

October 28, 2004

MEDICEO Holdings Co., Ltd.
President: Sadatake Kumakura
Code number: 7459 (First Section, Tokyo Stock Exchange)
Contact: Kikuo Miki, Executive Managing Director
and Corporate Communication Section Head
Phone: +81-3-3517-5171

Notice of Business and Equity Tie-up

October 28, 2004 – At a Board of Directors meeting held today, MEDICEO Holdings Co., Ltd. (“MEDICEO Holdings”) made a decision on a business and equity tie-up with CHAIN MANAGEMENT CO., LTD. (“Chain Management”). Both companies also signed the basic agreement on the business and equity tie-up. Details follow below.

1. Reason for the Business and Equity Tie-up

In the midst of healthcare system reforms, the environment for medical institutions is changing drastically. In response, they are focusing more attention on management improvements such as streamlining and measures to raise efficiency, including cost cutting. Under these circumstances, MEDICEO Holdings and Chain Management have decided to form a business and equity tie-up for the purpose of conducting a comprehensive supply management business along with procurement management of pharmaceuticals, medical supplies and other products at medical institutions.

The MEDICEO Group’s strengths are its nationwide sales and distribution network and expertise in pharmaceuticals, while Chain Management is strong in supply management based on its accumulated database and an advanced logistics management system that takes advantage of information technology. By combining these strengths, the two companies will be able to respond flexibly to the diverse needs of medical institutions by offering a complete supply formulary, from prescription drugs to medical supplies, and providing management outsourcing services through the consolidated group companies of MEDICEO Holdings.

2. Content of the Business Tie-up

Comprehensive supply management business associated with procurement management of prescription drugs, medical supplies and other related products.

3. Content of the Equity Tie-up

MEDICEO Holdings will aim to hold no more than five percent of Chain Management’s total outstanding shares. The number of shares to be held, the specific method of acquisition and the acquisition date will be decided in later discussions.

4. Summary of the Business and Equity Tie-up Company (as of March 31, 2004)

- (1) Corporate name: CHAIN MANAGEMENT CO., LTD.
(2) Lines of business: Sale of medical database and business consulting service
(3) Established: September 1, 2000
(4) Head office: Millennium Tsukiji 7F, 15-19, Tsukiji 2-chome, Chuo-ku, Tokyo
(5) Representative: Jun Masuda, President and Representative Director
(6) Paid-in capital: ¥240 million
(7) Number of employees: 12
(8) Major shareholders and percentage of total shares owned (as of October 28, 2004)

Shareholder name	Number of shares	Percentage of total
Green Hospital Supply Co., Ltd.	1,400	29.17%
Sadamitsu Masuda	1,000	20.83%
Orix Co., Ltd.	600	12.50%

- (9) Net sales: ¥1,326 million (nonconsolidated; year ended March 31, 2004)
(10) Relationship with
MEDICEO Holdings: As of today, there is no equity or personnel relationship

5. Schedule

- October 28, 2004 Board of Directors meetings of both companies
October 28, 2004 Signing of basic agreement on business and equity tie-up by both companies

6. Outlook

This matter will have no significant effect on consolidated and nonconsolidated results of MEDICEO Holdings for the fiscal year ending March 31, 2005 and thereafter.