SHIONOGI & CO., LTD.

Notice Regarding Acquisition of Own Shares and Cancellation of Treasury Shares

(Acquisition of own shares pursuant to the provisions of Article 165, paragraph 2 of the Companies Act and cancellation of treasury shares pursuant to the provisions of Article 178 of the Companies Act)

Osaka, Japan, November 27, 2017 - Shionogi & Co., Ltd. (Head Office: Osaka; President & CEO: Isao Teshirogi, Ph.D.; hereafter "Shionogi") today announced that it resolved, at a meeting of the Board of Directors held today, to acquire own shares pursuant to the provisions of Article 156 of the Companies Act, applied by replacing terms pursuant to the provisions of Article 165, paragraph 3 of said Act, and has resolved to cancel treasury shares pursuant to the provisions of Article 178 of the Companies Act, as described below.

1. Reasons for the acquisition of own shares and cancellation of treasury shares

In the previous fiscal year, ended March 31, 2017, Shionogi increased its targets for ordinary income and return on equity (ROE) in its medium-term business plan SGS2020. At the same time, the Company delivered a strong message to its stakeholders regarding its intention to maximize its enterprise value by balancing three key factors – return to its shareholders, investment for strategic opportunities and future growth.

Based on the shareholder return policy, Shionogi has been increasing its annual dividends for five consecutive years and cancelled treasury shares so that it could achieve the SGS2020 targets of dividend on equity (DOE) of more than 4.0% and ROE of more than 15% in the last fiscal year. This time, the Company will acquire own shares and cancel treasury shares further in order to increase shareholder return and capital efficiency by following a flexible capital policy, aligning with strong business progress in accordance with SGS2020, to maximize its enterprise value.

2. Details of matters pertaining to the acquisition of own shares

(1) Class of shares to be acquired — Common stock of the Company

(2) Total number of shares to be acquired — 4,800,000 shares (maximum)
(1.5% of total outstanding shares [excluding treasury stock])

(3) Total amount of acquisition cost — 300 billion yen (maximum)

(4) Period of acquisition — December 1, 2017 to February 28, 2018

(5) Method of acquisition

Acquire in the open market through discretionary trading in Tokyo Stock Exchange

* Acquired shares will be cancelled.

3. Details of matters pertaining to the cancellation of treasury shares

(6) Class of shares to be cancelled — Common stock of the Company

(7) Total number of shares to be cancelled 5,000,000 shares
(including shares to be acquired in the above acquisition)

(8) Scheduled date of cancellation March 12, 2018

(Reference) Treasury stockholding as of September 30, 2017

Total number of shares issued (excluding treasury stock)	318,813,241 shares
Number of shares of treasury stock	10,322,924 shares

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, contact:

Corporate Communications Department
Shionogi & Co., Ltd.
Telephone: +81-6-6209-7885 Fax: +81-6-6229-9596