

October 28, 2005

Mediceo Paltac Holdings Co., Ltd.

Representative Director, President and CEO: Sadatake Kumakura

Code number: 7459 (First Section, Tokyo Stock Exchange)

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Notice of Partial Transfer of Business between Consolidated Subsidiaries

October 28, 2005 – Mediceo Paltac Holdings Co., Ltd. (“Mediceo Paltac”) and two of its wholly owned subsidiaries, KURAYA SANSEIDO Inc. (“Kuraya Sanseido”) and Izutsu Pharmaceutical Co., Ltd. (“Izutsu Pharmaceutical”), approved an agreement at their respective Board of Directors meetings on October 28 to transfer the pharmaceutical wholesale business of Kuraya Sanseido in three prefectures of the Hokuriku region to Izutsu Pharmaceutical, effective April 1, 2006. Both companies concerned signed the agreement on the partial transfer of business today.

1. Reason for the Partial Transfer of Business

Kuraya Sanseido currently conducts the pharmaceutical wholesale distribution business over a wide area covering 18 prefectures: Hokkaido, Miyagi, Yamagata, Fukushima, Saitama, Chiba, Tokyo, Kanagawa, Niigata, Toyama, Ishikawa, Fukui, Shizuoka, Aichi, Osaka, Hyogo, Nara and Wakayama. Izutsu Pharmaceutical conducts a community-based pharmaceutical wholesale distribution business in Kyoto and Shiga prefectures. Based on the judgment that assigning the Kyoto-Shiga-Hokuriku area, which is classified as one economic region, to a single company would be best, the decision was made to change the sales areas of both companies.

2. Scope of the Partial Transfer of Business

Izutsu Pharmaceutical will take over the pharmaceutical wholesale distribution business from Kuraya Sanseido in the three prefectures of the Hokuriku region – Toyama, Ishikawa and Fukui.

3. Details of Partial Transfer of Business from Kuraya Sanseido to Izutsu Pharmaceutical

(1) Businesses being transferred

Wholesale distribution of pharmaceuticals and other products in Toyama, Ishikawa and Fukui Prefectures

(2) Kuraya Sanseido results of businesses being transferred (Net sales of prescription pharmaceuticals for the fiscal year ended March 31, 2005)

Toyama	¥5,996 million
Ishikawa	¥11,162 million
Fukui	¥6,297 million
Total	¥23,456 million

4. Overview of Kuraya Sanseido (as of March 31, 2005)

- (1) Corporate name: KURAYA SANSEIDO Inc.
- (2) Lines of business: Wholesale distribution of pharmaceuticals and other products
- (3) Established: April 1, 2004
- (4) Head office: 7-15, Yaesu 2-chome, Chuo-ku, Tokyo
- (5) Representative: Shuichi Watanabe, Representative Director and President
- (6) Paid-in capital: ¥100 million
- (7) Number of employees: 4,405

5. Overview of Izutsu Pharmaceutical (as of March 31, 2005)

- (1) Corporate name: Izutsu Pharmaceutical Co., Ltd.
- (2) Lines of business: Wholesale distribution of pharmaceuticals and other products
- (3) Established: October 3, 1950
- (4) Head office: 5, Nioumon-cho, Karasuma Higashi Iru, Nijyodori, Nakagyo-ku, Kyoto
- (5) Representative: Hiroaki Shimaji, Representative Director and President
- (6) Paid-in capital: ¥118 million
- (7) Number of employees: 366

6. Schedule

- October 28, 2005 Board of Directors meetings of Kuraya Sanseido and Izutsu Pharmaceutical
- October 28, 2005 Signing the agreement on the partial transfer of business by Kuraya Sanseido and Izutsu Pharmaceutical
- April 1, 2006 Partial transfer of business (planned)

7. Effect of this Partial Transfer of Business on Consolidated and Non-consolidated Results of Mediceo Paltac

Because both companies concerned in this matter are already consolidated subsidiaries of Mediceo Paltac, this partial transfer of business will have no effect on consolidated and nonconsolidated results for the fiscal year ending March 31, 2007 and thereafter.

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