

February 13, 2004
KURAYA SANSEIDO Inc.
President: Sadatake Kumakura
Code number: 7459 (First Section, Tokyo Stock Exchange)
Contact: Kikuo Miki, Senior Executive Officer
and General Manager of Public Relations Division
Phone: +81-3-3517-5171

YONYAKU CO., LTD.
Head office: 83, Yakura, Tobe-cho, Iyo-gun, Ehime
President: Hiroshi Matsumoto
Contact: Yasushi Watanabe, Senior Managing Director
and General Manager, Management Planning Division
Phone: +81-87-869-4891

NAKAZAWA UJIKE PHARMACEUTICAL CO., LTD.
Head office: 1842-1, Otsu-otsu, Kochi-shi, Kochi
President: Takeshi Nakazawa
Contact: Katusada Nakamura, Senior Managing Director
and General Manager, Operations Division
Phone: +81-88-866-5111

Notice of Business Alliance and Equity Position

February 13, 2004 – At meetings of their respective boards of directors today, KURAYA SANSEIDO Inc. (“Kuraya Sanseido”), YONYAKU CO., LTD. (“Yonyaku”) and NAKAZAWA UJIKE PHARMACEUTICAL CO., LTD. (“Nakazawa Ujike”) resolved to form, and signed a basic agreement on, a business alliance and equity position. Details follow.

1. Reasons for the Business Alliance and Equity Position

Current changes in the operating environment of the pharmaceutical wholesale industry are significant, and forecast to intensify. Under these conditions, Kuraya Sanseido, Yonyaku and Nakazawa Ujike have agreed to form a business alliance covering all of their operations.

In January 2004, Yonyaku and Nakazawa Ujike decided to jointly establish a holding company, SHIKOKU YAKUGYO CO., LTD. (“Shikoku Yakugyo”), on October 1, 2004, through a transfer of shares. Kuraya Sanseido agreed to take an equity position in Shikoku Yakugyo after its establishment.

To support the business alliance and equity position and build a strong relationship of trust, on October 1, 2004, President Sadatake Kumakura of Kuraya Sanseido (which plans to change its

name to MEDICEO Holdings Co., Ltd. on that date) and President Takeshi Nakazawa of Shikoku Yakugyo (which will be established on that date) will be appointed as advisors of each other's companies.

Through these measures to strengthen their foundation for growth and development together, the three companies will share use of research and development and results on management issues to further develop and strengthen their social functions as pharmaceutical distributors.

2. Content of the Business Alliance

- (1) Research and joint use of new sales activities and systems associated with changes in the medical care system and advances in information technology
- (2) Research and development and joint use of sales and logistics systems
- (3) Research and development and joint use of customer support systems
- (4) Discussion and implementation of employee training programs and strategies for effective use of personnel
- (5) Discussion and implementation of concrete measures for efficiency improvement and streamlining to promote low-cost operations

3. Content of the Equity Position

Kuraya Sanseido (MEDICEO Holdings Co., Ltd. after the name change on October 1, 2004) will own 10 percent of shares issued by Shikoku Yakugyo. The method and date of the acquisition of shares will be determined later.

4. Outline of the Companies in the Business Alliance (as of September 30, 2003)

(1) Kuraya Sanseido

- 1) Corporate name: KURAYA SANSEIDO Inc.
- 2) Principal business: Wholesale distribution of pharmaceutical products
- 3) Established: May 6, 1923
- 4) Head office: 7-15, Yaesu 2-chome, Chuo-ku, Tokyo
- 5) Representative: Sadatake Kumakura, President and Chief Executive Officer
- 6) Paid-in capital: ¥12,751 million
- 7) Number of employees: 5,452
- 8) Major shareholders (excluding treasury stock)
 1. Takeda Chemical Industries, Ltd. 13.21%
 2. Employees' Shareholders Association 8.40%
 3. Japan Trustee Services Bank, Ltd. 5.51%
 4. Trust and Custody Services Bank, Ltd. 4.42%
 5. The Master Trust Bank of Japan, Ltd. 2.58%
- 9) Net sales: (Year ended March 31, 2003, non-consolidated) ¥1,200,543 million
(Year ended March 31, 2003, consolidated) ¥1,274,502 million

(2) Yonyaku

- 1) Corporate name: YONYAKU CO., LTD.
- 2) Principal business: Wholesale distribution of pharmaceutical products
- 3) Established: June 18, 1949
- 4) Head office: 83, Yakura, Tabe-cho, Iyo-gun, Ehime-ken
- 5) Representative: Hiroshi Matsumoto, President and Representative Director
- 6) Paid-in capital: ¥119 million
- 7) Number of employees: 522
- 8) Major shareholders (excluding treasury stock)
 1. Takeda Chemical Industries, Ltd. 16.22%
 2. Yamanouchi Pharmaceutical Co., Ltd. 7.39%
 3. Yonyaku Employees Shareholders' Association 6.33%
 4. Hiroshi Matsumoto 5.95%
 5. Michinori Masuda 5.90%
- 9) Net sales: (Year ended March 31, 2003) ¥59,005 million

(3) Nakazawa Ujike

- 1) Corporate name: NAKAZAWA UJIKE PHARMACEUTICAL CO., LTD.
- 2) Principal business: Wholesale distribution of pharmaceutical products
- 3) Established: December 28, 1949
- 4) Head office: 1842-1, Otsu-otsu, Kochi-shi, Kochi
- 5) Representative: Takeshi Nakazawa, President and Representative Director
- 6) Paid-in capital: ¥47 million
- 7) Number of employees: 401
- 8) Major shareholders (excluding treasury stock)
 1. Takeda Chemical Industries, Ltd. 16.38%
 2. Eichiro Nakazawa 9.29%
 3. The Shikoku Bank, Ltd. 5.00%
 4. The Iyo Bank, Ltd. 5.00%
 5. The Hyakujushi Bank, Ltd. 5.00%
- 9) Net sales: (Year ended March 31, 2003) ¥41,639 million

5. Outline of Shikoku Yakugyo, the Holding Company to be Established Oct. 1, 2004

- 1) Corporate name: SHIKOKU YAKUGYO CO., LTD.
- 2) Principal business: Centralization of supply and payment operations; administration and supervision of management activities of subsidiaries by holding the stock of those subsidiaries
- 3) Head office: 1183, Hayashi-cho, Takamatsu-shi, Kagawa
- 4) Representatives: Takeshi Nakazawa, President (President and Representative Director, Nakazawa Ujike)
Hiroshi Matsumoto, Vice President (President and Representative Director, Yonyaku)
- 5) Paid-in capital: To be determined
- 6) Number of employees: To be determined
- 7) Fiscal year end: March 31 each year

6. Schedule

- February 13, 2004 Resolution by the Boards of Directors of the three companies
- February 13, 2004 Signing of the business and equity tie-up basic agreement by the three companies

7. Outlook

The effect on the consolidated and non-consolidated results of Kuraya Sanseido for the year ending March 31, 2004 and beyond will be negligible.

#