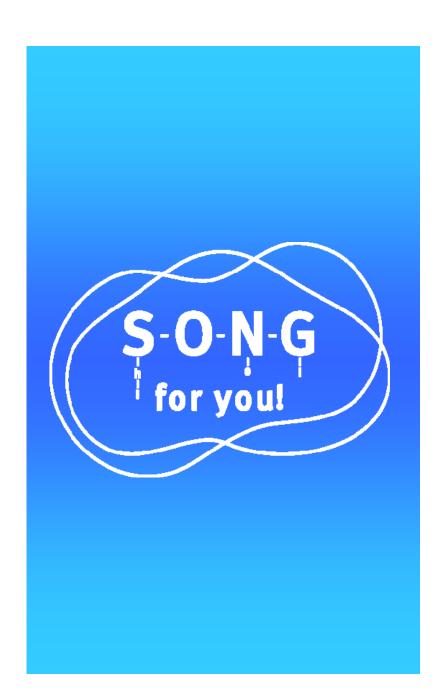
^{*} Sales of prescription drugs are shown on a non-consolidated basis.



Consolidated Cost of Sales, SG&A Expenses and Operating Income

Billions of yen	FY2005	FY2004	% change	Change
Sales	196.3	199.3	(1.5%)	(3.0)
[Royalty income]	[9.8]	[6.1]		[3.7]
	35.0	37.2		
	[36.8]	[38.3]		
Cost of sales	68.7	74.0	(7.2%)	(5.3)
	50.1	48.4		
SG&A expenses	98.4	96.6	2.0%	1.8
Selling & General	66.2	67.2	(1.4%)	(1.0)
R & D	32.2	29.4	9.7%	2.8
	14.9	14.4		
Operating income	29.2	28.7	1.7%	0.5

Billions of yen	Effect on consolidated operating income
Sold capsule business	(0.8)
Decrease in sales	(0.5)
Increase in royalty income	3.7
Decrease in manufacturing costs	1.3
Increase in SG&A expenses (R&D excluded)	(0.3)
Increase in R&D expenses	(2.9)
Total	0.5



Forecast for Fiscal 2006



Consolidated and Non-consolidated Financial Results

Billions of yen	FY 2006	FY 2005	%
<consolidated></consolidated>	Forecast	Actual	Change
Sales	210.0	196.3	6.9
Operating income	32.0	29.2	9.5
Ordinary income	31.0	29.6	4.5
Net income	18.0	22.7	(20.8)
<non-consolidated></non-consolidated>			
Sales	198.0	183.3	8.0
Operating income	28.5	25.7	10.6
Ordinary income	29.0	28.1	3.2
Net income	17.0	26.6	(36.2)

Consolidated Sales by Segment

Billions of yen	FY 2006	FY 2005	% Change
Prescription drugs	Forecast 176.8	Actual 167.5	Change 5.5
Flomox	34.0	34.1	(0.5)
Flumarin	15.0	16.4	(8.5)
Vancomycin	14.3	16.1	(10.9)
Imunace	11.0	11.1	(1.2)
Claritin	10.5	8.0	31.8
Oxycontin	7.0	4.3	63.0
MS contin	2.0	3.5	(43.0)
Finibax	3.5	0.8	358.1
Avelox	5.5	1.8	209.0
Crestor	1.0	0.1	-
Cetrotide	0.5	-	-
Contract manufacturing	4.2	2.1	99.5
OTC products	7.0	6.4	8.6
Diagnostics	3.5	3.4	2.4
Royalty income	17.0	9.8	72.6
Crestor	15.0	8.1	84.3
Capsule business	-	6.1	
Real estate & others	5.7	3.1	84.5
Total	210.0	196.3	6.9

* Sales of prescription drugs are shown on a non-consolidated basis.



Consolidated Operating Income

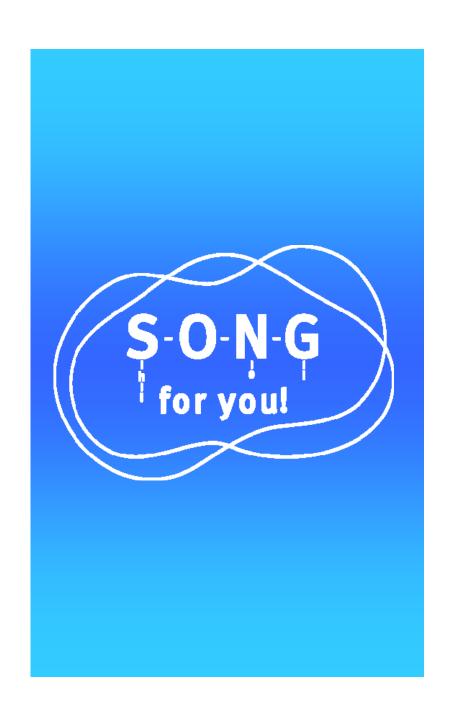
Billions of yen	FY 2006 Forecast	FY 2005 Actual	% Change	Change
Sales	210.0	196.3	6.9%	13.7
[Royalty income]	[17.0]	[9.8]		[7.2]
	34.3	35.0		
	(37.4)	(36.8)		
Cost of Sales	72.1	68.7	4.9%	3.4
	50.4	50.1		
SG&A expenses	105.9	98.4	7.6%	7.5
Selling & General	68.9	66.2	4.1%	2.7
R&D	37.0	32.2	14.7%	4.8
	15.2	14.9		
Operating income	32.0	29.2	9.5%	2.8

□ Fundamental policy

The Company's basic policy is to utilize profits while taking into account capital requirements for future business development and the trend of results in each fiscal term. Concerning dividends, the Company follows a policy of distributing dividends in proportion to results for each fiscal term, and aims to make stable increases in the dividend in the medium to long term.

The Company also flexibly uses share buyback as a means of improving capital efficiency.

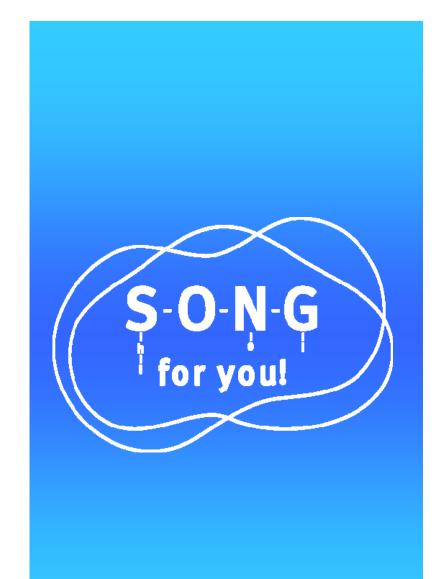
Based on these policies, the Company plans to pay the year-end cash dividend of \$10.00 per share, for a full year cash dividend of \$16.00 per share.



Pipeline Update



- ☐ Progress after 3Q FY2005
 - **■** Approved
 - •Finibax kit product: March 24, 2006
 - ●NS75A (Cetrorelix): April 20, 2006
 - **■** Entered phase I clinical studies
 - •S-364735 (Shionogi- GSK)
 HIV Integrase Inhibitor (Overseas)



Domestic Marketing



Domestic Marketing (Vision)

Renaissance of the Shionogi Spirit

■ 【Return to our roots as a supplier of pharmaceutical products=Detail & Trace*】 As a result, work to maximize Shionogi products' value by providing patient-centric information and products



•MR's promotion and follow-up activity about efficacy and safety of a treatment

(1)Strengthen product detail activity in the metabolic syndrome field

- Establish a strong presence where Shionogi is synonymous with cardiovascular
- Focus marketing on physicians specializing in metabolism and cardiovascular diseases and develop comprehensive promotion activity from diagnosis to treatment covering BNP, Landel, Longes and Crestor
- Develop promotion activities taking future new products (Irbesartan and Duloxetine) into account

(2)Improve quality, quantity and efficiency in product detail activity

Develop more effective and efficient product detail activity by further increasing the number of calls and the number of products detailed, and improving the quality of product detail activities



Domestic Marketing (Vision)

(3) Promote a companywide marketing support system

- Promote integrated sales and marketing strategy by establishing a strategic planning department at headquarters and strengthening the function of the marketing department
- Enhance cooperation among the Pharmaceutical Research & Development Division, the Manufacturing Division and the Safety Management Division to support MRs in ways such as providing even better information

- □ Expand sales of new products (Avelox and Finibax) while further strengthening the position of the Company's core products (Flumarin and Flomox) as the first line treatments for in- and out- patient treatment
 - ■Flumarin: Further strengthen a robust position
 - In the preventative antibiotics fields, utilize evaluation of clinical studies led by academic society
 - Further enhance position for gastrointestinal infection as a first line treatment
 - ■Finibax: Establish a position as an optimum treatment for moderate to severe infectious diseases
 - Develop product detail activity focused on strong antibacterial activity, safety profile and economic efficiency
 - Aim to be the No.1 Carbapenem antibiotic

- ■Flomox: Enhance position as the first line out-patient treatment for infectious diseases
 - Increase sales of the granule preparation (pediatric use) in hemolytic streptococcal infection based on EBM
- ■Avelox: Establish a position as a respiratory quinolone antibiotic
 - Enhance awareness as an optimum treatment for respiratory infections, targeting marketing share gains not only from the new quinolone market but also from the macrolide market
 - Increase the adoption rate at hospitals and general practitioners as quickly as possible through efficient product detail activity while strengthening relationships with opinion leaders. Develop product detail activity to dermatologists and topologists as well as pulmologists
- □ Further enhance Shionogi's presence in infectious diseases promoting Vancomycin and Broact in addition to the products listed above (Educational activities to establish PK/PD theory as mainstream; Strengthen activities for treatment from early to severe infections as well as treatment for prevention of infection)

- ☐ Establish a patient-centered total care support system for arteriosclerosis from diagnosis to treatment
 - **■** Crestor
 - Complete PMS study and start regular marketing activity with the evidence from the PMS study
 - Strengthen the evidences by effectively utilizing overseas efficacy and safety data
 - Accumulate more evidence by bolstering the relationship with opinion doctors
 - Diagnostics: Develop total care support activity with diagnostics including BNP, diagnostics for cardiac failure
 - Landel/Longes: Increase awareness about usefulness of these products by educational activity about the relationship between chronic kidney diseases and heart diseases
 - Strengthen total product detail activities from diagnosis to treatment for lifestylediseases
 - Develop more efficient product detail activities by using multi-product promotion method focused on metabolic and cardiovascular diseases

- ☐ Improve the pain relief ratio in cancer patients by promoting the use of Oxycontin and Oxycontin immediate-release formulation (Achieve patient-centered total care)
 - Broaden awareness of the critical path for cancer pain treatment
 - Improve the efficacy on cancer pain by thorough product detail activities focused on optimum dosage and measures to prevent side effects
 - Promote education activities to patients through media vehicles, aiming at total relief of cancer pain
 - Develop total care product detail activities using enhanced lineup including Oxycontin, MS Contin, Injectable Morphine HCL, Novamin, Rinderon etc.

This presentation material contains forward-looking statements regarding the Company's plans, outlook, strategies and results for the future. All forward-looking statements are based on judgments derived from the information available to the Company at the time of publication. Certain risks and uncertainties could cause the Company's actual results to differ materially from any projections presented in this presentation material.

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