

May 13, 2005

MEDICEO Holdings Co., Ltd.

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PALTAC CORPORATION

Representative Director/ Chief Executive Officer: Kunio Mikita
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Chief Financial Officer
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Notice of Conclusion of Share Exchange Agreement

May 13, 2005 – MEDICEO Holdings Co., Ltd. (“MEDICEO Holdings”) and PALTAC CORPORATION (“PALTAC”) today agreed to and signed a share exchange agreement at their respective Board of Directors’ meetings. Conditions and other details of the newly established share exchange agreement are as follows.

MEDICEO Holdings and PALTAC had agreed to integrate their management in a spirit of equality by making PALTAC a wholly owned subsidiary through an agreed share exchange effective October 1, 2005, at respective meetings of their Board of Directors held on April 18, 2005, and on the same day disclosed that they would sign a basic agreement concerning the share exchange.

I. About the Share Exchange

1. Share exchange schedule

May 13, 2005	Board of Directors meetings held at MEDICEO Holdings and PALTAC
May 13, 2005	Conclusion of share exchange agreement
June 29, 2005	Approval of share exchange agreement at MEDICEO Holdings’ ordinary meeting of shareholders
June 29, 2005	Approval of share exchange agreement at PALTAC’s extraordinary meeting of shareholders (planned)
October 1, 2005	Share exchange date (planned)

2. Amount of increase in capital and capital reserve of MEDICEO Holdings

(1) Capital: No increase.

Capital will increase in the period to September 30, 2005 due to conversion requests for MEDICEO Holdings Co., Ltd. First Series, Second Issue of Convertible Bonds

(2) Capital Reserves: The capital reserve will increase by the amount of PALTAC’s net assets that remain outstanding on the effective date of the share exchange, multiplied by the ratio of the number of shares involved to the total number of issued shares of PALTAC, less the total book value of treasury shares that MEDICEO Holdings allocates to PALTAC shareholders.

3. Year-end dividend and interim dividend

- (1) MEDICEO Holdings will pay a year-end cash dividend of ¥6 per share for a total of ¥1,134,601,218 to shareholders and registered holders of rights as of March 31, 2005.
- (2) MEDICEO Holdings will pay an interim cash dividend of ¥6 per share for a total of ¥1,134,601,218 to shareholders and registered holders of rights as of September 30, 2005. Due to conversion requests for MEDICEO Holdings Co., Ltd. First Series, Second Issue of Convertible Bonds in the period to September 30, 2005, the above projections may be increased.
- (3) PALTAC will pay a year-end cash dividend of ¥20 per share for a total of ¥604,713,140 to shareholders and registered holders of rights as of September 30, 2005.

4. Subsidy for exchange of shares

MEDICEO Holdings will not pay any share-exchange subsidy to shareholders or shareholders of record of PALTAC as of the day before the share exchange.

5. Initial date for calculating dividends for allocated shares

Cash dividends for shares newly issued due to the share exchange will be calculated from October 1, 2005.

6. MEDICEO Holdings directors and corporate auditors to be newly appointed on the day of the share exchange

Representative Director

and Vice President Kunio Mikita (currently Representative Director/Chief Executive Officer of PALTAC)

Director Juro Yamagishi (currently Representative Director/Executive Vice President of PALTAC)

Auditor Susumu Takagi (currently Auditor of PLTAC)

7. PALTAC directors and corporate auditors to be newly appointed on the day of the share exchange

Director Akihiro Sakamoto (currently Director and Health Care Division, Division General Manager of KURAYA SANSEIDO Inc.)

Director Seiji Inoue (currently Director OTC Sales Division General Manager, EVERLTH Co., Ltd.)

Director Akio Kassai (currently President, ALCOS Co., Ltd.)

Director Masahiko Masuyama (currently Director and Manager of Business Planning and Business Department, Business Planning and Management Division of MEDICEO Holdings)

KURAYA SANSEIDO Inc. and EVERLTH Co., Ltd. are wholly owned subsidiaries of MEDICEO Holdings, and ALCOS Co., Ltd. is an affiliate of ATOL Co., Ltd., a wholly owned subsidiary of MEDICEO Holdings

8. Terms of MEDICEO Holdings directors and corporate auditors appointed before the share exchange on October 1, 2005

Terms of MEDICEO Holdings directors and corporate auditors appointed before the share exchange will be the terms in effect before the share exchange, as stipulated in the share exchange agreement.

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