

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 Partial Transfer of Business Between Consolidated Subsidiaries**

October 28, 2004 – At a Board of Directors meeting held today, MEDICEO Holdings Co., Ltd. (“MEDICEO Holdings”) approved a business transfer agreement between KURAYA SANSEIDO Inc. (“Kuraya Sanseido”) and NAKAGAWA SEIKODO CO., LTD. (“Nakagawa Seikodo”). Under the agreement, Kuraya Sanseido’s medical equipment business in the large hospital market in Tokyo and three neighboring prefectures will be transferred to Nakagawa Seikodo, effective April 1, 2005. Details follow below.

### **1. Reason for the Partial Transfer of Business**

Nakagawa Seikodo, a wholly owned subsidiary of MEDICEO Holdings, is primarily engaged in the business of selling medical equipment and laboratory instruments, but is also developing a general consulting business that takes a broad perspective of the healthcare field by providing various services, including supply processing and distribution (SPD) services inside medical institutions.

Wholly owned subsidiary Kuraya Sanseido, in addition to wholesale distribution of pharmaceuticals in all of its business regions, also provides a wide range of medical equipment and supplies to hospitals, practicing physicians, clinics, pharmacies and other healthcare institutions.

Therefore, Kuraya Sanseido will transfer business in the large-hospital market in Tokyo and three neighboring prefectures, limited to medical equipment and supplies, to wholly owned subsidiary Nakagawa Seikodo, for the purpose of improving the business efficiency of both companies and efficiently utilizing distribution and information functions. In this region, Kuraya Sanseido will continue its pharmaceutical wholesale business and its medical equipment and supply business for small- and medium-sized hospitals, practicing physicians/clinics and pharmacies.

In addition, on January 1, 2005, Nakagawa Seikodo will absorb and merge HOSSP Corporation (“HOSSP”), a wholly owned subsidiary of MEDICEO Holdings that was established as a joint purchasing company for medical equipment and supplies sold by both Kuraya Sanseido and Nakagawa Seikodo, and HOSSP will be dissolved. The details of this matter were disclosed by MEDICEO Holdings on August 1, 2004.

## 2. Merger Method

- (1) Content of Business Transfer from Kuraya Sanseido to Nakagawa Seikodo

Sales of medical equipment and supplies in the large-hospital (more than 200 beds) market in Tokyo, Saitama Prefecture, Chiba Prefecture and Kanagawa Prefecture.

- (2) Business Results of Kuraya Sanseido's Business to be Transferred

Net Sales of Medical Equipment and Supplies to Large Hospitals in Year Ended March 31, 2004

Tokyo	¥3,457 million
Saitama Prefecture	¥208 million
Chiba Prefecture	¥1,181 million
Kanagawa Prefecture	¥2,712 million
Total	¥7,558 million

## 3. Summary of Nakagawa Seikodo (as of September 30, 2004)

- (1) Corporate name: NAKAGAWA SEIKODO CO., LTD.  
(2) Lines of business: Sale of medical equipment and laboratory instruments  
(3) Established: May 30, 1975  
(4) Head office: 18-15, Hongo 3-chome, Bunkyo-ku, Tokyo  
(5) Representative: Michio Nakagawa, President and Representative Director  
(6) Paid-in capital: ¥280 million  
(7) Number of employees: 246  
(8) Major shareholders and percentage of shares owned (as of October 28, 2004)

Shareholder name	Number of shares	Percentage of total
MEDICEO Holdings Co., Ltd.	561,000	100.0%

## 4. Summary of Kuraya Sanseido (as of October 1, 2004)

- (1) Corporate name: KURAYA SANSEIDO Inc.  
(2) Lines of business: Wholesale distribution of pharmaceuticals, etc.  
(3) Established: April 1, 2004  
(4) Head office: 7-15, Yaesu 2-chome, Chuo-ku, Tokyo  
(5) Representative: Shuichi Watanabe, President & Chief Executive Officer  
(6) Paid-in capital: ¥100 million  
(7) Number of employees: 4,508  
(8) Major shareholders and percentage of shares owned (as of October 28, 2004)

Shareholder name	Number of shares	Percentage of total
MEDICEO Holdings Co., Ltd.	1	100.0%

## **5. Schedule**

- |                  |   |
|------------------|---|
| October 28, 2004 | Board of Directors meetings of MEDICEO Holdings, Kuraya Sanseido and Nakagawa Seikodo |
| October 28, 2004 | Signing of business transfer agreement by Kuraya Sanseido and Nakagawa Seikodo        |
| April 1, 2005    | Business transfer takes effect (planned)  |

## **6. Effect of this Partial Transfer of Business on Consolidated and Nonconsolidated Results of MEDICEO Holdings**

Because both companies concerned in this matter are already consolidated subsidiaries of MEDICEO Holdings, this partial transfer of business will have no effect on consolidated and nonconsolidated results for the fiscal year ending March 31, 2006 and thereafter.