

To whom it may concern:

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 Representative : Norio Hamada / President and
 Representative Director
 (Securities Code: 8129 / Tokyo Stock Exchange)
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Notice Regarding SHOUEI CO., LTD. Becoming a Wholly Owned Subsidiary of TOHO HOLDINGS CO., LTD. through a Simplified Stock Swap

As published on April 8, 2010, TOHO HOLDINGS CO., LTD. has been in negotiations with SHOUEI CO., LTD. (hereinafter "SHOUEI") toward a business merger. TOHO HOLDINGS CO., LTD. (hereinafter "TOHO HOLDINGS") is pleased to announce that at the meeting of its Board of Directors held today, it was resolved that TOHO HOLDINGS should execute the stock swap with the objective of making TOHO HOLDINGS the parent company and SHOUEI the wholly-owned subsidiary (hereinafter "this stock swap") and TOHO HOLDINGS entered into a stock swap agreement with SHOUEI, as detailed below.

In addition, in the "Notice regarding the Commencement of Consultations toward a Business Merger between TOHO HOLDINGS CO., LTD. and SHOUEI CO., LTD.," dated April 8, 2010, it was announced that SHOUEI was scheduled to become a wholly owned subsidiary of TOHO PHARMACEUTICAL CO., LTD. on April 1, 2011. However, as a result of consultations between both parties, it was decided that SHOUEI should be a wholly owned subsidiary of TOHO HOLDINGS for the time being after the stock swap and the TOHO HOLDINGS' group system would be discussed later.

1. Purpose behind establishing the wholly owned subsidiary through a stock swap

The Kyoso Mirai Group, with TOHO HOLDINGS as its core company, is a corporate group engaged in the distribution of pharmaceutical and other medical products. It has been working toward maximizing its group synergy through active use of managerial resources of all member companies under the group slogan, "Total Commitment to Good Health."

SHOUEI operates pharmaceutical wholesaling businesses in the two prefectures (Aomori and Iwate) of the Tohoku region. It formed a business alliance with TOHO HOLDINGS in October 1999 to become a member of the Kyoso Mirai Group so that it could benefit from the Group's cooperative purchasing, marketing tie-ups, and joint use of computers.

TOHO HOLDINGS has decided to integrate businesses with SHOUEI through a stock swap, considering that the effective use of the Kyoso Mirai Group's managerial resources in the SHOUEI's operating bases will be able to further intensify the Group's marketing capacity and to optimize its value.

Through this business merger, the two companies intend to benefit from synergy effects mainly in the areas of purchasing, distribution, and marketing activities.

2. Outlines of the Stock Swap

(1) Schedule of stock swap

BOD to resolve the commencement of consultations toward a business merger between TOHO HOLDINGS and SHOUEI. (TOHO HOLDINGS)	April 8, 2010 (Thursday)
BOD to approve the conclusion of the stock swap agreement (TOHO HOLDINGS and SHOUEI)	October 22, 2010 (Friday)
Conclusion of the agreement regarding the stock swap (TOHO HOLDINGS and SHOUEI)	October 22, 2010 (Friday)
Date of the public announcement of the record date for voting rights at a shareholders' meeting (SHOUEI)	November 1, 2010 (Monday) (Planned)
Record date for voting rights at a shareholders' meeting (SHOUEI)	November 16, 2010 (Tuesday) (Planned)
Special shareholders' meeting to approve the stock swap (at SHOUEI)	December 6, 2010 (Monday) (Planned)
Stock swap date (proposed effective date)	April 1, 2010 (Friday) (Planned)

(Note) This stock swap, as it concerns TOHO HOLDINGS is scheduled to adopt a simplified process that is exempted, under Article 796, Paragraph 3 of the Corporations Law, from obtaining approval of its shareholders' meeting.

(2) Method of business reorganization

A stock swap pursuant to which TOHO HOLDINGS will become a parent company and SHOUEI will become a wholly owned subsidiary.

(3) Stock swap ratio

	TOHO HOLDINGS CO., LTD. (Parent company)	SHOUEI CO., LTD. (Wholly-owned subsidiary)
Stock swap ratio	1	110

(Note) 1) Stock allocation

TOHO HOLDINGS will allocate and distribute 110 shares to 1 share of SHOUEI. However, no allocation of shares based on this stock swap will be executed for the 4,260 common shares of SHOUEI owned by TOHO HOLDINGS.

If a fraction that is less than one share arises as a share allocation number, we are to sell shares that are equivalent to the total of the fractions in accordance with Article 234 of the Corporation Law (If the total number contains a fraction that is less than 1, the fraction is to be disregarded.), and distribute the proceeds to the relevant shareholders in response to the fractions.

2) Number of shares to be distributed as part of the stock swap

TOHO HOLDINGS is scheduled to issue 3,687,640 new common shares for the allocation of common shares based on this stock swap.

(4) Grounds for calculating the stock swap rate

1) Basis of the calculation

In order to ensure fairness in the calculation of the stock swap ratios to be applied to this stock swap, TOHO HOLDINGS appointed Nomura Securities Co., Ltd. (hereinafter "Nomura Securities"), a third-party institution, and SHOUEI selected YAMADA FAS Co., Ltd. (hereinafter "YAMADA FAS"), and each party requested these third-party calculation agents to calculate the stock exchange ratios.

Prior to the Board of Directors' Meeting to approve the conclusion of the stock swap agreement concerning this stock swap, TOHO HOLDINGS received a calculation report containing the following results of the calculation from Nomura Securities.

Nomura Securities calculated the fair value of common shares of TOHO HOLDINGS as a listed company using the average market value method due to the existence of market stock prices for these, and with respect to SHOUEI's common shares, Nomura Securities adopted the comparable peer company analysis method and the discounted cash flow method (hereinafter "DCF method") since it was an unlisted company.

A summary of the results of the calculations by Nomura Securities is as follows:

Evaluation method	Range of the calculation of the stock swap ratio
Comparable peer company analysis method	1 : 43.1~110.9
DCF method	1 : 124.4~203.8

In addition, the average market value method assumed that October 19, 2010, would be the standard date for calculation by taking into consideration recent movements of the market transactions for TOHO HOLDINGS' shares in the market, and adopted the closing prices for the standard date and average closing price of one week, one month, three months and six months prior to the standard date.

When calculating the stock swap ratio, Nomura Securities adopted data and information provided or publicly disclosed by TOHO HOLDINGS and SHOUEI as they were, and calculated ratios on the assumption that data and information were correct and complete, without individually verifying the correctness and the completeness of data and information. Additionally, Nomura Securities did not carry out its independent evaluation, appraisal and assessment of values, including its own analysis and revaluation, of individual non-consolidated assets and liabilities including contingent liability of both companies and their affiliated companies, and did not request an appraisal or assessment of values to a third-party institution. Furthermore, for the calculations, Nomura Securities assumed that both companies' information for financial forecasts was prepared reasonably based on the best forecasts and judgment by both companies' management available as of the time of preparation. Consequently, Nomura Securities' calculation of the stock swap ratio is based on information and economic conditions as of October 19, 2010.

Prior to the Board of Directors' Meeting to approve the conclusion of the stock swap agreement concerning this stock swap, SHOUEI received the calculation report for the stock swap ratio containing the following results of calculation from YAMADA FAS.

YAMADA FAS computed a fair value for the common shares of TOHO HOLDINGS, a listed company using the average market value method, and, regarding SHOUEI, it was evaluated as an unlisted company by using the comparable peer company analysis method and the DCF method.

A summary of results of the calculations by YAMADA FAS is as follows:

Evaluation method	Range of the calculation of the stock swap ratio
Comparable peer company analysis method	1 : 93~115
DCF method	1 : 107~119

In addition, the average market value method assumed that October 19, 2010, would be the standard date for calculation by taking into consideration recent movements of the market transactions for TOHO HOLDINGS' shares in the market, and adopted the closing prices for the standard date and average closing price of one week, one month, three months and six months prior to the standard date.

When calculating the stock swap ratio, YAMADA FAS adopted data and information provided or publicly disclosed by TOHO HOLDINGS and SHOUEI as they were, and calculated ratios on the assumption that data and information were correct and complete, without individually verifying the correctness and the completeness of data and information. Additionally, YAMADA FAS did not carry out its independent evaluation, appraisal and assessment of values, including its own analysis and revaluation, of individual non-consolidated assets and liabilities including contingent liabilities of both companies and their affiliated companies, and did not request appraisal or assessment of values to a third-party institution. Furthermore, for calculations, YAMADA FAS assumed that both companies' information for financial forecasts was prepared reasonably based on the best forecasts and judgment by both companies' management available as of the time of preparation. Consequently, YAMADA FAS' calculation of the stock swap ratio is based on information and economic conditions as of October 19, 2010.

In addition, profit planning by SHOUEI for the future periods that was used as the presupposition for the calculation based on the DCF method by Nomura Securities and YAMADA FAS includes a few fiscal years in which SHOUEI expects a significant increase in earnings. Pharmaceutical wholesale companies in Japan posted sharp decreases in earnings for the fiscal year ended March 2009, hit by excessive competition, while SHOUEI suffered negative effects from this until its fiscal year ended March 2010, and net income for the term fell to ¥63 million against ¥200 million for the fiscal year ended March 2008. TOHO HOLDINGS' net income for the fiscal year ended March 2010 recovered to the level of the fiscal year ended March 2008. On the other hand, from this fiscal year on, SHOUEI still expects recovery of its business performance with the expansion of sales through further business efforts and cost reductions with a review of its pricing policy, and expects operating results of ¥45,700 million for net sales and ¥163 million for net income for the fiscal year ending March 2011 and ¥47,100 million for net sales and ¥189 million for net income for the fiscal year ending March 2012, and ¥48,500 million of net sales and ¥237 million of net income for the fiscal year ending March 2013.

2) Background of the calculation

TOHO HOLDINGS and SHOUEI went through several cautious consultations by referring to the calculation results of stock swap ratio concluded by each third-party calculation agent and by comprehensively taking account of the factors for both parties, including their financial positions, and the details of their assets and future prospects. As a result, both parties came to the conclusion that the stock swap ratio mentioned above was reasonable, and agreed to and decided on the ratio. If there are significant changes affecting the conditions of the calculation base, the share swap ratio may be revised through consultations between the two companies.

3) Relationship with the calculation agents

The third-party institutions, Nomura Securities and YAMADA FAS, are not considered to be related parties of TOHO HOLDINGS and SHOUEI, and have no material interest to be described in relation to this stock exchange.

4) Measures to guarantee fairness

In order to guarantee fairness in this stock swap, TOHO HOLDINGS and SHOUEI requested their respective third-party calculation agents to calculate the stock swap ratios as described in item (4)-1) above, and both companies continued to carefully negotiate and consult by referring to the calculation results of this stock swap presented by both institutions. As a result, both companies decided to carry out this stock swap based on the agreed stock swap ratio.

In addition, neither of these parties acquired any opinion on this stock swap (so-called “Fairness Opinions”) from third-party calculation agents.

5) Measures to avoid a conflict of interest

Of the SHOU EI directors, Takaaki Matsutani is serving concurrently as the representative director and the chairman of TOHO HOLDINGS. Accordingly, Mr. Takaaki Matsutani did not participate in the deliberations and the resolution of the agenda concerning this stock swap at the meeting of the Board of Directors of SHOU EI in order to avoid a conflict of interest, nor did he participate in the consultations and negotiations with TOHO HOLDINGS from the position of SHOU EI.

(5) Share warrant and corporate bonds with share warrant of the wholly owned subsidiary established through the stock swap

There are no applicable items.

3. Outlines of parties involved in the share exchange (as of March 31, 2010)

	Parent company	Wholly-owned subsidiary
(1) Company name	TOHO HOLDINGS CO., LTD.	SHOU EI CO., LTD.
(2) Principal place of business	5-2-1 Daizawa, Setagaya Ward, Tokyo	1-6-2 Okuno, Aomori-shi, Aomori
(3) Corporate representative	Norio Hamada / President and Representative Director	Muchio Nakazato / President
(4) Business contents	Holding company's function, namely control and management of operating companies	Pharmaceutical wholesaling business
(5) Capital	10,649 million yen	42 million yen
(6) Establishment	September 17, 1948	November 27, 1950
(7) Number of shares issued	74,582,502 shares	42,600 shares
(8) Fiscal year end	March 31	March 31
(9) Employees	7,443 (consolidated)	216
(10) Major business partners	DAIICHI SANKYO COMPANY, LIMITED Mitsubishi Tanabe Pharma Corporation Astellas Pharma Inc	Mitsubishi Tanabe Pharma Corporation Astellas Pharma Inc DAIICHI SANKYO COMPANY, LIMITED
(11) Main Bank	Mizuho Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Michinoku Bank, Ltd. Aomori Bank, Ltd.
(12) Major shareholders and equity holdings	SHIONOGI & CO., LTD: 9.45 % Mitsubishi Tanabe Pharma Corporation: 4.79 % DAIICHI SANKYO COMPANY, LIMITED: 3.66 % Japan Trustee Service Bank, Ltd. (trust account): 3.56 % Astellas Pharma Inc: 2.68 %	Yoshie Hara: 21.48 % Yukichiro Hara: 15.03 % TOHO HOLDINGS CO., LTD.: 10.00 % Tsuneharu Hayami: 6.60 % Sachiko Sato: 6.22 %
(13) Relationships between Parties		
Capital relationship	TOHO HOLDINGS holds 10.0% of Shouei's outstanding shares.	
Personnel relationships	One of the directors of TOHO HOLDINGS is also a director of Shouei. In addition, one of the directors of SHOU EI is also a director of TOHO PHARMACEUTICAL CO., LTD., the Company's wholly-owned subsidiary.	
Business relationships	TOHO PHARMACEUTICAL CO., LTD., the Company's wholly-owned subsidiary, has business deals with SHOU EI, such as sales of products to the latter.	
Status applicable to the related party	TOHO HOLDINGS is a principal shareholder of SHOU EI, holding 10.0% of the shares of SHOU EI. On the other hand, no related persons from SHOU EI come under any related party of TOHO HOLDINGS.	

(14) Management results and financial conditions for the latest three fiscal years (Unit: million yen)						
Fiscal year	TOHO HOLDINGS (consolidated)			SHOUEI (non-consolidated)		
	FY2008	FY2009	FY2010	FY2008	FY2009	FY2010
Net assets	80,772	77,605	100,838	2,911	2,993	2,979
Total assets	387,273	397,845	489,452	16,608	17,910	17,752
Net asset per share (Yen)	1,351.96	1,320.76	1,370.25	76,338.97	78,484.48	78,109.54
Net sales	805,419	838,903	1,002,122	41,040	42,858	44,413
Operating income	10,269	3,021	10,939	384	290	47
Ordinary income	13,901	6,525	14,133	501	417	206
Net income	8,381	△2,471	8,263	200	158	63
Net income per share (Yen)	148.23	△41.73	125.69	5,250.77	4,145.50	1,660.85
Dividends per share (Yen)	16.00	20.00	16.00	2,000.00	2,000.00	1,200.00

4. Status after the stock swap (of the wholly owning parent company created as a result of the stock swap)

(1) Company name	TOHO HOLDINGS CO., LTD.
(2) Business contents	Holding company's function, namely control and management of operating companies
(3) Principal place of business	5-2-1 Daizawa, Setagaya Ward, Tokyo
(4) Corporate representative	Norio Hamada / President and Representative Director
(5) Capital	10,649 million yen
(6) Net assets	Currently not yet determined
(7) Total assets	Currently not yet determined
(8) Fiscal year end	March 31

5. Outline of accounting procedure

Accounting of the stock swap is expected to be based on the purchase method, since a stock swap comes under the category of "acquisition" under accounting standards for business combinations.

In addition, the amount for goodwill has not yet been decided at the present point in time.

6. Performance outlook

As a member of the Kyoso Mirai Group, SHOUEI's joint procurement (purchasing of pharmaceuticals via TOHO PHARMACEUTICAL) has accounted for most of its procurement in the past. Consequently, the impact of SHOUEI becoming a wholly owned subsidiary of TOHO HOLDINGS on its consolidated business performance for the current fiscal year and the future is insignificant.

(Reference) Financial results forecasted for the fiscal year ending March 2011 (as published on May 12, 2010) and the actual performance for the fiscal year ended March 2010

	Net sales	Operating income	Ordinary income	Net income
FY2011 (forecast)	1,060,000	12,000	14,700	8,300
FY2010	1,002,122	10,939	14,133	8,263

(Unit: million yen)