

August 9, 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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Suzuken Co., Ltd. and Shoyaku Co., Ltd. Conclude Share Exchange Agreement

Suzuken Co., Ltd. and Shoyaku Co., Ltd. have announced that their respective boards of directors today passed resolutions to make Shoyaku a wholly owned subsidiary of Suzuken through a share exchange as of October 1, 2006. Based on these resolutions, the two companies concluded a share exchange agreement, with details as follows.

1. Terms and Conditions

(1) Schedule

April 28, 2006	Memorandum on corporate integration signed
August 9, 2006	Share exchange agreement approved at meetings of the boards of directors of the two companies
	Share exchange agreement concluded
August 25, 2006	Shoyaku to hold shareholder meeting for approval of the share exchange agreement
	*Pursuant to the provisions of Article 796-3 (Simplified Share Exchanges) of Japan's Company Law, Suzuken will not seek approval of the share exchange agreement at a shareholder meeting.
October 1, 2006 (planned)	Effective date of share exchange
November 20, 2006 (planned)	Date of issuance of stock certificates

(2) Share exchange ratio

	Suzuken (Parent company)	Shoyaku (Wholly owned subsidiary)
Share exchange ratio	1	0.181

Notes:

① Basis of share exchange ratio calculation

The above share exchange ratio was approved following discussions between Suzuken and Shoyaku based on calculations of the share exchange ratio provided by JOS Tax Co. and The Japan Research Institute, Ltd., respectively, both of whom are third parties retained by the two companies.

② Results, method and basis of calculations by third parties

JOS Tax Co. calculated its valuation of Suzuken using the market stock price, income approach to value, and fair net asset value methods, and that of Shoyaku using the peer company comparison, income approach to value, and fair net asset value methods. The Japan Research Institute calculated its valuation of Suzuken using the market stock price method, and that of Shoyaku using the discounted cash flow and peer company comparison methods.

③ Share exchange payments

No share exchange payments will be made.

④ Number of shares to be allotted upon share exchange and allotment ratio

Suzuken will allot 3,288,175 shares, the sum of 365,000 newly issued shares of common stock and 2,923,175 treasury shares (common stock), to shareholders listed or registered in Shoyaku's register of shareholders on the day before the effective date of the share exchange. 0.181 share of Suzuken common stock will be allotted for every 1 share of Shoyaku common stock held. No shares of Suzuken common stock will be allotted with respect to 964 treasury shares of Shoyaku common stock held by Shoyaku.

2. Overview of Suzuken and Shoyaku

(As of March 31, 2006)

(1) Trade name	Suzuken Co., Ltd.	Shoyaku Co., Ltd.
(2) Business outline	Wholesaler of ethical Pharmaceuticals	Wholesaler of ethical Pharmaceuticals
(3) Incorporated	August 10, 1946	April 1, 1949
(4) Head office	8-banchi, Higashi Kataha-machi, Higashi-ku, Nagoya	3-5, Sanou 2-chome, Hakata-ku, Fukuoka
(5) Executive officer	Yoshiki Bessho, President and Chief Executive Officer	Tsugio Hirata President
(6) Capital stock	¥13,546 million	¥880 million
(7) Shares issued and outstanding	93,584,167 shares	18,167,680 shares
(8) Shareholders' equity	¥211,254 million	¥11,568 million
(9) Total assets	¥682,771 million	¥45,265 million
(10) Fiscal year-end	March 31	March 31

(11) Number of employees	4,866	715
(12) Major suppliers	Astellas Pharma Inc. 8.4% Shionogi & Co., Ltd.: 5.6% Pfizer Japan Inc.: 5.2% Eisai Co., Ltd.: 3.5% AstraZeneca K.K.:3.4%	Sankyo Co., Ltd.: 8.2% Shionogi & Co., Ltd.: 6.8% Novartis Pharma K.K.: 6.8% Eisai Co., Ltd.: 6.7% Chugai Pharmaceutical Co., Ltd.: 5.9%
(13) Major shareholders and shareholding ratios	Japan Trustee Services Bank, Ltd. (Trust account): 6.1% 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% Katsuhiro Suzuki: 4.9% Suzuken Employee Stock Ownership Association: 3.4% Hiroko Bessho: 3.3%	Sankyo Co., Ltd.: 13.3% Shoyaku Employee Stock Ownership Association: 12.0% Shionogi & Co., Ltd.: 9.7% Omori Yakuhin Group Honsha, Co., Ltd.: 8.5% Haruichi Daikoku: 2.7%
(14) Major banks	The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Corporate Bank, Ltd.	Sumitomo Mitsui Banking Corporation The Bank of Fukuoka, Ltd.
(15) Conflicts of interest	Capital	None
	Personnel	None
	Business	Some business transactions are conducted with the Suzuken subsidiary SANWA KAGAKU KENKYUSHO CO., LTD.

(16) Operating results over the previous three fiscal years

(figures for Suzuken reflect consolidated results)

Fiscal year	Suzuken (Parent company)			Shoyaku (Wholly owned subsidiary)		
	FY2004	FY2005	FY2006	FY2004	FY2005	FY2006
Net sales (¥ million)	1,194,024	1,330,982	1,388,694	89,245	92,057	96,998
Ordinary income(¥ million)	29,492	23,413	29,639	567	535	859
Net income (¥ million)	17,307	12,576	17,183	89	191	52
Net income per share (¥)	231.69	135.72	187.42	4.20	10.53	1.94
Annual dividend per share (¥)	26.00	30.00	36.00	8.00	6.00	6.00

3. Corporate profile after the share exchange

- (1) Trade name: Suzuken Co., Ltd.
- (2) Business outline: Wholesaler of ethical pharmaceuticals and other products
- (3) Head office: 8-banchi, Higashi Kataha-machi, Higashi-ku, Nagoya
- (4) Executive officer: Yoshiki Bessho, President and Chief Executive Officer

(5) Capital stock: ¥13,546 million

4. Accounting standards

This share exchange is expected to be classified as an acquisition for the purposes of accounting for business combinations. Furthermore, the amortization of goodwill will have a negligible effect on consolidated operating results.

5. Handling of stock acquisition rights and bonds with stock acquisition rights issued by the company to become a wholly owned subsidiary

No stock subscription rights or bonds with stock subscription rights have been issued by Shoyaku.

6. Outlook for the fiscal year ending March 31, 2007

This share exchange will have a negligible effect on consolidated operating results for the fiscal year ending March 31, 2007.

Reference:

Suzuken's Consolidated Forecasts for the Fiscal Year Ending March 31, 2007 Announced May 15, 2006

*Figures in parentheses represent the impact of the Shoyaku acquisition, which has already been factored into forecasts.

(¥ million)

Consolidated net sales	1,461,000 (48,000)
Consolidated ordinary income	31,700 (500)
Consolidated net income	18,100 (300)