



May 26, 2009

To Whom It May Concern

Company Name: SUZUKEN CO., LTD.  
(Stock Code: 9987, 1<sup>st</sup> Section Tokyo/ Nagoya, Sapporo)  
Representative: Hiroshi Ota, President and CEO  
Contact: Takahito Ito, Director, Vice President and  
General Manager, Planning Department  
(Tel: 052—961—2331)

Company Name: CHUOUNYU CO., LTD.  
(Stock Code: 9053, JASDAQ)  
Representative: Takahiko Akazawa, President and  
Representative Director  
Contact: Nobutaka Kinumura, Director and General  
Manager, Administration Department  
(Tel: 03—3661—7743)

## Announcement of the Conclusion of a Stock Swap Contract Related to the Conversion by Suzuken Co., Ltd. of Chuounyu Co., Ltd. to a Wholly-Owned Subsidiary

Suzuken Co., Ltd. (hereinafter referred to as “Suzuken”) and Chuounyu Co., Ltd. (hereinafter referred to as “Chuounyu”) decided at the meetings of the Boards of Directors of both companies held today to conduct a stock swap (hereinafter referred to as “this stock swap”) as described below that will make Suzuken the 100% parent company and Chuounyu a wholly-owned subsidiary effective as of September 1, 2009, and hereby announce that a stock swap contract was concluded between both companies.

Suzuken plans to conduct this stock swap using the simplified stock swap procedures that do not require the approval of a General Meeting of Shareholders based on Article 796.3 of the Company Law. Furthermore, in advance of the effective date of this stock swap, the companies plan to delist the stock of Chuo unyu on August 26, 2009.

### 1. The Aims of Converting Chuounyu into a Wholly-Owned Subsidiary by Stock Swap

#### (1) The Aims of this Stock Swap

Suzuken runs a pharmaceutical distribution business as its core operation, has raised “establishing a medical distribution platform” and “becoming the best partner for medicine and health” in the company’s Medium Term Business Vision and is making efforts towards the expansion of one-stop distribution functions from pharmaceutical

companies to medical institutions and patients. While lower costs are being called for in the distribution of pharmaceuticals, higher quality is also being demanded at the same time in areas such as temperature control because of the characteristics of pharmaceutical products. Suzuken is well aware that in such an environment, the further strengthening of the manufacturer distribution operations responsible for the delivery of pharmaceutical products from pharmaceutical companies is required as part of the strengthening of the company's foundations.

Meanwhile, Chuounyu runs a freight delivery business handling mainly pharmaceutical products and has played an important role in the pharmaceutical industry as a "pioneer in pharmaceutical freight delivery" focused on the three pillars of quality, safety and the environment through distribution work for pharmaceutical companies and pharmaceutical wholesalers. However, competition is intensifying in the current distribution environment surrounding pharmaceutical companies as a consequence of the increased outsourcing of distribution by pharmaceutical companies. Chuounyu has also arrived at a point where it needs to restructure its pharmaceutical freight delivery business.

Given such circumstances, both companies are unified in their aims to construct an efficient, one-stop pharmaceutical distribution network and to create a new distribution network considerate of product characteristics in sequential pharmaceutical distribution from pharmaceutical companies to medical institutions and patients and have reached agreement to conduct a business merger. The companies judged that in order to achieve the aims of this business merger, they will need to play an important part in pharmaceutical distribution by making maximum use of both companies' management resources and distribution related functions and know-how by making Chuounyu a wholly-owned subsidiary of Suzuken and by advancing the shared use of business strategy to realize more flexible management in the Suzuken Group than has existed until now.

The companies will further strengthen their management foundations with this business merger, aim at the expansion of new business areas and nationwide-scale business development with an eye also on alliances with other companies, and contribute to society through the high quality, safety and stable provision of pharmaceuticals.

## (2) The Expectation of and Reason for Delisting

With this stock swap, Chuounyu will become a wholly-owned subsidiary of Suzuken as of September 1, 2009, the effective date of the action, and in accordance with the stock delisting standards of the JASDAQ stock exchange, Chuounyu plans to delist on August 26, 2009 (the final share transaction date will be August 25, 2009) following the completion of the designated procedures. After the delisting, it will not be possible to carry out transactions in the shares of Chuounyu on the JASDAQ stock exchange.

## (3) The Reason for Aiming at a Delisting and the Investigation of Alternative Measures

The aims of this stock swap are as described in (1) above and do not include the delisting of the shares of Chuounyu.

Suzuken stock is listed on the Tokyo, Nagoya and Sapporo stock exchanges so even after the stock of Chuounyu is delisted, it will be possible to trade the Suzuken shares allotted to the shareholders of Chuounyu based on this stock swap on these exchanges. As a result, the companies think that they will be able to continue providing share liquidity to those shareholders who possess at least 381 shares in Chuounyu and will thus receive an allotment of 100 or more shares in Suzuken, the size of the company's share trading unit, based on this stock swap.

However, those shareholders who possess less than 381 shares in Chuounyu will be allotted Suzuken shares in quantities of less than 100, the size of Suzuken's share trading unit. It will not be possible to dispose of these fractional share units on any of the stock exchanges mentioned above, but shareholders will be able to use Suzuken's share purchasing system and additional holdings system at their own request. For details of the relevant handling, please refer to Section 2. (2) Note 3 below. In addition, for details of the handling of fractional shares in the event that fractions of less than 1 share are generated in association with this stock swap, please refer to Section 2. (2) Note 4 below.

Apart from being able to trade Chuounyu shares as per usual on the JASDAQ stock exchange until August 25, 2009 (scheduled), the final date for transactions given in Section 1.(2) "The Expectation of and Reason for

Delisting” above, all Chuounyu shareholders will be able to exercise the legal rights provided in the Company Law and other related laws.

(4) Measures to Guarantee Fairness

In order to ensure the fairness and appropriateness of the stock swap ratio when this stock swap takes place, Suzuken requested A.G.S. Consulting Co., Ltd (hereinafter referred to as “AGS”), an independent third party accounting institution, to calculate a stock swap ratio and Chuounyu requested the same of Mirai Consulting Inc. (hereinafter referred to as “Mirai”), also an independent third party accounting institution. The companies undertook painstaking negotiations and discussions, with Suzuken referring to the stock swap ratio calculated by AGS and Chuounyu referring to the stock swap ratio calculated by Mirai, with both companies resolving at the meeting of the Boards of Directors held today to carry out this stock swap using the stock swap ratio agreed upon as a result.

Neither Suzuken nor Chuounyu have acquired a fairness opinion from the abovementioned third party accounting institutions to the effect that the stock swap ratio agreed upon is appropriate from the financial perspective for their respective shareholders.

(5) Measures to Avoid Conflict of Interest

There are no directors serving both companies and so no particular measures have been taken.

2. Overview of the Stock Swap

(1) Stock Swap Schedule

Meeting of the Board of Directors to issue a resolution on the stock swap (both companies)	May 26, 2009 (Tues)
Conclusion of the stock swap contract (both companies)	May 26, 2009 (Tues)
Public announcement of the Extraordinary General Meeting of Shareholders reference date (Chuounyu)	May 27, 2009 (Weds) (Scheduled)
Extraordinary General Meeting of Shareholders reference date (Chuounyu)	June 11, 2009 (Thurs) (Scheduled)
Extraordinary General Meeting of Shareholders to approve the stock swap (Chuounyu)	July 27, 2009 (Mon) (Scheduled)
Date for designation as a delisting-pending company (Chuounyu)	July 28, 2009 (Tues) (Scheduled)
Date of delisting (Chuounyu)	August 26, 2009 (Weds) (Scheduled)
Scheduled date for stock swap (Effective date)	September 1, 2009 (Tues) (Scheduled)

(Note) Suzuken plans to execute this stock swap without obtaining the approval of a General Meeting of Shareholders using simplified stock swap procedures based on the provisions of Article 796.3 of the Company Law.

(2) Details of Share Allocation Related to this Stock Swap

Company Name	SUZUKEN CO., LTD. (100% parent company following the stock swap)	CHUOUNYU CO., LTD. (Wholly-owned subsidiary following the stock swap)
Details of Share Allocation Related to this Stock Swap	1	0.263

## Notes

### 1. Stock allocation ratio

0.263 ordinary shares in Suzuken will be allocated for each ordinary share in Chuounyu.

### 2. Number of shares to be allocated based on this stock swap

Number of shares to be allocated based on this stock swap: 611,117 ordinary shares (scheduled)

The number of shares to be allocated based on this stock swap has been calculated based on the total number of outstanding ordinary shares in Chuounyu (3,351,920 shares) and the quantity of treasury stock possessed by Chuounyu (1,028,280 shares) as of March 31, 2009 and it is possible that these figures will be revised in the future due to reasons such as the retirement of treasury stock that Chuounyu has purchased as a consequence of legal reasons such as requests for the purchase of fractional share units by shareholders owning such shares or requests for the company to purchase shares by shareholders opposed to the stock swap.

Moreover, Chuounyu plans to retire all of the treasury stock that the company owns (including any treasury stock purchased as a consequence of the purchase of shares related to requests for the company to purchase shares by shareholders exercised in opposition to the stock swap) based on a resolution of a meeting of the Board of Directors to be held by the day prior to the effective date of the stock swap.

### 3. Handling of fractional share units

Chuounyu shareholders who will come to possess fractional share units in Suzuken (less than 100 shares) in association with this stock swap will have the right to receive dividend payments from Suzuken with a reference date later than the effective date of this stock swap in accordance with the number of shares held, but such shareholders will not be able to dispose of those fractional share units on a stock exchange. Shareholders who will come to possess fractional units of Suzuken shares will be able to use the following systems related to Suzuken shares.

#### 1. System for the purchase by Suzuken of fractional share units

This is a system based on Article 192.1 of the Company Law by which Suzuken purchases from shareholders quantities of Suzuken shares that do not constitute a share unit (100 shares) and which cannot be disposed of on the stock market.

#### 2. System for the additional purchase of shares to augment fractional share units

This is a system based on Article 194.1 of the Company Law by which shareholders can purchase additional Suzuken shares to make whole share units in combination with fractional units of Suzuken shares that shareholders come to possess. This system is aimed at providing Chuounyu shareholders who will come to possess fractional units of Suzuken shares in association with this stock swap the opportunity to become owners of whole units of Suzuken shares.

### 4. Disposal of fractions of less than 1 share

In accordance with Article 234.1 of the Company Law, Suzuken shares equivalent to the total quantity of fractional shares (any fraction of less than a whole share remaining in that total quantity shall be discarded) will be sold and the proceeds of that sale distributed to shareholders who will receive an allocation including a fraction of less than 1 Suzuken share in association with this stock swap in accordance with the fractions of a share that such shareholders possess.

## (3) Grounds for the Share Allocation Calculation Related to this Stock Swap

### 1. Basis of Calculation

Suzuken and Chuounyu decided to make separate requests to independent third party accounting institutions for the calculation of a stock swap ratio in order to ensure the fairness and appropriateness of the stock swap ratio used in this stock swap. Suzuken selected AGS and Chuounyu selected Mirai as their respective third party accounting institutions.

AGS adopted an evaluation based on a market share price method as market share prices exist for the ordinary

shares of both Suzuken and Chuounyu, which are both listed on stock exchanges, a discounted cash flow method (hereinafter referred to as the “DCF method”), aiming to reflect in its calculations the cash flow that future business activities will bring, a similar public company comparison method, aiming to reflect in its calculations a share value estimated from a similar public company evaluation standard, and also an adjusted net assets method, aiming to reflect in its evaluation the current financial situation of the companies. With the market share price method, AGS made its evaluation taking May 22, 2009 as the evaluation reference date and using the period from May 11, 2009, the day following the date of disclosure of Suzuken’s summary financial report for the period ending March 2009 and Chuounyu’s summary financial report for the 2<sup>nd</sup> quarter of the period ending September 2009, the most recent 1-month period, 3-month period and 6-month period as its market share price calculation periods.

The allocation ratios of Suzuken ordinary shares for one ordinary share in Chuounyu as calculated by AGS based on each method are as follows.

Evaluation Method	Stock Swap Ratio Evaluation Range
Market share price method	0.109 ~ 0.138
DCF method	0.222 ~ 0.270
Similar public company comparison method	0.222 ~ 0.292
Adjusted net assets method	0.337

In principle, AGS used information provided by each company, information gathered in interviews and generally available information, etc, unchanged when calculating its stock swap ratios, assumed that all of that data and information, etc, was accurate and complete, and did not verify the accuracy or completeness of that data and information, etc, independently. Furthermore, AGS did not independently evaluate, appraise or assess the assets and liabilities of either company (including unlisted assets and liabilities and other contingent liabilities) and did not request the appraisal or assessment of a third-party institution. In addition, AGS assumed that the management of both companies had prepared their financial forecasts reasonably based on all of the assumptions foreseeable at the time of preparation. The calculations made by AGS reflect information and economic conditions for the period to May 22, 2009.

Meanwhile, Mirai conducted its calculations based on a market share price method as market share prices exist for the ordinary shares of both Suzuken and Chuounyu, a DCF method, considerate of the cash flow that future business will bring, and an adjusted book value net assets method that evaluated the current market values of the assets and liabilities the companies possess. With the market share price method, Mirai made its evaluation taking May 22, 2009 as the evaluation reference date and using the 3-month period to the evaluation reference date and the period from the date of the announcement of the revision of the Chuounyu business forecast for the term ending September 2009 (May 7, 2009) to the evaluation reference date as its market share price calculation periods.

The results of the calculations by Mirai of allocation ratios of Suzuken ordinary shares for one ordinary share in Chuounyu are as follows.

Evaluation Method	Stock Swap Ratio Evaluation Range
Market share price method	0.121 ~ 0.136
DCF method	0.239 ~ 0.405
Adjusted book value net assets method	0.223 ~ 0.358

In principle, Mirai used information provided by each company, information gathered in interviews and generally available information, etc, unchanged when calculating its stock swap ratios, assumed that all of that data and information, etc, was accurate and complete, and did not verify the accuracy or completeness of that data and information, etc, independently. The calculations made by Mirai reflect information and economic conditions for the period to May 22, 2009.

## 2. Calculation Background

Suzuken and Chuounyu repeated negotiations and discussions with reference to the results of the calculations of stock swap ratios that the companies received from their respective third-party accounting institutions following careful investigation considerate of information such as the trends in the market share prices of both companies, their financial situations, their financial forecasts, assets and liabilities, and the business environments that both companies work in. As a result, both companies judged that the stock swap ratio for this stock swap given in section 2. (2) above is appropriate and will contribute to the profits of the shareholders of both companies. Both companies therefore issued resolutions at their respective meetings of the Board of Directors held today and have determined the stock swap ratio to be used in this stock swap.

This stock swap ratio may change based on the agreement of both companies if a significant change occurs in any of the conditions assumed for purposes of calculation.

## 3. Relationships with the Accounting Institutions

Both AGS, the third-party accounting institution used by Suzuken, and Mirai, the third-party accounting institution used by Chuounyu, are independent from both Suzuken and Chuounyu and do not fall under the category of related party with either Suzuken or Chuounyu.

## (4) Handling of the Share Options and Bonds with Share Options of the Company that Will Become a Wholly-Owned Subsidiary in this Stock Swap

Chuounyu has not issued any share options or bonds with share options.

## 3. Overview of the Companies Participating in this Stock Swap

(As of March 31, 2009)

(As of September 30, 2008)

(1) Trade Name	SUZUKEN CO., LTD.	CHUOUNYU CO., LTD.
(2) Business Description	Distribution business for ethical pharmaceuticals, etc	Automobile transport of pharmaceuticals and other cargo and warehousing
(3) Date of Establishment	August 10, 1946	August 26, 1948
(4) Head Office Location	8, Higashi Kataha-machi, Higashi-ku, Nagoya	10-2, Nihonbashi Odenma-cho, Chuo-ku, Tokyo
(5) Name and Position of Representative	Hiroshi Ota, President and CEO	Takahiko Akazawa, President and Representative Director
(6) Capital	13,546 million yen	351 million yen
(7) Number of Outstanding Shares	93,949,167 shares	3,351,920 shares
(8) Net Assets	270,854 million yen (consolidated)	2,396 million yen (consolidated)
(9) Total Assets	828,515 million yen (consolidated)	7,354 million yen (consolidated)
(10) Date of Closing of Accounts	March 31	September 30

(11)	Number of Employees	13,702 (consolidated)	466 (consolidated)
(12)	Main Transaction Partners	Astellas Pharma Inc. Mitsubishi Tanabe Pharma Corporation Shionogi & Co., Ltd. Pfizer Japan Inc. Daiichi Sankyo Company, Ltd. etc.	Suzuken Logicom Corporation Nippon Shuppan Hanbai Inc Tohan Co., Ltd. Shionogi & Co., Ltd. Sairyō Service Co., Ltd. etc.
(13)	Major Shareholders and Shareholding Ratios	Japan Trustee Services Bank, Ltd. (The Sumitomo Trust and Banking Company, Limited beneficiary trust account, Shionogi & Co., Ltd. retirement benefit trust account 5.74% Japan Trustee Services Bank, Ltd. (Trust account) 3.96% Japan Trustee Services Bank, Ltd. (Trust account 4G) 3.77%	Tadamichi Akazawa 15.78% Rieko Akazawa 10.84% KM Investment 3.6%
(14)	Main Banks	The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Corporate Bank, Ltd.	Sumitomo Mitsui Banking Corporation Shoko Chukin Bank
(15)	Relationship with other Concerned Party, etc	Capital Relationship	None
		Personal Relationship	None
		Business Relationship	Suzuken and Suzuken Logicom, a subsidiary of Suzuken, and Chuounyu have a consignment/ consignee business relationship.
		Other Pertinent Relationships with the Other Concerned Party	None

(16) Results for Last 3 Years

Fiscal Term	SUZUKEN CO., LTD. (100% Parent Company) (Consolidated)			CHUOUNYU CO., LTD. (Wholly-Owned Subsidiary) (Consolidated)		
	Year ended March 2007	Year ended March 2008	Year ended March 2009	Year ended September 2006	Year ended September 2007	Year ended September 2008
Net Sales (Millions of Yen)	1,454,841	1,586,596	1,641,331	5,579	6,072	7,271
Operating Income (Millions of Yen)	18,411	23,250	14,680	25	52	86
Ordinary Income (Millions of Yen)	32,116	37,155	28,811	15	38	65
Net Income (Millions of Yen)	17,701	21,327	7,072	128	(161)	30
Net Income Per Share (Yen)	191.72	230.49	77.10	54.89	(69.59)	13.19

Dividend Per Share (Yen)	42	50	62	8	8	8
Net Assets Per Share (Yen)	2,857.57	2,951.19	2,961.98	1,105.83	1,024.53	1,030.32

#### 4. Situation after the Stock Swap

(1) Trade Name	SUZUKEN CO., LTD.
(2) Business Description	Distribution business for ethical pharmaceuticals, etc
(3) Head Office Location	8, Higashi Kataha-machi, Higashi-ku, Nagoya
(4) Name and Position of Representative	Hiroshi Ota, President and CEO
(5) Capital	13,546 million yen
(6) Total assets	Not determined at the present time
(7) Net assets	Not determined at the present time
(8) Date of Closing of Accounts	March 31

#### (9) Overview of Accounting Procedures

The companies expect that this stock swap will fall under the category of acquisitions in the accounting standards related to business mergers. Furthermore, the value of goodwill generated by this stock swap has not been determined at the present stage.

#### (10) Future Outlook

The impact on the consolidated results of Suzuken associated with this stock swap will be minor.