



February 13, 2008

Mediceo Paltac Holdings Co., Ltd.

Representative Director, President and CEO: Sadatake Kumakura

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

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**Partial Transfer of Business of TAIHEI PALTAC CORPORATION to
Wholly Owned Consolidated Subsidiary PALTAC CORPORATION**

At a meeting held on February 13, 2008, the board of directors of Mediceo Paltac Holdings Co., Ltd. ("Mediceo Paltac") resolved to transfer the cosmetics and everyday sundries wholesale business of TAIHEI PALTAC CORPORATION ("Taihei Paltac") from among the businesses it conducts (cosmetics and everyday sundries wholesale, real estate leasing and others) to Mediceo Paltac's wholly owned consolidated subsidiary PALTAC CORPORATION ("Paltac"), effective March 1, 2008. Taihei Paltac and Paltac signed a business transfer agreement today. Details are as follows.

1. Reason for Partial Transfer of Business

As an across-the-board wholesaler that handles cosmetics, daily necessities and over-the-counter (OTC) pharmaceuticals, Paltac conducts sales operations in all 47 prefectures of Japan with the aim of maximizing customer satisfaction and minimizing distribution costs as it works to create new value.

Since its establishment in 1965, Taihei Paltac has conducted a wholesale business primarily dealing in cosmetics and everyday sundries, as well as real estate leasing and other businesses in Okinawa Prefecture.

Paltac recently decided to take assume control of Taihei Paltac's wholesale business of cosmetic and everyday goods on March 1, 2008, in order to secure an operating base in Okinawa Prefecture and respond more precisely to diversifying customer needs.

2. Details of the Partial Transfer of Business

(1) Description of division to be transferred

Cosmetics and everyday sundries wholesale business

(2) Results of division to be transferred

Net sales (year ended April 30, 2007): ¥5,496 million

(3) Assets to be transferred

Only cosmetics and everyday sundries are to be transferred. Other assets and liabilities are not subject to transfer.

(4) Transfer Price

Transfer Price Products Market value as of February 29, 2008
Goodwill ¥300 million

Note: Goodwill is scheduled to be amortized equally over a 5-year period.

3. Overview of Taihei Paltac (as of February 12, 2008)

- (1) Corporate name TAIHEI PALTAC CORPORATION
- (2) Principal businesses Cosmetics and everyday sundries wholesale, real estate leasing
- (3) Date of establishment May 12, 1965
- (4) Head office address 1-1, Irijima 2-chome, Urasoe-shi, Okinawa
- (5) Representative Koichi Kishimoto, President and Representative Director
- (6) Paid-in capital ¥35 million
- (7) Number of employees 52 (as of December 31, 2007)
- (8) Major shareholders and percentage of total shares held
- | | |
|--------------------|-------|
| Simba Holdings | 35.0% |
| Koichi Kishimoto | 32.0% |
| Yukihiro Kishimoto | 26.4% |
| Dai Kishimoto | 6.6% |
- (9) Relationship with Mediceo Paltac
- Neither Mediceo Paltac nor Paltac has any capital or personnel relationship with Taihei Paltac.
- Paltac currently sells products to Taihei Paltac.

4. Overview of Paltac (as of February 12, 2008)

- (1) Corporate name PALTAC CORPORATION
- (2) Principal business Wholesale of cosmetics, daily necessities and OTC
pharmaceuticals
- (3) Date of establishment December 22, 1928
- (4) Head office address 5-9, Minami Kyujoji-machi 1-chome, Chuo-ku,
Osaka-shi, Osaka
- (5) Representative Kunio Mikita, Representative Director / Chief
Executive Officer
- (6) Paid-in capital ¥5,206 million
- (7) Number of employees 2,172 (as of December 31, 2007)
- (8) Major shareholder and percentage of total shares held
- | | |
|----------------|--------|
| Mediceo Paltac | 100.0% |
|----------------|--------|

Note: Paltac is scheduled to change its corporate name to PALTAC KS CORPORATION as of April 1, 2008.

5. Schedule

February 5, 2008	Separate board of directors' meetings, held by the two companies involved to approve signing of business transfer agreement
February 13, 2008	Mediceo Paltac board of directors' meeting to approve signing of business transfer agreement
February 13, 2008	Signing of the business transfer agreement by the two companies involved
February 21, 2008 (planned)	Extraordinary meeting of shareholders of Taihei Paltac to approve business transfer
March 1, 2008 (planned)	Business transfer date

6. Outlook

The effect on Mediceo Paltac's consolidated results for the fiscal year ending March 31, 2008 and thereafter is immaterial. There will be no effect on Mediceo Paltac's unconsolidated results.

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