

March 10, 2004

KURAYA SANSEIDO Inc.

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ATOL CO., LTD.

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Medium-term Management Plan of the MEDICEO Group

March 10, 2004 – On April 1, 2004, KURAYA SANSEIDO Inc. (“Kuraya Sanseido”), ATOL CO., LTD. (“Atol”) and EVERLTH Co., Ltd. (“Everlth”) will integrate their operations and commence business as the “MEDICEO Group.” Prior to that start, the three companies have created a medium-term management plan for the three years from April 2004 through March 2007. A summary of the plan follows.

In regard to the management integration, on April 1, 2004, Atol and Everlth will be made wholly owned subsidiaries of Kuraya Sanseido via an exchange of shares. In addition, using a corporate separation scheme, after changing its name to MEDICEO Holdings Co., Ltd. (“MEDICEO Holdings”), Kuraya Sanseido will split off the pharmaceutical wholesale business, which will then be established as a new company, KURAYA SANSEIDO Inc. (hereinafter referred to as “the new Kuraya Sanseido”) on October 1, 2004. Through this company separation, the new Kuraya Sanseido, Atol and Everlth will all become wholly owned subsidiaries of MEDICEO Holdings.

1. Purpose of Creating the Medium-term Management Plan

The medium-term management plan was created as a set of guidelines aimed at ensuring a common strategic direction and target figures for the MEDICEO Group and establishing a corporate structure capable of securing steady profits.

Moreover, a long-term vision (see attachment) has been devised to display the comprehensive power of the group to the maximum extent. The medium-term management plan is also positioned as a set of guidelines to achieve this long-term vision.

2. Medium-term Management Plan Vision

Establishment of the MEDICEO Brand

By working to reinforce and strengthen functions such as sales, purchasing, logistics and information systems, and meeting the wide-ranging needs of customers and partners, we will work to raise trust in the MEDICEO Group and further increase the group's corporate value and expand its business domain.

3. Key Points

- 1. Early realization of efficiency gains through integration of systems and consolidation of management functions**
- 2. Improvement of earning capability by exercising benefits of scale**
- 3. Supply of high-quality information and strengthening of customer support functions**

4. Consolidated Management Targets (Year ending March 2007) for 15 Consolidated Subsidiaries

	(Figures in parentheses are percentage of net sales)
Net sales	¥1,780.0 billion
Operating income	¥27.0 billion (1.5%)
Ordinary income	¥39.0 billion (2.2%)
Net income	¥23.0 billion (1.3%)
Return on assets	3.0%
Return on equity	10.5%

Consolidated Subsidiaries (April 1 – September 30, 2004)

Eight pharmaceutical wholesale companies:

ATOL CO., LTD., EVERLTH Co., Ltd., YAMAHIRO KURAYA SANSEIDO Inc.,
IZUTSU PHARMACEUTICAL CO., LTD., HEISEI YAKUHIN CO., LTD.,
USHIODA SANGOKUDO YAKUHIN CO., LTD., Chiyaku Co., Ltd.,
SENSHU YAKUHIN CO., LTD.

Six healthcare related companies:

ELF Co., Ltd., KURAYA SHOJI, INC., ORIENTAL PHARMACEUTICAL CO., LTD.,
KURAYA KASEI, INC., NAKAGAWA SEIKODO CO., LTD.,
HOSSP CORPORATION

Consolidated Subsidiaries (From October 1, 2004)

Nine pharmaceutical wholesale companies:

New KURAYA SANSEIDO Inc., ATOL CO., LTD., EVERLTH Co., Ltd., YAMAHIRO
KURAYA SANSEIDO Inc., IZUTSU PHARMACEUTICAL CO., LTD.,
HEISEI YAKUHIN CO., LTD., USHIODA SANGOKUDO YAKUHIN CO., LTD.,
Chiyaku Co., Ltd., SENSHU YAKUHIN CO., LTD.

Six healthcare related companies:

ELF Co., Ltd., KURAYA SHOJI INC., ORIENTAL PHARMACEUTICAL CO., LTD.,
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For reference:

MEDICEO Group Long-term Vision

The MEDICEO Group Long-term Vision sets consolidated management targets for the year ending March 2009 as an indicator of the group's future position.

We will strive to realize this long-term vision by fully exercising the group's total capabilities.

Consolidated Management Targets (For year ending March 2009)

Net sales	¥2 trillion
Operating margin	2% (¥40.0 billion)
Gross margin	8.5%
SG&A expenses ratio	6.5%
Return on assets	4.0%
Return on equity	11.0%