

April 28, 2006

Suzuken Co., Ltd.

Yoshiki Bessho, President and CEO

Stock Code: 9987

Stock Exchange Listing: First sections of Tokyo and Nagoya stock exchanges, and Sapporo Stock Exchange

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Shoyaku Co., Ltd.

Tsugio Hirata, President

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A Memorandum on Corporate Integration Signed

Suzuken Co., Ltd. signed a memorandum with Shoyaku Co., Ltd. at a Board of Directors' meeting held today. The memorandum reflects the Board's decision to make Shoyaku a wholly owned subsidiary through a share exchange on October 1, 2006, and to transfer Suzuken's sales operations in the Kyushu region to Shoyaku by January 1, 2007. Details are as follows.

1. Objectives

On October 3, 2005, Suzuken and Shoyaku concluded an agreement to form a comprehensive business alliance. Since then, the two companies have deliberated on various issues, including strategies to conduct businesses as pharmaceutical wholesalers. As a result, Suzuken and Shoyaku concluded that building a strong operating base in the Kyushu region is the best scheme to fulfill the companies' common goal of prevailing as the leader in local markets. Both companies also believe that this measure will serve the best interest of all stakeholders. The memorandum signed today reflects this resolve.

Looking ahead, Suzuken will fully leverage its nationwide Group network, reinforce its presence, and meet the needs of long-time customers and local medical institutions more than ever before.

In pressing ahead with the corporate scheme, Suzuken and Shoyaku will strive to fulfill the following goals.

Goals of the Corporate Integration

- (1) Become the leader in local markets by balancing the uniqueness of each region with the Suzuken Group's comprehensive strengths.
- (2) By combining the corporate cultures of Suzuken and Shoyaku, actively draw on the skills and expertise of professionals at both companies—the key sources of competitive advantage.
- (3) Boost corporate value and give back the maximum to all stakeholders.

2. Share Exchange

(1) Schedule

April 28, 2006: Board of Directors approve resolution on corporate integration; memorandum on corporate integration signed.

October 1, 2006 (scheduled): Share exchange date

The schedules for conclusion of the share exchange agreement and Shoyaku's shareholder meeting for approval of the said agreement will be announced as soon as the dates are finalized. *Since Suzuken will conduct a simplified share exchange, a shareholder meeting will not be held to deliberate and give decision on this action.

(2) Share exchange ratio and other information

To be determined and announced following negotiations based on estimates provided by a qualified third party.

(3) Overview of Suzuken and Shoyaku

(As of March 31, 2005)

(a) Trade name	Suzuken Co., Ltd.	Shoyaku Co., Ltd.
(b) Business outline	Wholesaler of ethical pharmaceuticals	Wholesaler of ethical pharmaceuticals
(c) Incorporated	August 10, 1946	April 1, 1949
(d) Head office	8-banchi, Higashi Kataha-machi, Higashi-ku, Nagoya	3-5, Sanou 2-chome, Hakata-ku, Fukuoka
(e) Executive officer	Yoshiki Bessho, President and Chief Executive Officer	Tsugio Hirata President
(f) Capital stock	¥13,546 million	¥880 million
(g) Shares issued and outstanding	93,584,167 shares	18,167,680 shares
(h) Shareholders' equity	¥223,978 million	¥11,284 million
(i) Total assets	¥758,232 million	¥45,536 million
(j) Fiscal year-end	March 31	March 31
(k) Number of employees	5,793	713
(l) Major suppliers	Shionogi & Co., Ltd.: 6.3% Pfizer Japan Inc.: 4.9% Yamanouchi	Sankyo Co., Ltd.: 9.5% Shionogi & Co., Ltd.: 7.5% Novartis Pharma K.K.: 6.5%

	Pharmaceutical Co., Ltd.: 4.3% Fujisawa Pharmaceutical Co., Ltd.: 3.6% Eisai Co., Ltd.: 3.5%	Eisai Co., Ltd.: 6.4% Chugai Pharmaceutical Co., Ltd.: 5.6%
(m) Major shareholders and shareholding ratios	Japan Trustee Services Bank, Ltd. (Trust account): 7.2% Japan Trustee Services Bank, Ltd. (Retirement benefit trust account re-trusted by The Sumitomo Trust & Banking, Co., Ltd. as trustee for Shionogi & Co., Ltd.): 5.9% Katsuhiko Suzuki: 4.9% Suzuken Employee Stock Ownership Association: 3.6% Hiroko Bessho: 3.3%	Sankyo Co., Ltd.: 13.3% Shoyaku Employee Stock Ownership Association: 11.4% Shionogi & Co., Ltd.: 9.7% Omori Yakuhin Group Honsha, Co., Ltd.: 8.5% Haruichi Daikoku: 2.7%
(n) Major banks	The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Corporate Bank, Ltd.	Sumitomo Mitsui Banking Corporation The Bank of Fukuoka, Ltd.
(o) Conflicts of interest	Capital	None
	Personnel	None
	Business	Some business transactions are conducted with the Suzuken subsidiary SANWA KAGAKU KENKYUSHO CO., LTD.

(p) Operating results over the previous three fiscal years

(figures for Suzuken reflect consolidated results)

Fiscal year	Suzuken (Parent company)			Shoyaku (Wholly owned subsidiary)		
	FY2003	FY2004	FY2005	FY2003	FY2004	FY2005
Net sales (¥ million)	1,060,210	1,194,024	1,330,982	88,933	89,245	92,057
Ordinary income (¥ million)	27,343	29,492	23,413	778	567	535
Net income (¥ million)	16,004	17,307	12,576	92	89	191
Net income per share (¥)	221.49	231.69	135.72	3.63	4.20	10.53
Annual dividend per share (¥)	24.00	26.00	30.00	6.00	8.00	6.00

(4) Corporate profile after the share exchange

(a) Trade name: Suzuken Co., Ltd.

(b) Business outline: Wholesaler of ethical pharmaceuticals and other products

(c) Head office: 8-banchi, Higashi Kataha-machi, Higashi-ku, Nagoya

(d) Executive officer: Yoshiki Bessho, President and Chief Executive Officer

(e) Capital stock: ¥13,546 million

3. Transfer of sales operations

(1) Scheduled date of transfer

January 1, 2007

(2) Details

To be disclosed as soon as they are finalized.

(3) Suzuken's sales in the Kyushu region

FY2005: ¥40,228 million

4. Impact on business operations

The share exchange is scheduled to take place on October 1, 2006, and will therefore, have no impact on fiscal 2006 consolidated operating results. Projections for fiscal 2007 operating results will be announced together with fiscal 2006 financial statements (*kessan tanshin*).

For reference: Projected FY2006 results of both companies

	Suzuken (Consolidated)	Shoyaku
Net sales (¥ million)	1,388,500	96,900
Ordinary income (¥ million)	29,400	500
Net income (¥ million)	17,000	100
Annual dividend per share (¥)	36.00	6.00